

To: Policy and Resources Cabinet Committee – 22nd November 2012

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 for Business Strategy & Support

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Subject: Consultation on 2013/14 Revenue Budget

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Summary: This report provides members with feedback on the recent consultation on 2013/14 budget and in particular how it relates to the portfolios within the Policy & Resources remit. The timing of this committee means we have not been able to fully analyse all the responses in time for this meeting. A full analysis of responses will be presented to Cabinet in December.

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## **1. Introduction**

1.1 Consultation on proposals for the 2013/14 revenue budget was launched on 6<sup>th</sup> September. This launch was much earlier than in previous years, allowing more time for respondents to make submissions and more time to consider responses. The consultation closed on 1<sup>st</sup> November.

1.2 The consultation included a variety of engagement approaches including:

- Media launch
- Easy to read consultation document (available in printed and on line versions)
- Tick-box questionnaire with the option of submitting a more detailed response
- 2 all day workshops with a cross section of Kent residents organised by independent market research firm Ipsos MORI
- Specific briefings and workshop sessions with a range of other stakeholders including business representatives, voluntary sector, youth county council and trade unions
- Engagement with representative member panels from Cabinet Committees

- Presentations by County Councillors to locality/local boards
- Briefing sessions for staff including Challenger group

1.3 This comprehensive consultation and communication strategy has been endorsed by Cabinet members with the aim of striking the right balance between in-depth engagement with a representative sample of Kent residents as well as wider engagement. We have devoted the majority of expense in engaging Ipsos MORI. Previous experience has demonstrated the additional benefit of independent market research rather than in-house. Ipsos MORI have given assurances that deliberative events with a small sample of residents can provide reliable and robust findings that are indicative of the larger population. The sessions included a cross section of the community and Ipsos MORI recommend that face to face engagement produces much higher quality research results than other forms of engagement.

1.4 In addition to the formal consultation process, Unison circulated a survey to KCC staff and others attending the County Council on 25<sup>th</sup> October. The results of this survey will be identified separately from the main consultation.

## **2. Consultation Proposals**

2.1 The consultation identified that we are estimating an overall reduction in funding of £67m. These are estimates at this stage for consultation purposes as we have no provisional grant figures from central government or details of how the new funding arrangements will work under Local Government Finance Bill. We also only have an estimate for the Council Tax base, and at this stage districts have not agreed their local schemes for Council tax support to replace Council Tax benefit.

2.2 The funding estimate takes account of the loss of the one-off Council Tax Freeze grant for 2012/13 and the estimated loss of Formula Grant based on Spending Review 2010 planned totals. It also takes account of forecast changes in Dedicated Schools Grant due to additional pupils and conversion of academies.

2.3 The funding estimate includes the forecast impact of increased Council Tax base due to growing population and reduced collection rates due to transfer of responsibility for Council Tax benefit. The funding estimate includes a freeze in the County Council element of Council Tax without any additional Government support (at the time of the launch the Council Tax freeze grant now on offer had not been announced).

2.4 The funding estimates will need to be updated when we get provisional grant settlements, more details of the new funding arrangements following Royal Assent of the Local Government Finance Bill and better estimates of Council Tax base and collection rates. Members should be aware that these were our best estimates based upon available information for consultation purposes.

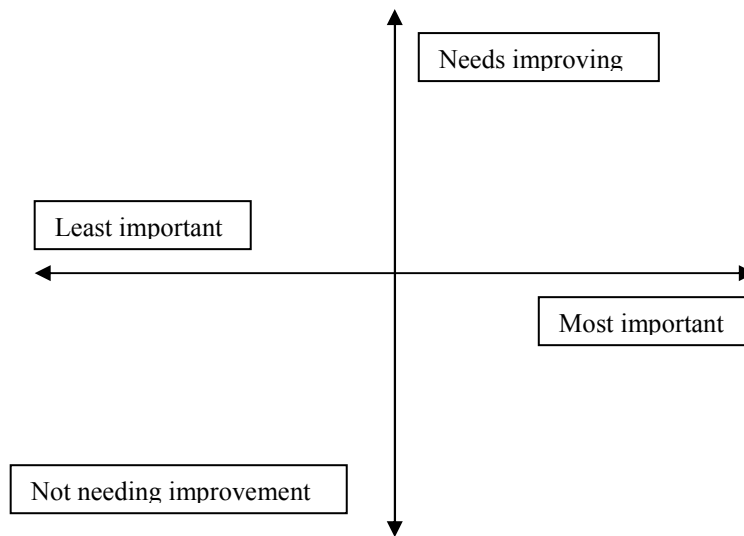
2.5 The consultation also identified estimated additional spending demands of £32m. The majority of these (£19m) are unavoidable due to inflationary, legislative and demand led pressures. As with funding, these estimates are based on the best available information for consultation purposes and will need to be refined prior to the budget being finalised. It is essential that the final budget is set according to the most up to date information. The remaining £13m of estimated additional spending would not be unavoidable and is subject to local policy choices e.g. impact of funding new capital spending.

2.6 In order to balance the estimated funding reductions (excluding DSG) and additional spending demands the consultation outlined £60m of possible savings, income and service transformations. £13m of this £60m will arise from the full year impact of actions being taken during 2012/13 or from decisions which have already been taken. The consultation did not seek views on this £13m. The consultation focussed on £44m arising from key new proposals which would be implemented in 2013/14.

### **3. Feedback from MORI Workshops**

3.1 Ipsos MORI organised workshops with Kent residents on Saturday 29<sup>th</sup> September and 6<sup>th</sup> October. The first workshop covered East Kent and was held in Canterbury, the second workshop, for West Kent, was held in Tonbridge. Both had between 30 to 40 attendees recruited from a variety of backgrounds and age ranges. This number is consistent with similar workshops organised in previous years.

3.2 The sessions ran from 10am until 4.30pm. In the first session participants had the opportunity to identify what they like and don't like about living in Kent. This was discussed in 4 smaller groups and each group was asked to map a range of KCC services against a scale of importance and scale of scope for improvement as below.



3.3 The remainder of the morning session gave participants an insight into other MORI research into opinions on public spending and a presentation on the issues facing KCC next year and the proposals in the budget consultation.

3.4 In the afternoon MORI explored in more depth with the 4 groups whether KCC should address the budget gap through savings or council tax increases (including other ways the council could raise council tax). MORI also explored with the groups examples of KCC services and whether savings should be determined by the County Council, by local communities, or by individuals taking greater responsibility.

3.5 We have not received the report from Ipsos MORI in time for this committee meeting. The full report will be presented to Cabinet in December.

#### **4. Feedback from On-Line Questionnaire and Budget Consultation Document**

4.1 Confirmation will be provided on 22nd November of the total number of responses to the consultation which have been received. These are either from the questionnaire available on-line/included in the consultation document or e-mails to the dedicated address. This is the first year we have produced a plain English document, in addition to putting more resources into raising awareness of the budget consultation.

4.2 The response rate is considerably higher than in previous years but the number of respondents does mean that the results, although indicative of those who responded, may not be as robust as we would expect, or represent the views of the population at large. Therefore, we are suggesting that more emphasis should be placed on the qualitative exercise undertaken by Ipsos

MORI than the general responses, although both provide an insight into the opinions of Kent residents.

4.3 The consultation only closed on 1<sup>st</sup> November and therefore we have not had sufficient time to undertake a full analysis for this committee. A full analysis will be presented to cabinet in December.

## **5. Feedback from Specific Focus Groups**

5.1 We have had held consultation sessions with the KEB Business Advisory Board, representatives from the Voluntary and Community Sector, and Kent Youth County Council. At each of these sessions a brief presentation was given setting the background to the 2013/14 budget and outlining the proposals in the consultation. Participants were asked for comment on issues and in particular the approach to transformation, whether local communities could take more responsibility and whether Council tax should be frozen.

5.2 Analysis from these sessions will be presented to Cabinet in December together with the MORI report and individual consultation responses.

## **6. Informal Member Groups**

6.1 The Cabinet Committee agreed to establish an Informal Member Group (IMG) to consider budget issues. The group for this committee was chaired by Mr Hotson and included Mrs Dean, Mr Cowan, Mr Bayford, Mr Parry, Mr Ridings and Mrs Stockell representing the committee. The group met on two occasions, 14<sup>th</sup> September 2012 and 23<sup>rd</sup> October 2012.

6.2 The group considered all aspects of the budgets within the portfolios reporting to the Policy and Resources Cabinet Committee and were presented with papers setting out the Directorate budget, agreed savings from existing Medium Term Financial Plan and HR information.

At it's first meeting, Members of the IMG considered wide-ranging topics including:

- a) Community 'Right to Challenge'
- b) Property Disposals
- c) Targets for the reduction in use of gas and electricity
- d) Rent reviews and collections
- e) Contractual commitments for Insurance services and balance between self insurance and purchased insurance
- f) Legal Services charging policies

As the main areas of discussion focussed on topics within the Property and Legal Divisions, IMG Members decided to invite the Directors of Property and Legal Services to their next meeting.

At the second meeting:

Ms Spore gave the IMG an extensive briefing on many aspects of the Property budget including disposal targets and their link to funding the Capital Programme. Ms Spore also advised the IMG that there are targets to reduce use of gas and electricity but that supply costs keep increasing. The IMG were assured that rent reviews are carried out regularly and all rents due were being collected.

Mr Wild explained Legal Services' new strategy, 'Evolution, Efficiency, Enterprise' to reduce legal costs across the authority. The IMG were also informed that internal demand for Legal Services was not decreasing but that Legal are now doing more for less for example offering a free telephone helpline.

The IMG were informed that the County Council has a 5 year contract with Zurich for Insurance which runs until 31 December 2013 with an option to extend for 2 years.

6.3 The Chairman and Members of the Budget IMG agreed to recommend to the Policy and Resources Cabinet Committee that:

- (a) a high priority be given to ensuring that savings are generated by the release of property as a result of the Transformation Programme including Gateways, and that Members be kept informed of progress.
- (b) the data on the amount spent on external legal services for insurance matters be made available to Mr Wild so that he can look at the opportunities for savings to be achieved by using KCC legal Services and in due course this be reported to the Cabinet Committee.
- (c) Members of the IMG receive the regular Legal Services update "Evolution".
- (d) in due course consideration be given as to whether or not to extend the insurance contract with Zurich in December 2013.
- (e) the pay back costs in relation to the PEF be noted.

## **7. Next Steps**

7.1 A full report on the consultation will be presented to Cabinet on 3<sup>rd</sup> December. Cabinet will be asked to consider all issues that arose during the consultation, and to make a formal response. This will include issues discussed and agreed at this Cabinet Committee. Cabinet will agree any necessary changes to the budget proposals and if necessary issue a revised draft budget.

7.2 The revised draft budget will include an update of all the estimated additional spending demands and savings / income / transformations. The update will also include the provisional grant settlement and updated Council Tax base. This could mean that the revised draft will not be published immediately after Cabinet on 3<sup>rd</sup> December depending on when information is available.

7.3 Cabinet Committees will have a further opportunity to review the revised final draft budget in the January round of meetings prior to it going to County Council on 14<sup>th</sup> February for final approval (including setting the Council Tax for 2013/14).

## **8. Recommendations**

8.1 Members are asked to:

(a) NOTE the budget consultation process and that full analysis of responses will be presented to Cabinet in December.

(b) ENDORSE the recommendations of the IMG as set out in paragraph 6.3.

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