

From: **John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement**

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To: **Policy & Resources Cabinet Committee 10th July 2014**

Subject: **Budget Consultation 2015/16**

Classification: **Unrestricted**

Summary:

This report sets out the preferred approach to consultation on the 2015/16 budget, building on and developing the most successful aspects of last year's consultation. The report focuses on the aims of the consultation, the key strategies and process. The report is not seeking agreement to the content for consultation which will evolve over the summer.

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to consider and endorse the proposed consultation arrangements, and to make recommendations to the Cabinet Member for Finance & Procurement on any changes or enhancements.

1. Introduction

- 1.1 We have undertaken consultation on the budget for a number of years and have found it extremely valuable in helping to set the council's budget priorities. A robust consultation mechanism which gives members confidence that the views expressed represent those of Kent residents and businesses will be invaluable as the challenge to balance the conflict between reduced funding and additional spending demands gets ever more difficult.
- 1.2 Last year we made some significant changes to the consultation and engagement strategy with the aim of engaging with many more respondents. This was viewed as a success as we received over 3,000 responses. The strategy was based on "2 minutes 2 questions" campaign which aimed for a much higher level engagement through asking only two simple questions. This was backed up by on-line information and budget modelling tool, workshop sessions with a sample of Kent residents, e-mail survey of residents and a separate staff consultation process.
- 1.3 It should be noted that consultation on the overall budget relates to the strategic direction of travel and key priorities. It is not a consultation about

specific proposals and these will be subject to separate consultation prior to implementation. The final presentation of consultation findings for the 2014/15 budget to County Council on 13th February 2014 is attached appendix 1 of this report.

2. Financial Implications

- 2.1 The provisional settlement for 2015/16 was included in the Medium Term Financial Plan presented to County Council on 13th February. This shows a substantial reduction in Revenue Support Grant (RSG) of £54m (over 25%). A reduction of this magnitude was anticipated when we reported the medium term financial outlook to Cabinet Committees last September (after it had become clear that the spending round (SR2013) announcement for 2015/16 would result in a larger reduction in our main settlement in order to fund specific initiatives such as extension of Troubled Families, new burdens under the Social Care Act, etc.).
- 2.2 The MTFP also included a prediction on funding for 2016/17 and spending demands for 2015/16 and 2016/17. These are best estimates at this stage and following the next spending round announcement (not expected until after the General Election) this could be better or worse than predicted. Inevitably spending demand pressures are an estimate at this stage and will need to be updated in light of performance in the current year.
- 2.3 The combination of funding reductions and spending demands leaves estimated savings of £88m to be found for 2015/16 and £62m for 2016/17. Of these identified actions of £29m for 2015/16 and £14m for 2016/17 were indicated in the plan (with no specific detail) leaving around £44m per annum still to be identified. The consultation will need to include proposals on how the budget is to be balanced for each year together with further estimates for spending demands, funding reductions and consequential savings for 2017/18.
- 2.4 There is no specific budget for public consultation (this was taken as a saving in 2011/12) but we have been able to use flexibility within the overall Finance and Procurement budget to find £50k towards the cost of conducting specific consultation on the budget (excluding staff time). This has to cover the cost of consultancy, printed materials and advertising.

3. Policy Framework

- 3.1 Facing the Challenge Programme has been established as the main vehicle to address the budget requirements over the medium term. This approach was supported in last year's consultation.
- 3.2 KCC's Financial Strategy is set out in the Medium Term Financial Plan for both revenue and capital spending. The plan also includes the Treasury Management and Risk Strategies. Consultation will seek a steer how Kent residents, businesses and KCC staff think these strategies should be evolved in light of continuing financial restraint.

4. Consultation Strategy & Process

4.1 As outlined in the introduction to this report the consultation strategy and process for 2014/15 was a considerable improvement on previous years. We set out to engage with many more residents and get a clearer steer on key budget priorities. The objective agreed at Corporate Board was 'to make the public aware of the challenges we face as a council and to get a sense of whether residents are in favour of raising council tax as a means of making council services more sustainable. It's not about high response rates – it's about raising awareness.' Inevitably this meant that we did not ask detailed questions about specific budget proposals although information was available on the web-site at varying levels of detail for those interested. The strategy was based on:

- A headline campaign under the banner "2 minutes 2 questions" – this was deliberately targeted to increase engagement by asking only two questions; the approach KCC should take in order to deliver the savings required and levels of Council Tax. The consultation was supported by a media campaign to encourage engagement
- On-line budget modelling tool which enabled respondents to identify their priorities for the Council's spending. This model was well received as it was easy to use and provided a unique insight of residents' "revealed" values
- Information on KCC's website summarising the current budget and 3 year financial plan. This was presented in such a way that gave a high level summary and enabled users to drill down to obtain more information.
- Consultation programme run by independent consultants including 2 whole day workshops with a selected sample of 60 residents and a survey with a representative sample of residents seeking responses to the on-line tool
- A similar programme for staff with 1 workshop and use of the on-line tool

4.2 We propose to adopt a similar strategy for consultation on the 2015/16 budget and 2015/18 medium term financial plan with some minor improvements to the process. In particular we will continue to ask a very limited number of questions utilising on-line engagement. The main changes we are considering are:

- Better wording of the question about how KCC should make the savings needed to balance the budget. This may mean splitting this into 2 or 3 separate questions as it was generally felt the question asked last year did not allow sufficient scope for alternative views
- A more comprehensive staff engagement programme and better identification of responses between staff and residents
- A specific programme to better engage with businesses and the voluntary sector. We think business engagement is particularly relevant in light of the changes to business rates announced in the Chancellor's Autumn Statement
- Targeted consultation work with residents who may be more significantly impacted by the Budget.

4.3 We are planning to conduct the consultation for a 7 to 8 week period in October and November. This not only allows more time for people to respond

but also means more time to evaluate the responses before reporting the outcome in January (in advance of publication of final budget proposals for County Council in February). We intend to provide an update report to the December Policy and Resources Cabinet Committee on the approach outlined in paragraph 4.2 (and any other changes following Committee recommendations).

- 4.4 Evidence from last year's consultation showed that we got very similar responses from the "2 minutes 2 questions" to the control mechanisms to validate these responses. (The workshops and budget tool were undertaken with representative samples and asked equality and diversity questions). A short survey is therefore an effective addition to the consultation process that enables the wider community to participate. We are confident that the strategy outlined above, with the minor changes proposed, will result in a reasonable level of engagement and results which can be relied upon.

5. Conclusions

- 5.1 It is essential that budget decisions are informed by residents' views and engagement with key stakeholders. It is also essential that members can be confident that responses represent the wider views of Kent residents and businesses.

6. Recommendation(s)

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The Policy & Resources Cabinet Committee is asked to consider and endorse the proposed consultation arrangements, and to make recommendations to the Cabinet Member for Finance & Procurement on any changes or enhancements.

7. Background Documents

- 7.1 Reports to County Council on Facing the Challenge.
- 7.2. Report to County Council on 13th February 2014 on 2014/15 Budget and 2014/17 Medium Term Financial Plan.
- 7.3 Report to Policy and Resources Cabinet Committee on 17th January 2014 on Budget Consultation and Provisional Local Government Settlement.

8. Contact details

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Budget Consultation 2014/15

Dawn Hands, Managing Director
BMG Research



Today's overview

- Findings from:
 - '2 minutes, 2 questions' (2,693 responses)
 - Staff workshop (35 responses), and web (487)
 - Residents' workshops (60), web (487) and representative survey (1,034)
- A very comprehensive and robust programme of independently facilitated consultation
- Budget tool has provided unique insight in to residents' views, and has 'revealed' rather than analysed 'stated' priorities



Key Messages from '2 minutes, 2 questions'

- Good levels of participation delivering robust results
- We can rely on findings as they are consistent with representative sample work done by BMG Research
- Responses indicate that a referendum to raise tax above 2% would most likely fail although over 70% supported a modest Council Tax increase in order to protect front line services
- The least popular options are to “provide only a basic minimum level of service” or “restrict access to services to only the most needy”



Findings from BMG's consultation programme

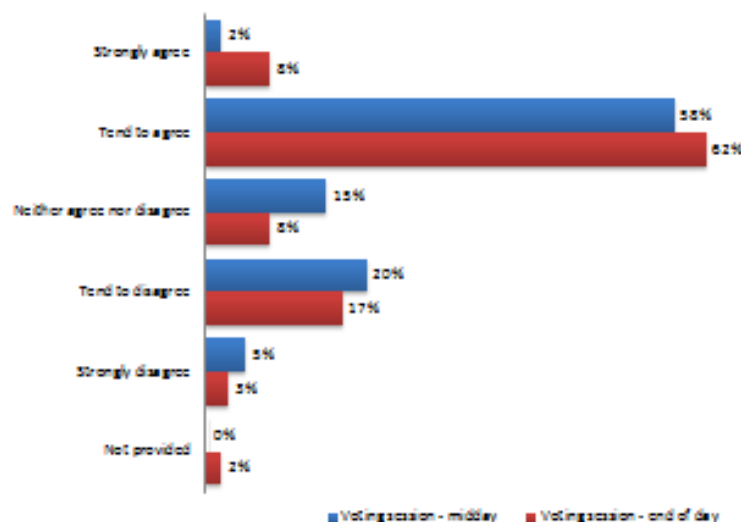
Key Messages

- Findings are similar across all audiences and all methods
- Residents generally have little understanding of how Local Government financing and services work and therefore do not understand how council tax operates in this context
- Residents had noticed little change as a result of cuts already implemented, and believe scope remains to find further efficiencies
 - Staff agree to an extent, but also believe eligibility criteria will have to be reviewed for certain services
- Residents are most likely to protect those services on which vulnerable adults and children are dependent
- Residents (and staff) are least likely to protect services for which users could find alternative provision
- Preferences are influenced by the services the respondent or their family currently use
 - People are more likely to vote to protect services they benefit from



Residents Workshop

In the first voting session, three in five (60%) of residents agreed KCC provide value for money. This rose to seven in ten (70%) during the final voting session

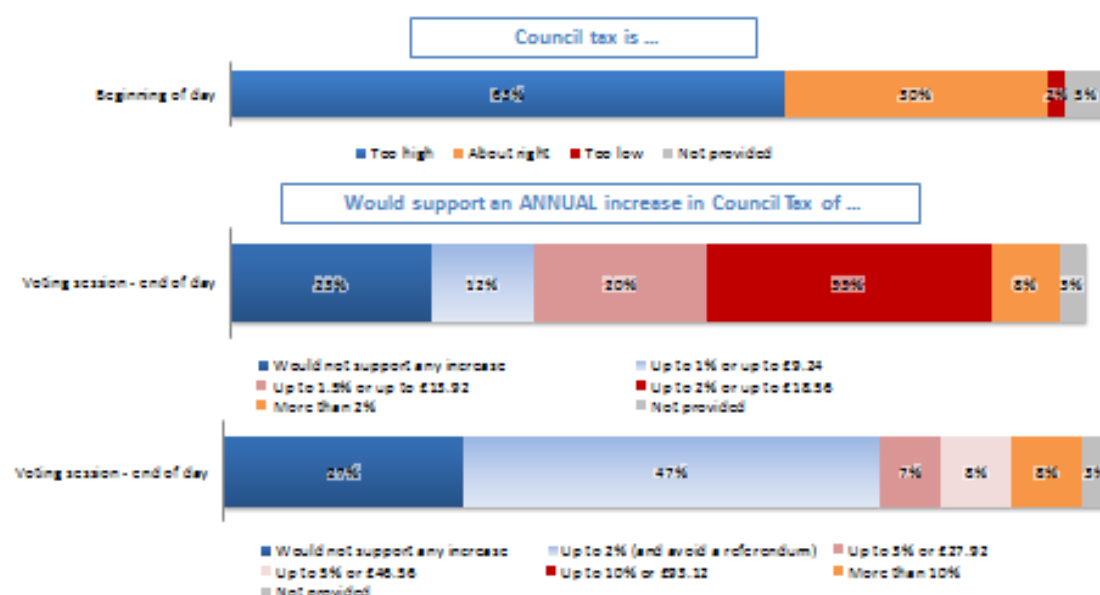


Voting session 1 and 2 Question: To what extent do you agree or disagree that KCC provide value for money?
Base: 20 workshop residents (20)



Residents Workshop

Over three fifths of respondents at the beginning of the day said Council tax is too high, but opinion changed throughout the day

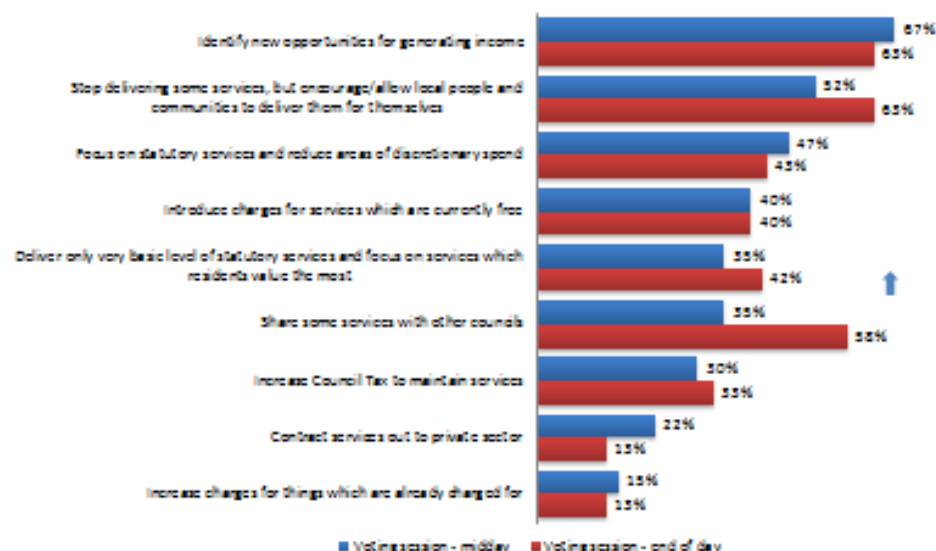


Annual question Q8: Would you say your Council Tax is ... Voting session 1 and 2 Question: Government funding to KCC is reducing significantly over this and subsequent years. To bridge some of the gaps in income this gap rise to, would you support an ANNUAL increase in Council Tax of ... Voting session 1 and 2 Question: If KCC were to increase Council Tax in excess of 2% it would be required to conduct a public referendum (this in itself would cost the equivalent of approximately £1.20 on the average council tax bill to hold the referendum). How much extra would you be prepared to pay an annual bill in order to avoid a referendum? Base: All workshop residents (20)



Residents Workshop

Views changed between the voting sessions on how KCC should bridge the budget gap



Voting session 1 and 2 Question: To meet the Council's challenge of reduced grants in principle which of the following would you support? Base: All workshop residents (20)



Most important/valued services are consistent across all four surveys

Level/amount of service that can be delivered for £1,000	Resident survey (1034)	Resident web (487)	Resident workshop (80)	Staff Web (487)	Staff Workshop (35)
2 ½ weeks of residential care for one older person	1	2	2	3	2
67 hours of home care for an older person	2	3	3	4	4
2 weeks of residential nursing home care for one older person	3	1	1	2	1
100 miles of road gritted in bad weather, or 2 miles of road gritted 50 times	4	6	6	6	6
Just over 2 weeks of foster care for a child, provided in house by KCC	5	4	4	1	3
One week of foster care for one child provided by an organisation independent of KCC	6	5	5	5	5
25 square metres of potholes repaired	7	8	9	9	9
4 days of residential care for one adult with learning disabilities	8	7	7	7	7
Approximately four weeks of Learning Disability Direct Payments	9	9	10	8	8
One child with Special Educational Needs transported by taxi to and from school for 9 weeks.	10	13	12	13	12



Least important/valued services are more varied, although still high levels of agreement

Level/amount of service that can be delivered for £1,000	Resident survey (1034)	Resident web (487)	Resident workshop (80)	Staff Web (487)	Staff Workshop (35)
25 street lights lit for a full year, OR 22 faulty street lights investigated and repaired	11	15	15	16	14
14.5 tonnes of waste recycled, or enough to support 26 average Kent Households	12	10	8	10	11
4 children given free transport to and from their nearest secondary school for one term	13	17	13	18	19
62 attendances at their local youth centre or interactions with a youth worker	14	12	16	11	13
10 tonnes of waste disposed of, or enough to support 17 average Kent Households	15	11	11	12	10
Approximately 500 fare paying journeys on subsidised bus routes	16	16	18	15	15
Two annual bus passes for young people aged 11 - 15	17	19	17	19	20
425 visits to a household waste recycling centre	18	14	14	14	16
430 separate library visits or enough visits for 16 regular library users over a year	19	18	19	17	18
280 email or telephone calls to the KCC Contact Centre	20	20	20	20	17

