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Date: 20 January 2012

Dear Member

CABINET - WEDNESDAY, 25 JANUARY 2012

I am now able to enclose, for consideration at next Wednesday, 25 January 2012 meeting of the Cabinet, the following report(s) that were unavailable when the agenda was printed.

Agenda No	Item
5	<u>Budget 2012/13 and Medium Term Financial Plan 2012 - 15 (To follow) (Pages 1 - 72)</u>

(Please bring with you to the meeting the Draft Budget and Medium Term Plan previously circulated)

Yours sincerely

Peter Sass
Head of Democratic Services

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To: Cabinet 25th January 2012

From: Alex King, Deputy Leader of the Council
John Simmonds, Cabinet Member for Finance and Business Support
Andy Wood, Corporate Director of Finance & Procurement

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

Summary: To update the Cabinet on the proposed 2012/13 Budget and Medium Term Financial Plan 2012/15 published on 20th December. Cabinet is asked to endorse the proposed budget and Council Tax levels for 2012/13 for submission to the County Council on 9th February 2012.

The update includes:

- Feedback from consultation on the draft budget
- Changes to and any further announcement of grants since the draft Budget Book was published
- Changes to the proposed Capital Programme
- The updated tax base information from District Councils which increases the Council Tax yield by £2.567m for 2012/13 from that assumed in the draft Budget Book
- The balances on District Council collection funds and KCC's share which provides an additional one-off sum of £2.239m available for 2012/13
- The latest forecast for spending demands for 2012/13 based on the December Budget Monitoring Exception report and other changes to the proposals since the draft Budget was launched
- Recommendation to Personnel Committee on staff pay

Cabinet Members are asked to bring the black combed draft Budget Book 2012/13 and Medium Term Financial Plan 2012/15 to this meeting.

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to a matter relating to, or which might affect, the calculation of Council Tax.

Any Member of a Local Authority who is liable to pay Council Tax, and who has any unpaid Council Tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

1. Introduction

- 1.1 The draft 2012/13 Budget and 2012-15 Medium Term Financial Plan (MTFP) were published on 20th December 2011 for formal consultation. This is the first time we have been able to launch the draft budget before Christmas. This enables a 4 week consultation period prior to this Cabinet meeting. The proposed budget and MTFP will be reported to and agreed by County Council on 9th February (a week earlier than previous years). Agreeing the budget earlier means we can notify district councils of the county's precept thus giving them more time to consider their budget options and Council Tax levy.
- 1.2 The budget proposals have been developed in the most difficult fiscal circumstances faced for a very long time. The Government is committed to resolving the UK's budget deficit although the slow economic recovery means this is unlikely to be achieved during the current parliament. Local government has taken some of the largest spending reductions of any government department and although the biggest reductions were front loaded into 2011/12 we are still facing unprecedented year-on-year reductions in the overall funding available for the next few years.
- 1.3 At the same time as funding is reducing the demands on local authority services are increasing. Over the next 3 years we are estimating additional spending demands of £232m. This is consistent with our estimate last year that over the 4 year period from 2011 we would need to make £340m of savings in real terms to take into account funding reductions and additional spending demands. Despite these difficult circumstances, the 2012/13 Budget includes a Council Tax freeze for the second year running.
- 1.4 At the time the draft proposals were published there were a number of unknown factors which could influence the final budget, these are dealt with in this update:
 - (1) The schools' settlement had not been announced in time for the publishing deadlines for the budget launch on December 20th. It has now been announced that the Dedicated Schools Grant will be the same cash per pupil as 2011/12 (which was the same as 2010/11). Each school has a minimum funding guarantee (MFG) which means their individual budgets cannot reduce by more 1.5% per pupil compared to 2011/12. A negative MFG ensures there is some headroom for schools and leaves scope for the Schools Forum to recommend local variations to the distribution of grant. The schools' announcement also includes capital

allocations for basic need, maintenance and devolved capital. The implications of DSG and schools capital are explored in more depth in section 3. The Pupil Premium for 2012/13 had been announced in time to be included in the draft Budget Book and is largely as prescribed.

- (2) The Final Local Government Finance Settlement will need to be approved by Parliament. We are not anticipating any significant changes from the provisional settlement (although there may be some minor changes which would require delegated authority to incorporate into the final budget). An update on the provisional settlement was provided to Cabinet on 9th January 2012 so is not repeated in this report. Section 4 sets out our response to consultation on the provisional settlement.
- (3) Some grants were still to be announced when the draft budget was published. In particular this related to grants from Home Office and Department for Education (DfE):
 - (a) We assumed the Home Office grant for Safer Stronger Communities would reduce in line with previous announcements and this would be reflected in reduced payments to local Crime and Disorder Reduction Partnerships. This has yet to be confirmed and we continue to plan on this assumed basis. It is likely this grant will transfer fully to Police and Crime Commissioners in 2013/14 together with other grants for community safety and crime reduction.
 - (b) At the time we published the draft budget we did not have sufficient information from DfE about how much was included in the Early Intervention Grant (EIG) for the extension of free places for 2 year olds. The draft budget assumed that EIG would be as announced in the January 2011 indicative settlement. We have now had a revised provisional allocation which shows EIG increasing by £1.724m more than we originally planned. We are estimating that we will need an additional £0.86m to fund places for two year olds in 2012/13. We have not got provisional EIG settlements although rolling out the requirements outlined in the Chancellor's Autumn Budget Statement in November 2011 will require substantially more funding in future years.
- (4) District Councils are required to notify preceptors of the updated tax base by 31st January. We had an agreement that districts would notify us in advance of this statutory date in order that we can set the budget earlier. This information is essential to determine the proposed charge for a Band D property and the total Council Tax precept from each District Council. The latest tax base information is included in section 5.
- (5) District Councils must also calculate and notify preceptors of any surplus or deficit on their collection funds for the current year. These amounts have to be shared out pro rata to all preceptors and must be taken into account when calculating the overall budget and Council Tax requirements for the following year. Section 6 includes information on the collection funds and the impact on the draft budget.

- (6) The budget monitoring report to Cabinet on 25th January identifies the latest forecast revenue underspend in 2011/12 of £3.5m. At this stage the draft budget continues to assume £1m would be available to be rolled forward as one-off support in 2012/13. The draft budget also needs to incorporate consequential changes to the proposed 2012/13 budget to reflect the latest forecast activity levels and delivery of savings proposals. The significant changes to the published draft budget arising from in-year monitoring are outlined in section 7.
- (7) The Personnel Committee is due to consider a report on 25th January 2012 which includes a recommendation for a 1% pay award for all Kent Scheme staff. The report identifies that an award can be accommodated within the £9m identified in the draft budget for emerging pressures. If accepted the budget presented to County Council on 9th February will be amended accordingly.

2. Consultation

- 2.1 Section 65 of the Local Government Finance Act 1992 sets out the statutory requirement to consult on the overall size of the budget. Consultation must be completed before the precept is set for districts and must have regard to guidance issued by the Secretary of State. KCC has a tried and tested approach to budget consultation and we have always emphasised that this is not a substitute for detailed consultation and equality impact assessment on individual aspects of the budget which will be carried out by the relevant portfolio holder.
- 2.2 We have undertaken a range of consultations to inform the Budget and MTFP. These have included formal consultation on the published draft Budget and MTFP and informal consultation on KCC's spending priorities and Council Tax levels.
- 2.3 A workshop was held on 29th October 2011 organised by Ipsos MORI. This is the seventh year that such a workshop has taken place in order to seek views on KCC's budget priorities from a representative sample of Kent residents. The format of the session and the subsequent MORI report has been changed from previous years in order to reduce costs. In particular participants were recruited by Community Engagement Managers and were not paid a fee for attendance. The scaled down report by Ipsos MORI is attached as Appendix 1. This should be considered as a continuation of previous MORI reports. The priorities identified by the representative groups have been taken into account when developing the draft Budget proposals.
- 2.4 Policy Overview and Scrutiny Committees considered the draft Budget and MTFP at their meetings between 10th and 20th January 2012. A summary of the comments and recommendations from each Directorate's January POSC meeting are attached as Appendix 2.
- 2.5 Cabinet Scrutiny Committee will consider the draft 2012/13 Budget and MTFP 2012/15 at its meeting on 23rd January 2012. The minutes of that meeting will

be circulated to Cabinet at its meeting on 25th January as Appendix 3 to this report.

- 2.6 A forum held with Kent business leaders took place on 18th January 2012. This forum focussed on the proposed 2012/13 Budget and MTFP 2012/15 with a particular emphasis on the benefits and implications for businesses in Kent. The main points raised by the business leaders are attached as Appendix 4.
- 2.7 We have engaged in both formal and informal consultation on the County Council's budget with Trades Union and professional association representatives. The formal consultation meeting took place on 12th January and the main points raised are attached as Appendix 5. The submissions and proposals from the local pay bargaining for 2012/13 is included in the report to Personnel Committee later today.
- 2.8 Following the launch of the draft Budget we have received 8 submissions from individuals with questions, comments and suggestions. These submissions are summarised in appendix 6.

3. Schools

- 3.1 As identified in the introduction the schools settlement was announced on 13th December. The DSG is the same as 2011/12 with the same cash per pupil and MFG of -1.5% per pupil. This was reported to Cabinet on 9th January together with the capital allocations which could not be included in the draft Budget Book and MTFP.
- 3.2 The allocations for capital maintenance and devolved capital have reduced from the published draft programme in line with estimated academy conversions. This reduces the County Council's programme by £33m over the 3 years although academies will still have this money in their budgets. The methodology and data used to determine basic need has changed reducing the anticipated funding available by £15m over 3 years. The details on how this affects individual schemes will be presented to County Council on 9th February in a revised capital programme.
- 3.3 The Schools Forum is due to consider options for the distribution of DSG at its meeting on 20th January. A verbal update will be provided with the outcome of their considerations.

4. Provisional Local Government Finance Settlement

- 4.1 The Provisional Local Government Finance Settlement was announced on 8th December 2011. The announcement was as anticipated and was largely unchanged from the indicative figures announced on 31st January 2011. The settlement is due to be finalised by the end of this month following the formal consultation period which closed on 16th January 2012.
- 4.2 In our response to the consultation we welcomed that the Government has not made any fundamental changes to the indicative figures announced in

January 2011 as this aids our financial planning. We were disappointed that no indicative figures have been published for 2013/14 or 2014/15. Even though the Government has published the draft Local Government Finance Bill (which provides the legal framework for changes to local government financing through allowing individual authorities to retain growth in business rates) the baseline position is proposed to continue to be based on existing Formula Grant adjusted to the control totals announced in the Spending Review. Since the proposals in the Local Government Finance Bill are that upper tier authorities receive 20% of business rates growth, the baseline will continue to be the most significant factor in determining the amount of funding available to support future years' budgets.

- 4.3 The response also welcomed the inclusion of the 2011/12 Council Tax Freeze Grant into the Formula Grant for 2012/13. Although this makes comparison between the years more confusing this is outweighed by the added reassurance that the compensation for the Council Tax income foregone in 2011/12 is embedded into the new local government funding arrangements. This does not apply to the Council Tax Freeze Grant offered for 2012/13 which is clearly one-off funding. The 2012/13 Council Tax freeze is considered in more depth in section 8 of this report.
- 4.4 We have re-iterated our grave concerns about using the discredited Formula Grant as the baseline for the new local government funding arrangements. The Autumn Budget Statement reported to Cabinet on 5th December 2011 demonstrated the disparity in grant allocations between shire and urban areas. We will continue to lobby that the baseline should reflect an equitable redistribution of business rate income to complement the ability for local authorities to retain business rate growth in the future.
- 4.5 We also re-iterated our concerns about the new Homes Bonus Grant being funded by a top-slice from funds which would otherwise have been available in Formula Grant and the 80/20 distribution between lower tier and upper tier authorities. We recognise that for many lower tier authorities the New Homes Bonus has been a lifeline but we are concerned that 20% does not reflect the relative cost of services between the two tiers.
- 4.6 The future funding for 2013/14 and beyond is extremely uncertain. The potential magnitude of the changes to local government funding arrangements as well as the possible changes to school funding and the impact of the reductions in Council Tax benefit could have a significant impact on both central government funding and the ability to raise income locally. What is clear is that an increasing share of the Council's income will have to be raised locally and we need to consider how we can engage more with local communities about how this money should be spent and whether we need to publish draft budget proposals earlier.

5. Council Tax Base

- 5.1 KCC's calculation of Council Tax depends on the number of equivalent Band D properties within the area. This constitutes the tax base and is the basis of the precept we make on District Councils. District Councils must notify all preceptors of the tax base by the end of January. This calculation is based on

the assessment of the number of properties in each band as at 30th November less each council's estimate for discounts for single occupancy, empty properties, exemptions and collection rates. This is then converted to the Band D equivalent tax base. In order for KCC to set its budget/precepts earlier, districts have agreed to supply these tax base estimates prior to the January deadline (although changes can still be made up to the deadline).

- 5.2 For the purposes of the draft 2012/13 Budget we estimated a Band D equivalent tax base of 549,110.5, yielding £575.347million. This represented a 0.3% increase on the equivalent figure for 2011/12. We are proposing a Council Tax freeze in the 2012/13 Budget, meaning that the Band D rate would remain at £1,047.78. This would have produced a total council tax yield necessary to fund the proposed 2012/13 Budget.
- 5.3 The Band D equivalent tax base now notified by District Councils is 551,560.84, which will yield £577.914m. The notified tax base represents 0.74% increase on 2011/12 (very similar to previous years) and will yield £2.567m more than estimated in the draft Budget and MTFP. We will undertake more research about why the tax base is continuing to grow despite the downturn in the housing market. The largest increases are in Ashford, Dartford and Maidstone whilst Dover has seen a small decrease.
- 5.4 Table 1 below shows the increase in the overall Band D equivalent tax base for 2012/13 and previous years.

Table 1 Band D Equivalents	2009/10	2010/11	2011/12	2012/13
Total	540,115	543,481	547, 528	551,561
% Increase	0.79%	0.62%	0.74%	0.74%

- 5.5 This tax base could still change up to the deadline and the amounts for two Authorities are provisional. Nonetheless, the difference between the latest figures and the estimate included in the draft Budget is sufficiently robust to warrant incorporating a change to the proposals to be presented to County Council.

6. Collection Funds

- 6.1 Legislation requires that where a District Council has collected more or less Council Tax than planned, the surplus or deficit on the collection fund must be shared pro rata with all preceptors. As with the tax base calculations District Councils must notify preceptors of the collection fund balance by the end of January so that it can be incorporated into the following year's budget. Also as with the tax base we have agreed that districts will notify us of the balance on collection funds prior to the January deadline. Across all District Councils there is currently a notified overall surplus of £3.128m, of which KCC's share is £2.239m (although 1 district is still to confirm).
- 6.2 Cabinet Members should be aware that surpluses and deficits can arise for all sorts of reasons e.g. collection of debts, change in the number of single

occupancy discounts, change in number of empty properties, etc. Such factors are unpredictable and the impact results in a one-off adjustment each year which cannot be fully factored into future years' tax bases.

- 6.3 Table 2 below provides details of KCC's share of the 2011/12 and previous year's surpluses and deficits on district collection funds. This is included to demonstrate the relative accuracy of the tax base estimates and the amount from the 2011/12 collection funds which needs to be factored into the 2012/13 Budget.

Table 2 Collection Fund	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Ashford	-268,376	245,609	0	425,795
Canterbury	0	217,989	0	0
Dartford	597,517	654,915	840,915	886,537
Dover	0	0	0	*
Gravesham	-750,865	-116,650	- 45,520	-149,800
Maidstone	77,638	46,396	68,193	0
Sevenoaks	0	0	0	0
Shepway	-404,429	-357,926	0	671,611
Swale	292,210	431,890	524,950	229,090
Thanet	41,414	-244,513	55,209	196,032
Tonbridge & Malling	266,318	583,770	0	0
Tunbridge Wells	378,680	0	547,554	0
Total	230,107	1,461,480	1,991,301	2,239,265

- represents a deficit

* denotes awaiting confirmation

- 6.4 The overall collection fund surplus is one-off money. Therefore, we are not proposing that the final balance should be used to underpin the 2012/13 budget and instead should be put into an Invest to Save reserve proposed in section 8.

7. Other Changes to draft Budget and MTFP

- 7.1 The draft budget was based on the latest forecast activity from the full monitoring report for the second quarter reported to Cabinet on 5th December 2011. The November exception report on 9th January 2012 identified a small net increase in the predicted underspend but included additional spending on Looked After Children and SEN transport. The December exception report to Cabinet on 25th January identified a much larger net increase in the predicted underspend to £3.476m.
- 7.2 The December exception report identifies further spending pressures on Specialist Children's Services although not directly related to Looked After Children and at this stage these are not anticipated to continue into 2012/13. The report also identifies a further underspend on concessionary fares and waste disposal and a new underspend on Freedom Pass. At this stage it is

not clear if these underspends can be repeated in 2012/13 and it would not be prudent to revise the proposed budget until we have a clearer picture of the activity trends.

- 7.3 Subject to the Personnel Committee recommendation we are proposing to identify £3m from the provision from emerging pressures for the 1% pay award. At this stage we are showing this in the Finance and Business Support portfolio pending finalising the allocation to all portfolios for the final Budget Book.
- 7.4 We are also proposing a general provision equivalent to a 1% increase in adult social care prices. This would require £3.091m to be transferred from the emerging pressures provision into price pressures within the Adult Social Care and Public Health portfolio.
- 7.5 We are proposing that we can remove the £228k pressure in the Finance & Business Support portfolio for the Carbon Reduction Commitment (CRC) and include a new £968k efficiency saving on CRC. The effect of both these adjustments will increase the emerging pressures provision by £1.196m. We are also proposing that within the Finance and Business Support portfolio that the £864k balance of EIG after the transfer to Education Learning & Skills is added to the emerging pressures provision.
- 7.6 The overall affect on the emerging pressures provision is summarised in table 3 below:

Table 3	Para Ref	£000s
Emerging pressures in draft Budget		9,097
Less		
1% pay award	7.3	3,000
Adult Social Care prices	7.4	3,091
Plus		
Carbon Reduction Commitment	7.6	1.196
Balance of EIG	7.6	0.864
Impact of using Council Tax base increase	5.5	2.567
Revised balance		7.633

- 7.7 Other changes under £0.5m will be included in the revised Budget Book presented to County Council on 9th February.

8. Council Tax Reserves

- 8.1 We are proposing that the balance of the emerging pressures and the collection fund surplus are used to create two new reserves:

- (1) £7.5m is transferred into a Council Tax equalisation reserve. In effect this means that over half of the one-off Council Tax freeze grant for

2012/13 will not be used to fund the 2012/13 budget and will be available in the subsequent years for further smoothing of the savings we would need to achieve to compensate for the grant only being available for one year (and the Council tax foregone through not increasing in 2012/13 impacting every year)

- (2) £2m is transferred into a new Invest to Save Reserve. Drawdown from this reserve would be approved by the Cabinet Member for Finance and Business Support who would need to ensure that applications made significant progress towards delivering the unidentified savings in years 2 and 3 of the MTFP

9. Capital Programme

- 9.1 We have made very few changes to the draft Capital Programme. We have incorporated the changes to school funding referred to in paragraph 3.2, this reduces the 3 year programme for Education Learning and Skills from £339.504m to £290.978m. This reduction takes account of the revised methodology adopted by DfE for the allocation of basic need funding and reduction in maintenance and devolved allocations arising from estimated academy conversions.
- 9.2 As indicated in the introduction £33.610m of this reduction relates to the estimated conversion to academies over the three year period. Academies will have this money in their individual budgets and thus is not a loss to the general school infrastructure in the county.

10. Conclusions

- 10.1 In summary there have been the following changes since the draft revenue 2012/13 budget and MTFP 2012/15 were published:
- Increase in the notified Band D equivalent tax base of 0.74% on 2011/12 (compared to 0.3% in the draft Budget proposals), increasing the Council Tax yield from the amount included in the draft Budget by £2.567m. This increase will be reflected in emerging pressures within Finance & Business Support portfolio
 - Identification of £2.239m overall surplus due to KCC from District Council collection funds. This increase will be reflected in contributions to/from reserves within the Finance and Business Support portfolio
 - Increase the Early Intervention Grant income by £1.724m within the Finance and Business Support portfolio. £0.860m of this is needed to transfer to Education Learning and Skills portfolio to fund additional places for 2 year olds in 2012/13 and the remainder is available to add to emerging pressures provision
 - Subject to agreement from Personnel Committee transfer £3m from emerging pressures to pay pressures to fund 1% pay award for Kent scheme staff
 - Transfer £3.091m from emerging pressures to Adult Social Services and Public Health portfolio to cover price increases on social care contracts

- Increase emerging pressures within the Finance and Business Support portfolio by £1.196m from removing the pressure on CRC and including a new efficiency saving
- Clear emerging pressures within Finance and Business Support portfolio and increase contribution to reserves by £7.633m. This together with the surplus on the collection funds will be used to establish two new reserve provisions (Council Tax Equalisation and Invest to Save)
- Other changes under £0.5m are not included in this report but will be reflected in the revised Budget Book presented to County Council on 9th February

10.2 The impact of these proposals is shown in appendix 7 which includes revised section 4 of the draft Budget Book (Portfolio Revenue Budget Summary) and revised appendices A(i) to A (iii) to the MTFP.

10.3 Table 4 summarises the revised proposed budget requirement and proposed Council Tax precept for 2012/13.

Table 4 – Calculation of Council Tax	Published Proposed Budget 2012/13	Revised Proposed Budget 2012/13
Proposed Budget Requirement	899,515	904,321
Financed from:		
Formula Grant	303,446	303,446
Council Tax Freeze Grant	14,446	14,446
New Homes Bonus	2,839	2,839
Local Service Support Grant	3,437	3,437
Council Tax collection surplus/deficit	0	2,239
Precept requirement from Council Tax	£575.347m	£577.914m
Band D equivalent tax base	549,110.5	551,560.8
Council Tax Band D rate 2012/13	£1,047.78	£1,047.78

10.4 We are proposing to reduce the draft capital programme by £48.526m as a result of the reduction schools grants and academy conversions

10.5 The revised draft Budget Book and MTFP for County Council includes other minor presentational changes and a revised presentation of section 5 (A to Z of services) in portfolio order to aid the debate on the day.

11. Recommendations

11.1 Cabinet is asked to endorse the following proposals for submission to County Council on 9th February 2012:

- (1) the Revenue Budget proposals for 2012/13. Cabinet is asked to note the proposed changes as a result of the equivalent Band D tax base from the

estimate included in the published draft Budget and the surplus on the collection funds. Cabinet is asked to endorse the resulting change to the overall budget requirement.

- (2) the increase in provisional EIG income and the additional requirement for £0.86m to fund additional places for 2 year olds in Education Learning and Skills portfolio.
- (3) adjustments in emerging pressures including pay award (subject to Personnel Committee recommendations) and the transfer of the balance to contribution to reserves.
- (4) the establishment of two new reserves; Council Tax Equalisation (which in effect means the Government grant to support the Council Tax freeze can be used to smooth the impact over more than 1 year) and Invest to Save.
- (4) a requirement from Council Tax of £577.914m to be raised through precept on District Councils.
- (5) Council Tax levels for the different property bands as set out below, representing a freeze at the 2011/12 levels.

Council Tax Band	A	B	C	D	E	F	G	H
	£698.52	£814.94	£831.36	£1,047.78	£1,280.62	£1,513.46	£1,746.30	£2,095.56

- (6) the Capital investment proposals, together with the necessary borrowing, revenue, grants, capital receipts, renewals, external funding and other earmarked sums to finance the programme. Delivery of the programme will be subject to the approval to spend on individual schemes and the level of Government support available in future years
- (7) the Prudential Indicators as set out in Appendix B of the draft MTFP 2012/15

11.2 Cabinet is also asked to endorse the revenue and capital budget proposals set out in the draft 2012/13 Budget and MTFP 2012/15 (as amended as a result of the changes outlined in this report and summarised in Appendix 7 and recommend them to the County Council. A revised 2012/13 Budget Book and MTFP 2012/15 reflecting the changes in this report will be produced for County Council on 9th February 2011.

Officer Contacts

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Background Documents

Autumn Budget Statement – Cabinet 5th December 2011

Budget 2012/13 and Medium Term Financial Plan 2012/15 considered by Policy Overview and Scrutiny Committees between 3rd November 2011 and 23rd November 2011

Provisional Local Government Finance Settlement 2012/13 – 8th December 2010

Draft 2012/13 Budget and Medium Term Financial Plan 2012/15 launched 20th December 2011 and considered by Policy Overview and Scrutiny Committees between 10th January 2012 and 20th January 2012

Appendices

Appendix 1 – MORI Report

Appendix 2 – Summary of comments & recommendations from January POSC meetings

Appendix 3 – Minutes of January Cabinet Scrutiny Committee meeting – to be tabled

Appendix 4 – Summary of main points raised by Kent Business Leaders at the budget meeting on 18th January

Appendix 5 – Summary of main points raised by Trades Union and Professional Association representatives at the meeting on 12th January

Appendix 6 – Summary of public responses to formal consultation

Appendix 7 – Revised section 4 for draft Budget Book and appendices A(i), A(ii) and A(iii) for MTFP

2011 Budget Consultation

Final report for Kent County Council

5 December 2011

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Contents

Background and Methodology	2
Background to the consultation	2
Sampling and recruitment	2
Summary	5
Priorities	7
Issues of greatest importance	7
KCC's role in the provision of services.....	7
Changing the way services are provided	10
In some areas the role of KCC is non-negotiable.....	10
Application of means testing	11
Where could budget savings be made?	12
Discussing the hypothetical savings scenarios	12
 <u>Appendices</u>	
Appendix 1_Services: how important and who provides?	16
Appendix 2_Workshop discussion guide	20

Background and Methodology

Background to the consultation

The implications of central government's spending plans, and the context that this creates for setting budgets in local areas, makes it increasingly important to understand the priorities and needs of local communities. Kent County Council (KCC) is acutely aware that reductions to local budgets will require changes to the provision of services – and perhaps whether some services are provided at all, so it is helpful to involve residents directly to bring their perspectives to these difficult decisions.

In particular, discussing residents' priorities between and within services, attitudes towards means testing, and who could, or should, provide those services provides useful insight. It also presents the opportunity to explore the impact or effect such changes might have on residents.

Over the past six years, as part of the discussions and debates during the budget-setting period Kent County Council has conducted qualitative research with local people to enhance this understanding of priorities and needs. Although understanding residents' priorities is very important to Kent County Council, the budget available to conduct research or consultation on these issues faced the same financial pressures as the front-line and back-office services provided by the council. Therefore, in 2011 it was decided that KCC would hold a budget-setting workshop, but unlike previous years Ipsos MORI would only be employed to manage the facilitation, analysis and reporting of the findings; with KCC managing the logistics and recruitment. KCC was also responsible for the preparation of the materials for discussion, although Ipsos MORI provided advice and support on this.

Sampling and recruitment

As KCC was keen to minimise the financial cost of the workshop, community engagement officers were used to recruit participants. Recruitment was conducted in a variety of ways; Community Engagement Officers sent emails to community groups, spoke to people at events and worked with Community Wardens to find people who would be interested in attending a discussion day to help inform local priorities. Following guidelines from Ipsos MORI¹ then recruited participants from across Kent, with a broad mix of ages and gender.

The community engagement officers recruited:

- 29 men and 31 women,
- 13 people aged 18-30, 18 aged 31-54, and 28 aged 55+,
- 29 living in East Kent, and 31 from West Kent.

The workshop took place on 29 October 2011 in Maidstone. Participants were not offered a financial incentive for their participation in the consultation, although

¹ The recruitment approach used for previous KCC budget workshops, and recommended by Ipsos MORI, screened out those who worked or volunteered for KCC or one of its districts. We find that more engaged residents are able to use the current communication channels to have their voices heard, whereas a general public workshop presents the opportunity to hear from those who are less likely to spontaneously offer their views. At the workshop it was clear that this screening had not been applied by the community engagement officers.

reasonable travelling expenses were reimbursed on the day. In the weeks following the workshop, participants were sent an email to thank them for their time and to inform them of the next steps, including the publication date of this report.

Table 1.1 provides more detail on those recruited by KCC to participate. Of those recruited, 56 attended the workshop.

Table 1.1 Recruitment of participants by age and region

		Age group			
Kent area	District	18-30	31-54	55+	Totals
East	Ashford	1		3	4
	Canterbury	1		2	3
	Dover			3	3
	Shepway		2	6	8
	Swale		4	1	5
	Thanet	2	3	1	6
East Total		4	9	16	29
West	Dartford		2	5	7
	Gravesham		2	1	3
	Maidstone	6	2	1	9
	Sevenoaks		2		2
	Tonbridge	1		1	2
	Tunbridge Wells	2	1	5	8
West Total		9	9	13	31
Totals		13	18	29	60

However, as community engagement officers are likely to be in contact with more active members of the community, who are interested in the work of Kent County Council, this meant that, as a group, the participants included more people from this background. Some of the participants were members of Tenants or Residents' associations, and two were Parish Councillors. As such, the consultation reflects the experiences and views of a population who were typically actively engaged. When reading this report, it is important to appreciate that the views expressed are not those of typical Kent residents, but they are representative of the views of more engaged and informed residents from across Kent.

At the start of the workshop one participant asked whether they should participate in discussions as individual residents, or as representatives from specific organisations. The Chair made it clear at this point that they had been recruited as individual members of the community, and it was their individual perspectives that were of interest for the workshop.

Format of the day

The participants contributed to discussions in plenary sessions, and in six small discussion groups. Each small group was led by a facilitator following a discussion guide, a copy of which is appended to this report. In one of the plenary sessions

Dave Shipton presented key budget issues and pressures facing KCC, and there was an opportunity for participants to ask questions.²

In previous years workshops, participants had the opportunity to feed back their views in a variety of formats, including *vox pop* video diaries and electronic handheld voting. In this workshop KCC gave participants the opportunity to record their views on camera.

The handheld electronic voting, sometimes replaced by paper-based pre and post event questionnaires, allow workshop organisers to gauge the mood of the room, and to move from one discussion point to another. They also provide an additional mode for views to be aired. However, budget constraints meant that it was not possible to use handheld electronic voting in this workshop.

It is important to note, that as with previous budget consultation exercises conducted by Ipsos MORI for KCC, a qualitative methodological approach was used. Qualitative research does not seek to statistically estimate the proportion of participants who have particular attitudes or behaviours. Instead, it aims to identify issues and perceptions and explore the range of opinions. Attitudes cannot be attributed to definitive proportions of the total populations of interests.

However, the information contained in this report is based on the views of informed residents, exploring their perceptions and hopes for the coming year and their expectations of KCC. Whilst we acknowledge that these perceptions may or may not reflect the real situation for all, they describe the general attitudes and opinions held by informed residents. This is critical for understanding what underlies their attitudes.

² A copy of the presentation would be available by contacting Dave Shipton.

Summary

Priorities

Key priorities were focused on the need to maintain local infrastructure – such as roads; and protecting direct services for the vulnerable – such as SureStart centres, public transport, and adult social care. However, the importance of the role of district councils and other local service providers became apparent as participants identified their different experiences of using services across Kent.

Value

Participants were clear that they were dissatisfied with some of the ways in which services were provided. However, on the whole the role of Kent County Council was acknowledged as an important one – particularly as a safety-net to protect the vulnerable.

However, if viable alternatives were thought to exist for current services participants were willing to consider making a saving for KCC. Concerns were raised about the capacity of the community, but if the voluntary sector or another private or public sector provider were available to provide a valued service, this was seen as a possible way to make savings.

Some services for the vulnerable were considered too important to be subject to budget reductions. However, when discussing the hypothetical savings scenarios, some participants felt that although essential, some services could be rationed as long as the most vulnerable were protected.

Issues for improvement and future priorities

The participants identified a range of issues that they felt were in need of improvement – ranging from specific ideas for alternative means of delivering services, to more general rules that should be applied to improving quality.

When discussing hypothetical ways in which money could be saved, participants were keen to reduce duplication, bureaucracy, and poor quality service. The decisions on the hypothetical savings scenarios can be considered under four themes:

Where KCC might stop providing a service: whether KCC might make savings by discontinuing its work on a particular service area depended upon whether participants thought that there was currently unnecessary bureaucracy or duplication in the service area, and generally whether it was effective.

Where charges might be initiated or increased: there was possibly some appetite for increasing the charges for some services, but only for those who could afford to pay.

Where changes might be made to those eligible for services: support for the elderly and the vulnerable was identified as a particularly important issue. The participants expressed mixed views on changing eligibility criteria, yet the

overarching feature of discussions was that older people who need support from KCC are vulnerable, and therefore should be the first to be protected by the County Council.

Where reductions might be made to services: some participants were willing to see reductions to budgets, if the quality of service provision could be maintained – whether that be by thinking of a different means of providing the service or involving the community.

Reflecting on the views of participants across all of the themes; it was clear that the redesign of specific services and a consideration of alternative means of their provision were thought to be good ways of making savings. When discussing each of the savings scenarios it was clear that rather than not providing a service at all, the participants expressed a desire for service to be delivered more effectively.

Publication of findings

Our standard Terms and Conditions apply to this, as to all studies we carry out. Compliance with the MRS Code of Conduct and our clearing is necessary of any copy or data for publication, web-siting or press releases which contain any data derived from Ipsos MORI research. This is to protect your reputation and integrity as much as our own. We recognise that it is in no-one's best interests to have findings published which could be misinterpreted, or could appear to be inaccurately, or misleadingly, presented.

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Checked & Approved:

Kirstin M. Couper

Priorities

Issues of greatest importance

Participants' views on the greatest priorities for KCC varied. However, they can be broken down into the following areas (in no particular order):

- Road maintenance and repairs.
- Public transport, and park & ride services.
- Support for vulnerable residents, particularly children in care or with Special Educational Needs.
- Youth services and activities for teenagers.
- Support for parents with very young children.
- Anti-social behaviour.
- Redevelopment of local high streets.
- Housing.

However the strength of feeling on some issues depended on where participants lived;

- For bus services, one participant, living in Faversham, was particularly impressed with the Sun Bus. The younger participants, predominately from Maidstone, felt that bus services needed to be more frequent, and run for longer – particularly on public holidays.
- On road and pavement maintenance, the quality of road surfaces was thought to be acceptable by some living in the Maidstone area – but this was not supported by participants from other areas of Kent.

As the discussions developed, some of the groups focused on key areas of priority – others covered a range of broader issues that they felt were important and in need of attention.

KCC's role in the provision of services

We moved on from participants' priorities to focusing on how important individual KCC services were and whether it was important for KCC to provide specific services.

Participants worked in small groups with a list of KCC services and were asked to place each service on a chart depending on how important and the extent to which its provision by KCC was necessary. Appendix One provides images of all six charts, but Chart 1 below provides a good example of the principles that participants applied in the exercise.

Although participants raised individual concerns about specific local issues, and some expressed dissatisfaction – the discussions focused on the checks and balances that KCC could apply to make improvements in service delivery.

Overall, participants felt that most services should be provided by KCC. They were particularly concerned about maintaining the quality of service provision and felt that KCC should at least retain oversight and be accountable for the quality of local services.

Changing the way services are provided

As the discussions developed it became clear that, in the main, participants were not looking for wholesale change, but that they were keen that the current services be provided, more efficiently and differently. This covered two broad definitions of 'differently'.

The first definition covered an increase in the involvement of the private and voluntary sector – but with a key role for KCC. Participants who discussed this interpretation of 'differently' were keen that the private and voluntary sector be given the opportunity to provide some services – e.g. youth services, museums, road maintenance – but that checks and balances be written into the contracts to ensure that standards are maintained – and that services are not paid for if deadlines or standards slip – so the local tax payer is protected.

The second definition of 'differently' covered more specific examples of changes to the delivery of services, for example rather than closing local Connexions offices a group suggested that more be housed in Job Centre Plus buildings to save money. Another participant suggested that in rural areas where there are a number of primary schools with low child numbers, that rather than close schools and bus students further from home, they should be managed by a single head teacher and single member of administrative support. And when considering the hypothetical budget-saving scenarios a respondent suggested that the cost of Early Years' Advisors could be recovered from charges levied on private nurseries.

These examples reflect participants' desire to see alternative means of service delivery instead of the removal of services.

In some areas the role of KCC is non-negotiable

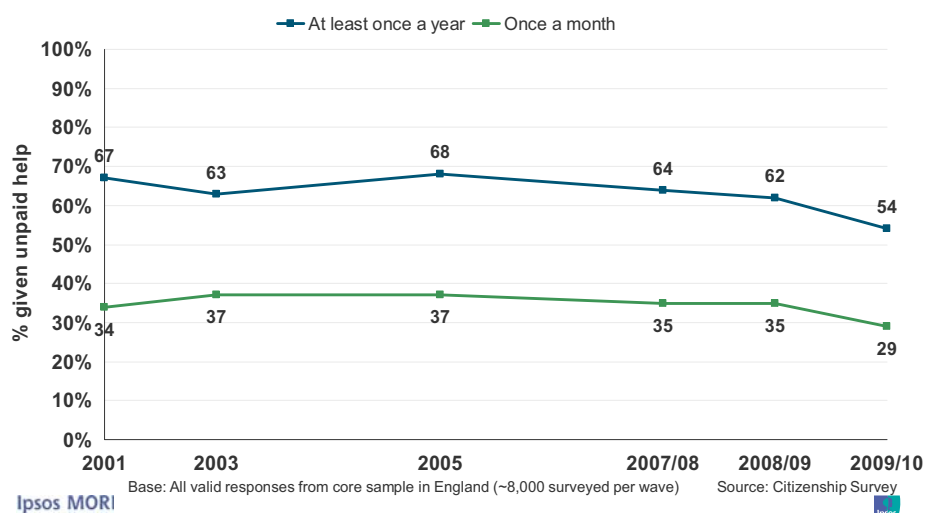
Some participants moved on to discuss whether there were some services where the private or voluntary sector could have greater involvement and others where the role of KCC is particularly important.

Elderly residential care was identified as a service that presented too great a risk to society for the standards of provision to fall. With particular reference to the Southern Cross scandal, which was extensively covered by the press, there was concern that sometimes the cheapest option would not provide the greatest quality – and quality was particularly important in a service area such as this.

However, services such as libraries or Youth Services were identified as areas where volunteers could play a larger role – and in later discussions participants acknowledged that in times of service cuts the community could take greater responsibility for responsibilities such as clearing snow from local streets.

However, the capacity of the community, and more broadly the voluntary sector, to fill these roles was also discussed. And, as the most recent Citizenship data³ reveals; the percentage of people who volunteer regularly is in decline.

Proportion who have given any unpaid help to non-relatives in the last 12 months



Some participants were keen to stress the qualities that trained staff such as librarians, or youth workers, bring to their roles. Therefore, it was not just the issue of a lack of volunteers, but a lack of expertise that was raised as a potential negative consequence of KCC stepping back from these services.

Application of means testing

Across the groups there was discussion about whether the current application of means testing was fair. This related to its application by central and local government, and the burden of applying for means-tested benefits multiple times to the same and different public bodies. Some felt that the means-testing application forms were overly complicated and were concerned for the welfare of those who are just beyond the threshold for qualification.

However, in the main, participants felt that some form of means testing was required – as it would not be financially viable to provide all services free at the point of use, to all residents.

Yet, deciding who should be entitled to reduced-cost or free services was not a simple endeavour. During the discussions the concept of the ‘deserving’ and ‘undeserving’ poor was raised by some and it was felt that services should support the most deserving, vulnerable, residents – often identified as children and the elderly. However, support for those who fall just short of qualifying for means tested support was also raised; with some participants reflecting that services needed to be flexible to be able to deal with the needs of this group.

³ The Citizenship study is published by CLG. Please refer to this website for further information

<http://www.communities.gov.uk/publications/corporate/statistics/citizenshipsurveyq4200910>

Where could budget savings be made?

Discussing the hypothetical savings scenarios

The participants were asked to consider a series of hypothetical scenarios where savings might be made by KCC – with a challenge of making £20million of savings from the 2012/13 budget. The exercise was introduced as a role-play where the moderators acted as committee clerks and the participants were asked to be councillors. This style of exercise has worked well in previous workshops with the general public in Kent – where the role-play element helped to ‘normalise’ the concept of making decisions about local budgets.

However, the participants at this workshop found this aspect of the discussions challenging. Many were familiar with working in committees, and having access to detailed committee papers and information before making decisions. A minority were uncomfortable with the concept of being asked to make such important decisions – even when assured they were hypothetical and information was framed in terms of principles.

This coupled with some earlier elements of the workshop having over-run meant that participants did not get the chance to review all savings scenarios and then identify their future spending priorities⁴. However, each small group started discussing the scenarios at different points and their thoughts on each are covered under the following four thematic headings.

Rather than focus on the spend/save decisions for each scenario it is more enlightening to focus on the principles applied to the decision taken. This helps us to understand the expectations that participants have of the way in which services will be delivered in the future, and whether those services identified as key priorities were considered by participants for budget reductions.

Theme one: Stop doing some things...

Under this theme participants discussed whether street lighting might be turned off for periods of time, the possible closure of the Arts and Sports Unit, the abolition of community wardens, and a discontinuation of spending on regeneration.

- Decisions on whether to approve or reject suggested savings were made on the basis of unnecessary bureaucracy, duplication, and whether a service was effective.
- Participants were concerned that the vulnerable might suffer from changes – such as an increase in fear when walking outside in the dark, or a reduction in funding to disabled sports teams. One group also felt that if the Arts and Sports Unit had its funding cut or reduced that the community as a whole would suffer – as it was felt that the Arts could enhance people’s lives generally.

⁴ The hypothetical scenarios that involved reducing the level of care for vulnerable adults, and reducing the libraries budget were not covered by any of the groups.

- However, participants were not completely against the concept of specific services being halted – if it was decided that either the service was not required, or was being provided effectively elsewhere.

Theme two: Charge for some services we provide...

The discussion of charging for services focused on a scenario that suggested the possibility of reducing the spending on the freedom pass, used by young people around Kent.

- Earlier in the workshop, participants had raised the issue of public transport as important for preventing vulnerable people from becoming isolated. There was some appetite for the possibility of increasing the cost to wealthy parents, however it was also acknowledged that it is currently difficult for families financially and the benefit of the freedom pass provides the opportunity to help parents at this time.
- Consequently, there was possibly some appetite for increasing the charges for some services, but only for those who could afford to pay.

Theme three: Ration who gets some of what we provide... change eligibility

Service rationing was discussed in the context of raising the eligibility criteria for elderly people who get help in their own homes, limiting funds for taxis for children with SEN, and reducing the number of children entitled to free home to school transport.

- Throughout the discussions, support for the elderly, and the vulnerable more generally, was raised as a particularly important issue. For some participants the prospect of reducing access to certain services for elderly people was unthinkable. Others reflected that the current system was unfair and that changing the eligibility criteria would just make the system slightly less unfair.
- Attitudes towards changing the eligibility criteria for some services used by children were treated slightly differently. Although children were also of great importance to participants, some of those who discussed changing the eligibility criteria for taxis to take children with SEN to school, or mainstream home-to-school transport, reflected that these were areas where savings could be made.
- The way in which some participants defined 'vulnerable' influenced their perspective on changing eligibility criteria. Those participants who considered children with SEN or elderly people with support needs as vulnerable were keen to ensure that services were provided regardless of an individual or family's financial circumstances.
- However, those who did not apply a blanket definition of 'vulnerable' to these groups of residents were more likely to consider challenging the current accepted practices. And therefore, there was some support for reducing the access to free home-to-school transport to just those in receipt of free school meals.
- Additionally, the issue of considering different ways to deliver services arose in the discussion of providing home-to-school transport. One group felt that it was very important to promote the use of public transport among children, but

another felt that walking, cycling, and car-pooling should be community-led options for young people in Kent.

Theme four: Reduce what we do for some things... minimum vs. gold standard

There were six hypothetical savings scenarios discussed by at least one of the groups under the theme of reductions. These covered the budget for Early Years Advisors, payments to foster carers, the budget for Connexions, the budget for highway maintenance, the subsidies for bus services, and availability of waste disposal facilities.

Highways and local roads

- There was some discussion about the problems that might be stored for the future if cut backs were made in these areas. Highways maintenance in particular had been raised as a priority area in earlier discussions, and some participants suggested that the road maintenance budget should be increased rather than reduced. The issue of 'spend to save' was raised in this context; participants felt that the current quality of road repairs was often poor, which led to a need for continued maintenance of the same problem. It was felt that either KCC should be pursuing contractors for low quality work, or paying more for better quality work that would lead to a need for fewer repairs in the future.
- One of the groups also discussed the possibility that volunteers could do more in the winter to help clear local roads and pavements, although there was some concern that this was a great responsibility for local people, and that a possible shortage of volunteers, discussed earlier in this report, could be a limitation.

Waste disposal

- The availability of waste disposal facilities was considered in a similar way to that of highways maintenance. There was concern that fly-tipping might increase if access were reduced, and that coupled with a general feeling that the current service was good made participants reluctant to accept budget reductions or an alternative means of delivery.

Bus routes

- In the discussion about bus routes, and reducing the number of routes subsidised by KCC the previous concerns about vulnerable people being cut off from the wider community was raised. However, the possibility of community-led alternatives was thought to be a viable option here. Car-sharing and community mini-buses were identified as possible solutions – although there was some concern about volunteer capacity. If there were a viable alternatives participants were willing to consider the possibility of making reductions to the number of subsidised bus routes.

Foster care

- The payment of foster carers elicited different perspectives from the workshop participants. When information was provided about the reimbursement provided for foster carers some felt that the level was so high that it would naturally lead to profiteering and therefore should be reduced. This was felt to

be a particular issue for Thanet, where participants suggested foster care had become a business for a number of local people.

- However, others felt that the need to avoid children being placed in care homes was so great that the money was well spent and that children placed in foster care were vulnerable and so required the extra funding.

Connexions and Early Years' Advisors

- The provisions of Connexions services and the possibility of reducing the budget for Early Years' Advisors prompted more agreement from participants however. Both of these scenarios were considered to involve important services, but ones where it would be possible to provide services in a different way.
- For the Connexions service, in the main, it was thought that schools and job centres could provide similar services – where buildings could be shared and professional advice could continue to be offered. There were mixed feelings about the current quality of provision from the Connexions Service, some good and bad examples of the impact that they have had on young people. This was also a factor for participants, as some felt that the service would be better provided by schools or job centres.
- In the context of reducing the number of Early Years' Advisors, again the potential for the work to have a great impact on children's lives was highlighted. However, it was suggested that perhaps nurseries could pay for the Advisors' inspections and therefore reduce the cost to KCC of running the service.

For all of the scenarios in this theme there were some participants who were willing to see reductions to budgets, if the quality of service provision could be maintained – whether that be by thinking of a different means of providing the service or involving the community. However, if this alternative way of providing the service could not be found, participants would not support a reduction to budgets.

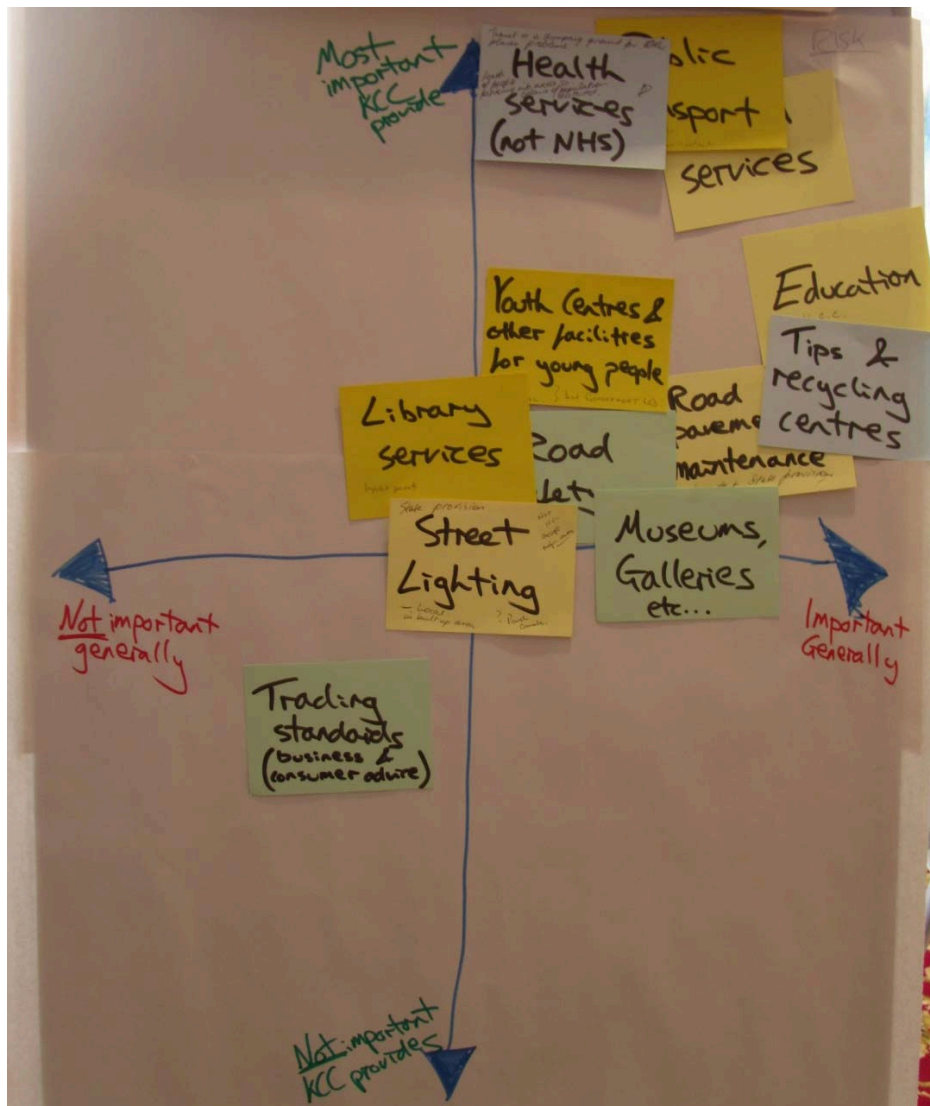
Across the four themes

Reflecting on the views of participants across all of the themes; it was clear that the redesign of specific services and a consideration of alternative means of their provision were thought to be good ways of making savings. On some specific services there was a feeling that efficiency savings could be made, without an impact on the service delivered to residents, but overall, the size of the savings required was felt to be too great to be met by back-office reductions alone.

Appendix 1

Services: how important and who provides?

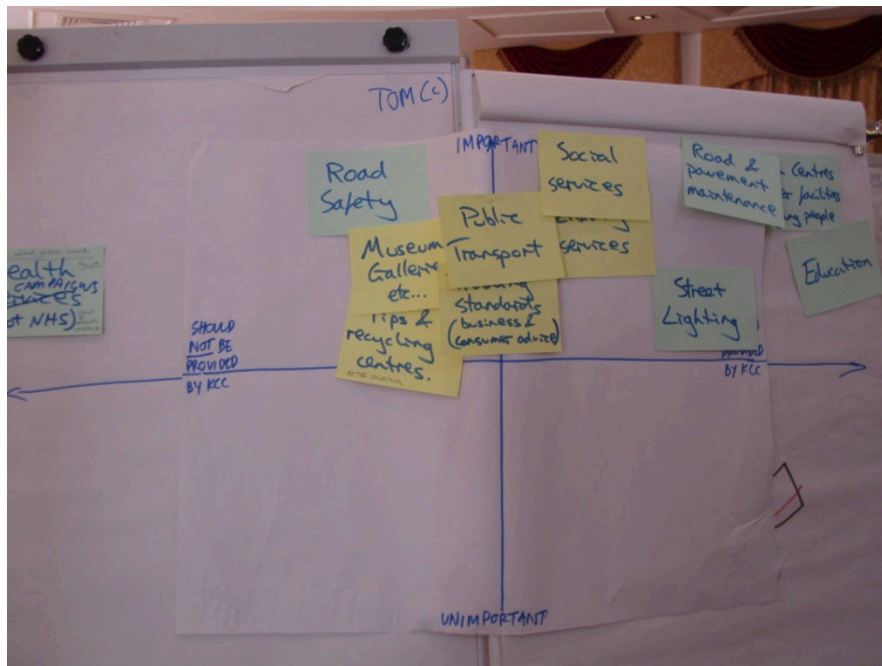
Group A



Group B



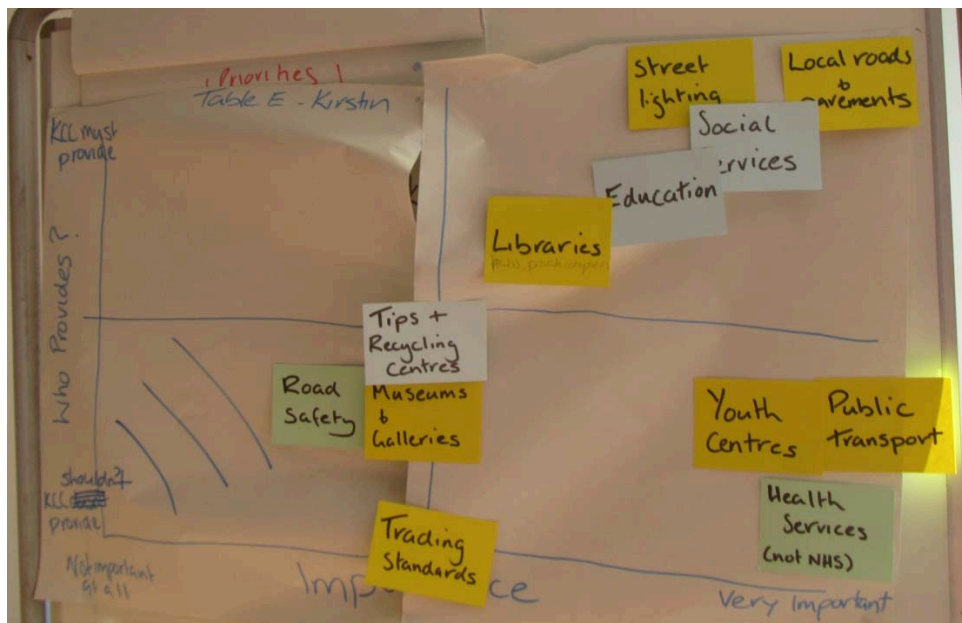
Group C



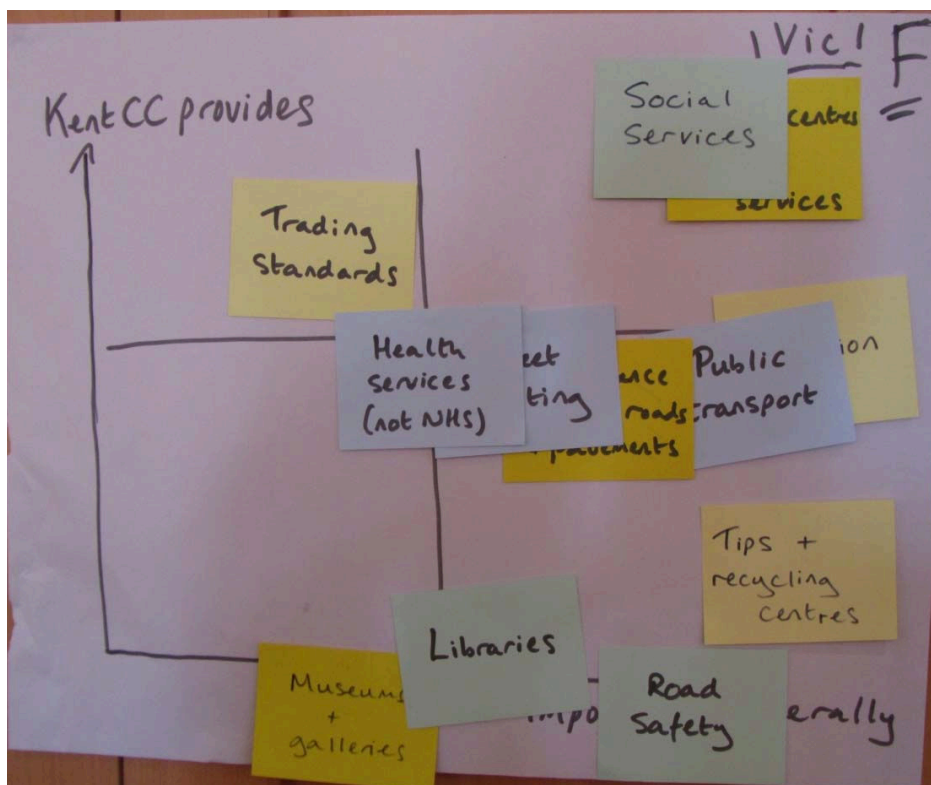
Group D



Group E



Group F



Appendix 2

Workshop discussion guide

09:45 – 10:30 Arrival

- Participant welcome and registration.

SESSION 1 - PLENARY SESSION

10:30-10:40

INTRODUCTION BY IPSOS MORI

- Welcome and introduce day
- Introduce Ipsos MORI, moderators and staff
- Introduce Kent CC representatives
- Confidentiality – Kent CC bound by this as well/participants to respect confidentiality of each other
- Introduce purpose/importance of day, how information will be used by KCC
- Outline how the day will work – rules of workshop (e.g. give everyone the opportunity to speak; have a right to change your mind; no right or wrong answers etc);
- Fire regulations/mobile phones/toilets
- Any questions?
- Ensure participants are sitting in the right groups

KCC NOTE: PLEASE ASIGN EACH GROUP A COLOUR, AND INDICATE THIS ON PARTICIPANTS' NAME BADGES AND PLACE A SIGN AT EACH CABARET TABLE INDICATING THE COLOUR OF THE GROUP AT THAT TABLE.

SESSION 2 - BREAK OUT GROUPS

10:40-10:50

Brief introduction:

MODERATOR NOTE: CHECK IF ANY FURTHER QUESTIONS FROM THE FIRST PLENARY. INTRODUCE YOURSELF AND THE KCC MEMBERS OF STAFF WHO WILL BE JOINING THE TABLE TO OBSERVE/ACT AS EXPERT WITNESSES IF NEEDED. IT'S LIKELY THAT KCC STAFF WILL BE JOINING AND LEAVING THE TABLE THROUGHOUT THE WORKSHOP.

REITERATE WORKSHOP RULES AND CONFIDENTIALITY

ASK PARTICIPANTS TO GO AROUND THE TABLE AND COMMENT ON:

- Where do you live? How long have you lived in the Kent area?
- Why did you move to the Kent area?
- What work do you do, if any?
- Have you any children?

10:50- 11.05 **Kent’s priorities**

What do participants think should be KCC’s priorities?

What are participants’ priorities for their local area? – general covering all public services and non-service related issues (not just related to the local authority)

What do you think of the area (generally satisfied or dissatisfied)?

Have priorities changed in recent years? Are they different across Kent – East vs West, North vs South etc?

Are priorities different for the individual and the community in Kent?

11:05- 11.25 **KCC Services priorities**

Brief overview of the services provided by KCC through a card sorting exercise - using service blocks, plotting services along an ‘important vs. provider’ graph.

MODERATOR NOTE: CHART THE GRAPH IN THE MIDDE OF THE TABLE AND STICK THE SERVICE BLOCKS (WRITTEN ON POST-ITS) ON THE WALL INTO ONE OF THE FOUR QUADRANTS BELOW:

- Are important and should be paid for KCC
- Are unimportant and should be paid for by KCC
- Are important but should not be paid for by KCC
- Are unimportant and should not be paid for by KCC

MODERATOR NOTE: IN PAIRS/THREES, ASK PARTICIPANTS TO CONSIDER THE PLACEMENT OF THREE/FOUR SERVICES EACH. BRING PARTICIPANTS BACK TOGETHER, FOR EACH SERVICE ASK PARTICIPANTS:

- If they know what this service is; are aware that this is a service provided by KCC?
- How important it is to society? Do others agree with its current placement?
- Should the service be paid for, in full, in part or not at all by KCC? Do others agree?
- (PROMPT: differences across Kent, are they as important to the Kent community vs. as important to the individual)
- If too many services are bunched together in one quadrant, prompt as to the differences between them.

11:25-11:30 **Tea/coffee break**

SESSION 3 - PLENARY SESSION

11:30-12:00

KCC presentations and clarification question time

- Short introduction by Ipsos MORI of KCC's presentation.
- Presentations: KCC in a nutshell, budget background, the current state, what management and efficiency cuts KCC is making, the impact that this will have, the future of Council's finances and its priorities. Around 20 minutes.

- Question and answer session with the panel (speakers, chaired by Ipsos MORI) around 15 minutes.
- Introduce the plan for the rest of the day.

SESSION 4 – BREAK OUT GROUPS

12:00-12:15

Role of the KCC – Attitudes towards means testing

MODERATOR TO INTRODUCE THIS SECTION: NOW WE'RE GOING TO MOVE ON TO A DISCUSSION ABOUT THE PAYMENT FOR COUNCIL SERVICES. SOME SERVICES ARE PROVIDED FREE OF CHARGE (ALTHOUGH OF COURSE YOU PAY FOR THEM WITH INCOME AND COUNCIL TAXATION) TO USE SOME SERVICES YOU NEED TO PAY A FEE, AND EVERYONE PAYS THE SAME FEE. BUT FOR SOME SERVICES YOU GET THEM FOR FREE IF YOU ARE ASSESSED AS BEING UNABLE TO PAY FOR THEM.

- Have you heard of means testing?

MODERATOR TO PROVIDE MORE DETAIL ON MEANS TESTING IF REQUIRED – REFER TO ADDITIONAL NOTE

- Do you think it should be used at all?
- In some circumstances?
- When?
- Should people get the same services regardless of their income?
- Should people who need more services pay more?
- Should council services be charged for?
- Why?
- Which ones?
- Who should pay?
- How would you decide?
- Are there some services that the Council provides that the Community could provide?
- Are there some services that individuals could cover themselves?

12:15 – 12:45

Budget priorities – role play

EXPLAIN THAT WE ARE NOW MOVING ON TO A DIFFERENT TYPE OF TASK FOR THE GROUP.

ASK PARTICIPANTS TO CONSIDER THEMSELVES COUNCILLORS ON THE BUDGET SETTING COMMITTEE, THE MODERATOR IS THE COMMITTEE CLERK AND WILL KEEP THEM TO TIME AND WILL TRY TO ANSWER QUESTIONS AS BEST AS POSSIBLE.

AS THE COMMITTEE, THEY HAVE BEEN ASKED TO IDENTIFY £20M WORTH OF SAVINGS. COUNCIL STAFF HAVE PUT FORWARD 16 PROPOSALS FOR THEIR CONSIDERATION AND THEY HAVE TO DECIDE WHETHER TO ACCEPT EACH PROPOSAL ON MERIT. ONCE THE COMMITTEE HAS WORKED THROUGH ALL OPTIONS (THE CLERK WILL THEN CONSIDER WHETHER THEY HAVE REACHED THEIR TARGET AND ASK THEM TO ADJUST ACCORDINGLY.

HAND OUT THE FIRST PROPOSAL. FOR EACH PROPOSAL, ASK PARTICIPANTS TO SPEND A MINUTE READING THE PROPOSAL CARD. USE THE MODERATOR NOTES AND PROMPTS TO GUIDE A DECISION ON EACH PROPOSAL.

DIVIDE TABLE IN TO AN ACCEPT/REJECT SPACE AND PLACE MODERATOR'S COPY OF EACH OPTION ON THE RELEVANT SECTION DEPENDING ON DECISION

- *16 themed service decisions, with pros and cons for each.*
- *Scenarios to be debated in themes, with prompts around why does the principle work for one service but not another?*
- **Each table to start at different points** so that different groups start at different themes to ensure that everything is covered in some depth.

Theme one: Stop doing some things... Should the role of KCC be different here? Should the service be provided at all?

- **Turn-off streetlights between midnight and 6am** – saving £1m. In order to achieve this saving we would have to make an investment in technology to allow us to control the switching of streetlights from a coordination centre. Currently most streetlights are on individual timers.
- **Close down the Arts and Sports Unit** – saving £3M (or £2M if still wish KCC to have some limited involvement)
- **Get rid of Community Wardens** – saving £3M (or £1.5M if KCC halved the number of wardens available)
- **Stop all spend on regeneration projects** – saving £3.8M (or £1.5M to reduce staff numbers so that work would be focused on providing finance to Locate in Kent, Visit Kent. Or £1M if stopped payments to Visit Kent, Locate in Kent and keep the regen team for their own limited projects – Visit Kent and Locate in Kent would probably close as a results of a cut in their funding from KCC)

Theme two: Charge for some services we provide...

- **Reduce spending on the Freedom Pass by £2m.** – saving £2M This could be achieved by raising the fixed charge from £100 to £200 per year. £2m would require an increase in the charge to parents from £100 to £200. This would still mean that the pass represents good value as on average a pass equates to £500 worth of bus travel. Or £3m saving could be achieved by changing the scheme from a freedom pass to a discount card - users would not pay an annual fee in return for free travel but would have a subsidised rate per journey (this would encourage more casual users but be more costly for the higher users). Or scrapping the scheme entirely would save £10M.

Theme three: Ration who gets some of what we provide... change eligibility

- **Raise eligibility criteria for those elderly people who get help in their own home with getting-up, washing and meals** – saving £3M £3m equates to roughly a 10% reduction which could either be achieved by raising the eligibility threshold or reducing the hours per week of help. There is very little scope left to increase charges as we already charge for

almost everything we can or squeezing the price per hour as we have already squeezed these to the limit in the last 2 years.

- **Put a limit on the amount we will pay for taxis to get children with special needs to school** – saving £2M
- **Reduce the number of children entitled to free home to school transport to secondary schools** – saving £2M

Theme four: Reduce what we do for some things... minimum vs gold standard

- **Reduce the number of early years advisors** – saving £2M
- **Reduce the amount we pay to our Foster Carers each week** – saving £3M
- **Reduce the amount we pay for (Connexions) careers advice and educational attainment** – saving £2M
- **Reduce highway maintenance** – saving £3M
- **Reduce the number of bus services KCC pays for** – saving £2M
- **Reduce the availability of waste disposal facilities to residents** saving £2M
- **Reduce the level of care for vulnerable adults** – saving £3M⁵

Theme five: look for more effective ways of providing the service... e.g. getting rid of large running costs, or can this also be supported/provided by others outside KCC ...

- Reduce spending on Libraries by closing least well used libraries – saving £3M (or saving £2M by getting local communities to run their local library with professional support from KCC staff who would only visit the library periodically.⁶

12:45- 13:20 Lunch

SESSION 5 – BREAK OUT GROUPS

13:20 – 14:20 Continue discussing budget priorities

- Finish working through individual priorities scenarios.

IF TIME

- Assess cabinet progress: - i.e., have they reached their savings target?
 - If no, discuss potential for further savings
 - If/when yes, consider which savings they would make if they only had to save £15m. Rank these using a thermometer? Also, if time, consider which areas they would least like to see savings in and explore how some of the savings might work in practise – especially those where the service will be ran by someone other than KCC.
- Final 5 mins to consider the group's final plenary presentation.
 - Did the group achieve its savings target?
 - Where were the easiest/hardest decisions?
 - What would they least like to cut?
 - Which principles were favoured most?

SESSION 6 – PLENARY SESSION

⁵ At the workshop this item was not discussed because of a lack of time.

⁶ This item was also not discussed because of a lack of time.

1415 – 1430

Feedback Session

- Each moderator to sum up their groups' key findings, each moderator has 2 minutes to present and then asks group members if there's anything that has been missed.
 - Did the group achieve its savings target?
 - Where were the easiest/hardest decisions?
 - What would they least like to cut?
 - Which principles were favoured most?
- Ipsos MORI to round up.

1430

Day ends

Appendix 2

By: Head of Democratic Services & Local Leadership

To: Cabinet – 25th January 2012

Subject: **MEDIUM TERM FINANCIAL PLAN 2012/15 &
BUDGET 2012/13 COMMENTS FROM POLICY
OVERVIEW & SCRUTINY AND CABINET SCRUTINY
COMMITTEES**

Classification: Unrestricted

To follow

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 23 January 2012.

To follow

Notes of Business Consultation Forum held at the Kent Events Centre, County Show Ground, Detling, Wednesday 18th January

1. Introduction

Mr King welcomed everyone to the meeting and set the scene for the challenges faced by local government and the increasing importance of engaging with the business sector as in future local authorities will have more control over the business rates raised locally.

2. Budget 2012/13 and Medium Term Financial Plan 2012/15

Mr Shipton gave a presentation covering the following:

- National economic context & implications for local government
- Kent County Council's proposals for the 2012/13 budget which requires the council to save £97m in order to balance reductions in Government grant, freezing Council Tax and additional spending demand
- Medium Term Financial Plan which has further reductions in grant and additional spending demands which mean that over the four years between 2011/12 to 2104/15 the council would have to reduce its gross turnover (excl. schools) by 25% in real terms
- Where the £87m of additional spending is proposed and the extent to which it is avoidable
- Where the £97m of savings are proposed and the impact on services
- How much of this had already been planned and why the Council is not having to take the drastic action being considered by others
- Levels of business rates for 2012/13
- What specific measures in the budget will benefit local businesses
- Settlement for schools
- The council's commitment to maintain an ambitious capital programme and the positive impact this has on the local economy
- How the proposed budget meets the councils principle objectives set out in Bold Steps for Kent

3. Comments/Suggestions from Business Representatives

Questions and comments were put to a panel of KCC representatives Mr King, Mr Simmonds, Ms Carey and Mr Shipton. KCC's Director for Economic Development (Mrs Cooper) was also available in the audience.

The comments /questions made from the floor:

- Some of the aspirations in Bold Steps are bolder than others. Some appear to be more about process than policy
- Concern about the lack of funding to engage in Thames Estuary Airport debate – responses from the panel emphasised KCC's crucial role and there is funding within Growth without Gridlock to address major planning issues
- Comment that there appears to be an imbalance between the amount going into housing initiatives and support for economic development

- Comments on the amount of public expenditure going into waste collection/disposal and whether councils should act more collaboratively and whether more income can be generated – the panel responded that KCC has a longer term strategy and has made progress on waste partnerships but still has more progress to make
- Support for more local decision making about how much and where money is spent – the panel responded that progress is being made to establish local boards
- A request that the Broadband proposals must ensure the service is affordable for smaller businesses

Appendix 5

Notes of the formal budget consultation meeting with Trades Union and Professional Association representatives at Invicta House, Maidstone on 12th January

1. Introduction

Paul Royel introduced the session and asked Dave Shipton to give a presentation setting out the main budget issues and proposals in the draft Budget and Medium Term Financial Plan.

Dave Shipton emphasised that this is a formal consultation and comments will be presented to Cabinet members and county Councillors as part of finalising the 2012/13 Budget and Medium term Financial Plan.

The presentation set out:

- National economic context & implications for local government
- Kent County Council's proposals for the 2012/13 budget which requires the council to save £97m in order to balance reductions in Government grant, freezing Council Tax and additional spending demand
- Medium Term Financial Plan which has further reductions in grant and additional spending demands which mean that over the four years between 2011/12 to 21014/15 the council would have to reduce its gross turnover (excl. schools) by 25% in real terms
- A summary showing additional £87m of spending going mainly into Children's Services and Vulnerable Adults at the expense of other services and management support/overheads. This analysis also showed where £97m of savings and income/grants will impact
- How much of this had already been planned and why the Council is not having to take the drastic action being considered by others
- Settlement for schools means the same cash per pupil as 2011/12 but scope for with some local headroom as minimum guarantee is 1.5% reduction per pupil.
- Future changes in school funding with increased delegation, changes to DSG and future rising school rolls
- The council's commitment to maintain an ambitious capital programme and the positive impact this has on the local economy
- Staffing implications of the budget are in line with estimates last year which said 1,500fte reduction in staff over 2/3 years. Reduction in 2011/12 has been over 600 with similar reduction estimated for 2012/13 (final numbers subject to detailed consultation)
- How the proposed budget meets the councils principle objectives set out in Bold Steps for Kent

3. Comments/Suggestions from Representatives

John Simmonds and Dave Shipton addressed issues raised by Trades Union and Professional Association representatives:

- Dave confirmed that teacher pension and redundancy costs are not being delegated to schools

- Representatives reported concerns that detailed consultation on individual proposals were being constrained by budget decisions. John and Dave both confirmed that this consultation is about the overall size of the budget and levels of Council Tax. It is not consultation about the detailed budget proposals which follows at a later date. Changes to savings can be made following these consultations and reported through the normal budget monitoring process. There is an expectation that where savings cannot be achieved alternative action will be proposed to maintain.
- Representatives reported concerns that savings to remove teaching posts in Children's Centres will reduce capacity for preventative work and could lead to more children required to be taken into care. They were concerned that this could have the opposite affect of protecting the most vulnerable over the medium term and budget proposals were not joined up.
- Representatives reported similar concerns about proposals for Education Psychology Service which could have an adverse impact on the most vulnerable
- Representatives reported concerns that Equality Impact Assessments have been inadequate prior to consultation – John confirmed that it is essential that these assessments are carried out in advance of discussing detailed proposals
- Representatives commented that the budget proposals were largely as expected but restated concerns that the budget proposals don't seem totally joined up and could end up impacting on the most vulnerable. They were also concerned about savings proposals on services for young people e.g. Youth and Connexions
- Representatives asked that the council does not portray efficiency savings for "non front-line staff" as somehow being easier or having less impact.

Other comments received as part of Formal Consultation

We have received 8 responses from the public/staff to the formal consultation via e-mail. Some sought clarification but the following suggestions were also made:

- Reduce cost of concessionary fares by limiting use to certain times and restricting amount of travel – we have responded that the concessionary fares is a national scheme and recent investment in smart card technology is partly aimed at preventing fraud
- Spend more on road maintenance by spending less on traffic calming and stop/go boards when gully cleansing – we have responded that we have reduced the amount spent on traffic calming but road safety remains extremely important especially where there are proven safety issues. We have also confirmed that stop/go boards are only used where there is a safety issue and the two person teams allow greater flexibility and maximise efficiency
- Do not bother upgrading poorly used libraries
- Improve council tax collection where people refuse to pay
- Do not allow staff to sell annual leave who have been on sick leave
- Reduce member/officer fact finding missions
- Increase council tax to protect services/jobs
- No funding identified to “clean-up” following Manston closure
- Too much emphasis on housing initiatives
- No allowance for asbestos removal in schools
- Need for free wifi and mobile phone reception improvements
- Provision of free tablet PC for school children and emergency mobile phone for children and OAPs
- No allowance for new parks, greenbelt, farmland
- Need for review of traffic blackspots/impact of roadworks/20mph restrictions
- No review of infectious diseases/pandemics
- Tobacco licensing scheme
- Confine investments to Kent companies
- Too much reliance on public sector funding for economic stimulation grants

Revised Extracts from Budget Book and MTFP

Appendix A (i)

High Level 3 Year MTFP Summary

	2011/12 (restated)	2012/13 (revised)	2013/14		2014/15		Comparative 4 Year Totals
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	948,686						
Base		909,054			904,321		
Additional Spending Pressures							
Pay & Prices	6,189	15,934	11,067	11,181	44,371		
Legislative	27,049	11,621	2,504	3,049	44,223		
Demand/Demographic	16,493	22,670	7,556	7,548	54,267		
Services Strategies & Improvements	16,558	28,938	12,976	10,201	68,673		
Change in grant treatment	28,391	260	0	0	0		
Reversal of One-Off Savings	3,070	15,431	22,633	0	20,000		
Emerging Pressures		0	0	20,000	0		
Total Additional Spending	97,750	94,854			51,979		231,534
Income & Savings							
Grant Increases	-33,528	-5,456	0	0	0		
Income Generation	-5,996	-24,699	-3,740	-1,990	-36,425		
Removal of Time Limited Amounts	-2,907	-11,363	-18,306	-208	-32,784		
Efficiency Savings							
Staffing	-16,203	-6,779	-3,873	-5,279	-32,134		
Contracts / Procurement	-8,892	-12,595	-6,665	-3,888	-32,040		
Premises	-2,689	-1,270	-2,140	-4,300	-10,399		
Capital	-4,100	0	0	0	-4,100		
Employer's Pension Contribution	-5,107	-3,117	-5,262	-2,575	-5,107		
Children's Prevention		-3,506	-1,030	-333	-10,954		
Other	-5,054	-27,267	-18,970	-16,375	-9,923		
Policy Savings	-42,045						
Area Based Grants	-10,632		0	0	-10,632		
Early Intervention Grant	-1,520		-4,717	0	-11,520		
Staffing	-1,805	-6,124	-1,252	-1,090	-12,646		
Contracts	-5,012	-3,730	-1,700	-250	-11,084		
Service Reforms	-4,842	-11,004	-200	0	-17,796		
Service Reductions		-1,144	-3,000	0	-1,344		
Reduction in Demography from NHS		0	-1,487	0	-3,000		
Other	-3,664	-2,367	-12,356	-382	-7,900		
Savings still to be identified	-37,476	-24,369					
Demand Management		-17,995	-32,945	-50,940			
Incentivisation		-5,537	-10,137	-15,674			
Localism		-2,769	-5,068	-7,837			
Personalisation		-1,384	-27,685	-50,684			
One-Off Savings	-15,431	-6,433	0	0	-328,157		
Total Savings & Income	-137,382	-99,587			-70,979		
Proposed Annual Budget	909,054	904,321			861,000		
Funded by							
Formula Grant	315,987	303,446	294,521	272,866			
Council Tax Freeze Grant	14,325	14,446	0	0			
New Homes Bonus Grant	1,400	2,839	4,200	5,600			
Local Service Support Grant	1,663	3,437	888	888			
Council Tax Collection Fund	1,991	2,239					
Council Tax Yield	573,688	577,914	580,391	581,646			
Total Funding	909,054	904,321	880,000	880,000	861,000		

Appendix A (ii)

NEW LOOK MTP SUMMARY - ONE YEAR		
Dark blue text represents full years effect of previous years		
Portfolios		2012/13 £'000
Base Budget Requirement		909,054
<u>ADDITIONAL SPENDING PRESSURES</u>		
Employment Costs:		
F&BS	Pay Progression (Total Contribution Pay)	5,000
All	Staff Travel	551
F&BS	Employers National Insurance increase	500
		6,051
Prices:		
SCS, C&C	Social Care	3,593
ELS, EHW, C&C, SCS, ASC&HR	Transport	1,642
EHW, BSP&HR	Gas & Electricity	1,370
EHW	Waste Contracts	1,858
EHW	Highways Maintenance Contracts	955
Various	Other	465
		9,883
Unavoidable Government/Legislative Pressures:		
EHW	Waste Landfill Tax	1,705
ASC&HR	Spending from Social Care Grants	5,406
BSP&HR	Expenditure which can no longer be funded from Capital Programme	1,036
SCS	Asylum	800
SCS	Increase in Early Years Education for 2 year	860
Various	Other	1,814
		11,621
Demand/Demographic Led:		
EHW	Concessionary Fares and Freedom Pass Take-up	406
F&BS	Insurance	1,250
Adult Social Care		
ASC&PH	Older People	-287
ASC&PH	Learning Disability - Residential Placements	1,082
ASC&PH	Learning Disability - Community Services	2,989
ASC&PH	Physical Disability - Residential Placements	311
ASC&PH	Physical Disability - Community Services	2,021
ASC&PH	Mental Health	559
Childrens Social Care		
SCS	Residential Placements	2,568
SCS	Fostering Placements	4,091
SCS	Legal Services	1,621
SCS	Assessment	2,960
SCS	Other Services	2,509
SCS	Safeguarding	298

Appendix A (ii)

NEW LOOK MTP SUMMARY - ONE YEAR		
Dark blue text represents full years effect of previous years		
Portfolios		2012/13 £'000
Various	Other	292
		22,670
Service Strategies & Improvements:		
SCS	Children's Social Care workforce strategy & recruitment to social worker posts	3,547
SCS	Investment in Children's Social Care Prevention Strategy	2,750
F&BS, BSP&HR	Financing the Capital programme	5,739
BSP&HR	One-off contribution for ERP Investment	950
EHW	Growth without Gridlock	500
F&BS	Initiatives to boost the economy	1,000
C&C	Invest to save measures in Customer & Community Services	660
F&BS	Investment in Procurement	1,000
F&BS	Contribution to Council Tax Equalisation Reserve	7,500
F&BS	Contribution to Invest to Save Reserve	2,000
Various	Other	3,292
		28,938
Change in Grant treatment		260
Reversal of one off savings		
F&BS	Moratorium in 2010/11 to increase underspend	1,000
F&BS	Roll forward of 2010/11 projected underspend	4,711
F&BS	Release of reserves	9,033
C&C	Other	687
		15,431
Emerging Pressures		0
Total Pressures		94,854
<u>SAVINGS AND INCOME:</u>		
Grant increases (non DSG)		
F&BS	Early Intervention Grant	-4,597
F&BS	Learning Disability Health Reform Grant	-859
		-5,456
Income Generation		
EHW	Increased contribution from Commercial Services	-500

Appendix A (ii)

NEW LOOK MTP SUMMARY - ONE YEAR		
Dark blue text represents full years effect of previous years		
Portfolios		2012/13 £'000
EHW	Full Year Effect of Parental Contributions for Freedom Pass	-500
ASC&PH	Increase in Social Care charges in line with benefits uplift	-2,854
ASC&PH	Full Year effect of introduction of new charges	-1,477
ASC&PH	PCT contribution to Social Care Improvement (one-off)	-15,656
F&BS	Increased investment income	-1,200
ELS, BSP&HR	Increased income from Schools and Academies	-498
BSP&HR	Increased income for ICT Services	-500
BSP&HR	Increased income for Legal Services	-804
Various	Other	-710
		-24,699
Savings and Mitigations:		
Removal of one-off funding		
C&C	Big Society Fund	-5,000
C&C, ELS, SCS	EIG short term loan	-3,092
F&BS	Children's Social Care Improvement Plan	-2,491
C&C, BSP&HR, F&BS	Other	-780
		-11,363
Efficiency savings		
All	Full Year Effect of non frontline staffing & management restructure from previous years	-1,804
All	Full Year Effect of non staffing efficiencies from previous years	-1,278
BSP&HR	Premises rationalisation	-1,270
All	Management structures and non front line staff	-4,460
C&C	Full Year Effect of Contact Centre/Communication	-225
ASC&PH, SCS	Access & Assessment	-290
	<u>Demand Management</u>	
SCS	Reduction in children's placements through enhanced prevention (LAC strategy)	-3,117
ELS	Home to School Transport	-900
EHW	Waste tonnage reduction	-2,211
	<u>Procurement efficiencies</u>	
ASC&PH, SCS, BSP&HR, ELS	Procurement of contracts	-2,432
ASC&PH	Reductions in prices paid to LD providers	-3,393
EHW	Waste contract renewals and partnership arrangements	-425
EHW	Transport Procurement	-956

Appendix A (ii)

NEW LOOK MTP SUMMARY - ONE YEAR		
Dark blue text represents full years effect of previous years		
Portfolios		2012/13 £'000
F&BS	Added value from the Procurement team	-1,000
BSP&HR	Multi Agency ICT provision	-500
F&BS	Carbon Reduction Levy	-968
Various	Other	-2,038
		-27,267
Service Reforms		
EHW	Waste Management Services	-730
C&C	Supporting People	-4,000
C&C	Libraries self service implementation and other efficiencies	-1,450
C&C	Youth Services	-394
EHW	Highways Maintenance reduction in capacity (one-off)	-544
ELS	ELS staff restructuring including Kent Challenge	-5,730
ELS	Reduction in Connexions contract	-3,000
ASC&PH	In house services for older people	-1,350
ASC&PH	In house services for vulnerable Adults	-575
ASC&PH	Stringent application of good practice guidelines and review of support for former self funders	-750
R&E	Alternative funding for Regeneration projects	-855
C&C	More robust funding criteria for Arts	-300
R&E	Cease Community Events fund	-300
SCS	Early Years and Childcare	-2,024
Various	Other	-2,367
		-24,369
One-off savings		
F&BS	One -off savings - Drawdown from long term Reserves	-5,000
F&BS & C&C	Roll-forward of 2011-12 projected underspend	-1,433
		-6,433
Total Savings and Mitigations		-69,432
Total Savings and Income		-99,587
PROPOSED NET BUDGET REQUIREMENT		904,321
Funded By		
Unringfenced Grants		
Government Funding - Local Service Support Grant		3,437
Formula Grant		303,446
Council Tax Freeze Grant		14,446
New Homes Bonus		2,839
Council Tax Collection Fund		2,239

Appendix A (ii)

NEW LOOK MTP SUMMARY - ONE YEAR	
Dark blue text represents full years effect of previous years	
Portfolios	2012/13 £'000
Council Tax	577,914
TOTALS	904,321

Appendix A (iii)

Adult Social Care and Public Health Portfolio Revenue Budget			
	New / Existing		2012/13 £'000
Base Budget			317,434
Base Budget Adjustments - Internal			-3,567
Transfer of Learning Disability and Health Reform Grant to be held centrally			34,768
Base Budget Adjustments- External			34,768
Total Base Adjustments			31,201
Revised Base Budget			348,635
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
Staff Travel	N		160
			160
Prices:			
All Transport	E		55
All Other	E		61
			3,207
Unavoidable Government/Legislative Pressures:			
Learning Disability Transfer and Health Reform Grant - increase in expenditure	E		859
Net pressures funded from NHS support for Social Care grant	N		5,406
			6,265
Demand/Demographic Led:			
Demographic Pressure - General Older People	E		-287
Learning Disability - Residential	E		1,082
Learning Disability - Community Services	E		2,989
Physical Disability - Residential	E		311
Physical Disability - Community Services	E		2,021
Mental Health	E		559
			6,675
Total Pressures			16,307
<u>SAVINGS AND INCOME:</u>			
Income Generation:			
All Income increase in-line with Benefits Uplift	E		-2,854
Increase in Blue Badge charges	N		-170
All NHS support for Social Care	N		-15,656
All FYE of Increase Charging - non residential	E		-1,477
			-20,157

Appendix A (iii)

Adult Social Care and Public Health Portfolio Revenue Budget			
		New / Existing	2012/13 £'000
<u>Savings and Mitigations:</u>			
Identified in published 2010/13 MTP:			
	Fall out of early Retirement Costs	E	-19
	Streamline back office support functions	E	-452
			-471
Efficiency Savings:			
All	Essential/Lease user	E	-21
<u>Procurement</u>			
All	Review of Community Service Procurement	E	-2,132
<u>Management Structures</u>			
	Support Services	E	-121
	Day Services Review - LD	E	-88
<u>Access & Assessment</u>			
	Hospital Team Review	E	-75
	Mental Health Management	E	-50
	Co-ordination Managers	E	-50
	Agency Staff	E	-115
LD	Review of LD and PD Residential and Supported Accommodation procurement	E	-3,393
			-6,045
Service Reforms:			
OP	Consistent application of fair access to Care Services policy	E	-500
OP	Encouraging Self Funders of Residential Care to seek independent financial advice	E	-250
OP	Older Persons Strategy	E	-1,200
OP	Review of In-house services - OP	E	-150
LD	Review of In-house services - LD	E	-550
PD	Review of In-house services - PD	E	-25
Pub Hlth	Rationalise Healthwatch Programme	E	-32
All	Consistent application of client transport policy	E	-290
			-2,997
Total Savings and Mitigations			-9,513
Total Savings and Income			-29,670
Budget controlled by this portfolio			335,272

Appendix A (iii)

Business Strategy, Performance and Health Reform Portfolio Revenue Budget			
		New / Existing	2012/13 £'000
Base Budget			47,352
Base Budget Adjustments - Internal			6,960
	Transfer EIG income budget and hold centrally		752
Base Budget Adjustments- External			752
Total Base Adjustments			7,712
Revised Base Budget			55,064
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
	Staff Travel	N	37
			37
Prices:			
Property	Gas & Electricity	E	550
Property	Rent	E	17
Property	Rates	E	124
			691
Unavoidable Government/Legislative Pressures:			
Property	Change of accounting treatment for some staff in the Property division previously funded from capital	N	786
			786
Demand/Demographic Led:			
Property	Dilapidations	E	-88
			-88
Service Strategies & Improvements:			
CMB	Tapering of PFI Grant	E	581
All	Prudential borrowing costs for Portfolio Capital Programmes	E	456
Property	The Bridge Resource Centre	E	2
Property	Libraries Modernisation programme	E	134
Business Strategy	Analysis and dissemination of 2011 Census	E	25
			2,148
Total Pressures			3,574
<u>SAVINGS AND INCOME:</u>			
Income Generation:			
Property	On-selling of approved list, advice & access to Framework Agreements	E	-35
Legal	Increased Income levels	E	-804
ICT	Multi Agency (Network) ICT Unification	E	-500
HR	Workforce & professional development - moving to a trading basis	E	-498
			-1,837

Appendix A (iii)

Business Strategy, Performance and Health Reform Portfolio Revenue Budget

		New / Existing	2012/13 £'000
Savings and Mitigations:			
Efficiency Savings:			
ICT	Smarter/Collaborative Procurement	E	-200
Property	Centralise Maintenance budgets	E	-70
Property	Restructure KCC Property function (Corporate Landlord)	E	-175
Property	Efficiencies to be delivered by the restructure of Property and Infrastructure	E	-133
ICT	Multi Agency (Network) ICT Unification	E	-500
	Total Place	E	-1,270
ICT	Internal efficiency & Demand reduction	E	-621
HR	Restructure of HR function - Non Business Operations	E	-1,106
Property	Business Support & Client Services - staffing	E	-200
Business Strategy	Planning, Policy and Performance efficiencies	E	-291
Strategic Management	Reduction in Early Retirement Added Years	E	-93
			-4,659
Service Reforms:			
Property	Staff Housing (Schools)	E	-110
			-110
Total Savings and Mitigations			-4,769
Total Savings and Income			-6,606
Budget controlled by this portfolio			52,032

Appendix A (iii)

Customer & Communities Portfolio Revenue Budget			
	New / Existing		2012/13 £'000
Base Budget			90,469
Base Budget Adjustments - Internal			477
Transfer EIG income budget and hold centrally			552
Base Budget Adjustments- External			552
Total Base Adjustments			1,029
Revised Base Budget			91,498
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
Staff Travel	N		92
			92
Prices:			
All Transport	E		10
All Other	E		39
Libraries Civica Contract inflation	E		6
			55
Unavoidable Government/Legislative Pressures:			
Strat. Mngt Property Maintenance Agreements	N		250
Youth Loss of zero rates for youth centres	E		150
			400
Demand/Demographic Led:			
Coroners Increase cost of post mortem provision	E		50
KSS Reduced Demand for analytical testing, income target reversal	N		80
			130
Service Strategies & Improvements:			
SDU Gateways - continued roll out of the programme	E		300
Strat. Mngt Replace one-off savings on in year management action	N		57
Youth Review of service provision - Creation of commissioning budget	E		210
Libraries Implementation of RFID self service project	E		450
Local Decision to revise Community Engagement structure in light of	N		275
Democracy Localism agenda			
Comms Unachievable income target	N		250
			1,542
Repayment of one-off funding in 2011/12			
One off reduction in Book Fund	E		300
One off underspend - to be rolled forward as a commitment within CMY	E		387
			687
Total Pressures			2,906

Appendix A (iii)

Customer & Communities Portfolio Revenue Budget

		New / Existing	2012/13 £'000
<u>SAVINGS AND INCOME:</u>			
Income Generation:			
C. Parks	Country Parks (increase % income to 68%)	E	-50
C. Access	Countryside access	E	-30
Registration	Fee generation target - inflationary uplift	N	-50
			-130
<u>Savings and Mitigations:</u>			
Removal of one-off funding			
B. Society	Big Society Fund	E	-5,000
Sports	2012 Olympic & Paralympic Games	E	-200
Sports	Open Golf at Sandwich	E	-80
Contact Centre	Removal of EIG Transitional protection	E	-120
			-5,400
Current published 2010/13 MTP:			
All	Review of back office, management and support	E	-857
Youth/Yos	Management review of integrated service	E	-400
Various	Stream line of back office	E	-26
			-1,283
Efficiency Savings:			
Various	Management reductions	E	-242
CLS	Hosting charge for use of properties	E	-200
Comms	Communications staffing	N	-225
All	Essential/Lease User	E	-13
			-680
Service Reforms:			
All	Review strategic external funding activities	E	-92
Sup. People	Review of service provision	E	-4,000
Libraries	Management and other efficiencies	E	-500
Libraries	Implementation of RFID and other efficiency linked proposals	E	-950
Youth	Review of service provision - commissioning model staff impact	E	-394
Youth	Review of Service Provision -hybrid model property impact	E	-15
Trading Std	Review of service provision and management approach	E	-250
C. Parks	Staffing review	E	-30
PROW	PROW network maintenance	E	-75
Pub Hlth	Rationalise Healthwatch Programme	E	-78
C. Access	Review of service priorities	E	-71
Comm. Safety	Reduction in HO Community Safety LSSG (2011/12)	E	-279
Comm. Safety	Reduction in HO Community Safety LSSG (2012/13)	E	-615
Arts	More robust funding criteria	N	-300
			-7,649
One-off savings			
All	Roll-forward of 2011/12 projected underspend	N	-433
			-433
Total Savings and Mitigations			-15,445
Total Savings and Income			-15,575
Budget controlled by this portfolio			78,829

Appendix A (iii)

Education, Learning & Skills Portfolio Revenue Budget			
	New / Existing		2012/13 £'000
Base Budget			57,336
Base Budget Adjustments - Internal			107
Transfer EIG income budget and hold centrally			12,535
Base Budget Adjustments- External			12,535
Total Base Adjustments			12,642
Revised Base Budget			69,978
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
All	Staff Travel	N	135
			135
Prices:			
Fair Access	Transport	E	467
Strat Mgmt	Pensions	N	200
			667
Demand/Demographic Led:			
School Resources	Legal Services	N	250
			250
Total Pressures			1,052
<u>SAVINGS AND INCOME:</u>			
Income Generation:			
Fair Access	Introduction of a parental contribution for denominational and selective transport for pupils	E	-200
			-200
<u>Savings and Mitigations:</u>			
Removal of one-off funding			
All	Removal of EIG Transitional protection	E	-2,079
			-2,079
New Efficiency Savings:			
All	Reduction in staff travel	E	-9
Fair Access	Reduction in demand for Mainstream Home to School transport	E	-900
			-909
Service Reforms:			
Skills and Employability	Connexions	E	-3,000
All	ELS restructure	E	-5,730
			-8,730
Total Savings and Mitigations			-11,718
Total Savings and Income			-11,918
Budget controlled by this portfolio			59,112

Appendix A (iii)

Environment, Highways & Waste Portfolio Revenue Budget			
		New / Existing	2012/13 £'000
Base Budget			148,971
Base Budget Adjustments - Internal			-233
Base Budget Adjustments- External			0
Total Base Adjustments			-233
Revised Base Budget			148,738
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
All	Staff Travel	N	26
			26
Prices:			
Highways	Transport	E	1,063
Highways	Gas & Electricity	E	820
Waste	Waste Contracts	E	1,858
Highways	Maintenance contracts	E	955
			4,696
Unavoidable Government/Legislative Pressures:			
Waste	Landfill Tax escalator (+£8 per tonne)	E	1,705
Env	Flood risk management responsibilities	E	490
			2,195
Demand/Demographic Led:			
Highways	Freedom Pass	N	128
Highways	Concessionary fares	N	278
			406
Service Strategies & Improvements:			
Waste	Disposal Costs	N	103
Waste	Site Maintenance	N	250
Highways	Traffic Management Centre	E	50
Planning	Growth without Gridlock	N	500
Strategic Mgmt	Prudential Borrowing Costs	N	9
			912
Change in Grant treatment			
Env	Flood Defence Grant	N	260
			260
Total Pressures			8,495

Appendix A (iii)

Environment, Highways & Waste Portfolio Revenue Budget			
		New / Existing	2012/13 £'000
SAVINGS AND INCOME:			
Income Generation:			
Comm Serv	Increased Contribution from Commercial Services	E	-500
Strategic Mgmt	Increased rental income	N	-9
Planning	Planning applications	E	-50
Transport	Freedom Pass	E	-500
Total Income Generation			-1,059
Savings and Mitigations:			
Identified in published 2011/13 MTP:			
Highways	Overhead efficiencies through delayering and streamlining	E	-469
Highways	Highways maintenance	E	-859
			-1,328
New Efficiency Savings:			
All	Management reductions	E	-530
Waste	Contract renewals	E	-334
Waste	East Kent Joint Waste contract	E	-91
Directorate Support	Access & Assessment Agency Staff	E	-1
Waste	Reduction of 30,000 tonnes in Budgeted Waste Tonnage	N	-2,211
Transport	Procurement efficiencies	N	-956
			-4,123
Service Reforms:			
Waste	Review of Household Waste Recycling Centres	E	-630
Waste	Reduced work on Partnerships and Waste Co-ordination	E	-100
Transport	Remove support for the least added value socially necessary but uneconomic bus routes	E	-211
Env	Other environment service reductions	E	-120
Planning	Reduce planning capacity	E	-39
Highways	Highway maintenance (one year only)	N	-544
			-1,644
Total Savings and Mitigations			-7,095
Total Savings and Income			-8,154
Budget controlled by this portfolio			149,079

Appendix A (iii)

Finance and Business Support Revenue Portfolio			
	New / Existing		2012/13 £'000
Base Budget			134,636
Base Budget Adjustments - Internal			-857
Transfer Learning Disability and Health Reform Grant and hold centrally			-34,768
Transfer EIG income budget and hold centrally			-50,286
Base Budget Adjustments- External			-85,054
Total Base Adjustments			-85,911
Revised Base Budget			48,725
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
Fin Items	Pay	N	3,000
Fin Items	TCP	N	2,000
F&P & HRBO	Staff Travel	N	3
Fin Items	National Insurance	N	500
			5,503
Demand/Demographic Led:			
Fin. Items	Insurance	N	1,250
			1,250
Service Strategies & Improvements:			
Fin. Items	Drawdown from Prudential Equalisation Reserve	E	808
Fin. Items	Financing the Capital Programme	E	3,974
Fin. Items	CSR Impact: 1% increase in borrowing cost	E	1,300
Fin Items	Initiatives to boost the economy	N	1,000
Fin Items	Contribution to Council Tax Equalisation Reserve	N	7,500
Fin Items	Contribution to Invest to Save Reserve	N	2,000
HRBO	Revenue Implications of ICS replacement	N	207
F&P	Expansion of Procurement Team	N	1,000
			17,789
Repayment of one-off funding			
Fin. Items	Moratorium in 2010/11 to increase underspend	E	1,000
Fin. Items	Roll forward of 2010/11 projected underspend	E	4,711
Fin. Items	Release of reserves	E	9,033
			14,744
Total Pressures			39,286

Appendix A (iii)

Finance and Business Support Revenue Portfolio			
		New / Existing	2012/13 £'000
<u>SAVINGS AND INCOME:</u>			
Grant Increases:			
Fin. Items	Early Intervention Grant	N	-4,597
Fin. Items	Learning Disability Health Reform Grant	E	-859
			-5,456
Income Generation:			
Fin. Items	Increased investment income	N	-1,200
HRBO	Restructure of HR function - Business Operations	E	-116
			-1,316
<u>Savings and Mitigations:</u>			
Removal of one-off funding			
Fin. Items	Children's Social Care Improvement Plan	E	-2,491
Fin. Items	Modernisation of the Council	E	-500
			-2,991
Efficiency Savings:			
F&P	Restructure of Finance Function	E	-1,205
HRBO	Restructure of HR function - Business Operations	E	-419
Fin. Items	Borrowing costs PEF2	E	-808
Fin. Items	Carbon Reduction Levy	N	-968
Fin. Items	Procurement Efficiencies	N	-1,000
			-4,400
Service Reforms:			
F&P	Removal of support from Benefits Partnership	E	-50
			-50
One-off savings			
All	Drawdown from Reserves	N	-5,000
Fin. Items	Roll-forward of 2011/12 projected underspend	N	-1,000
			-6,000
Total Savings and Mitigations			-13,441
Total Savings and Income			-20,213
Budget controlled by this portfolio			67,798

Appendix A (iii)

Regeneration & Enterprise Portfolio Revenue Budget			
	New / Existing		2012/13 £'000
Base Budget			4,137
Base Budget Adjustments - Internal			423
Base Budget Adjustments- External			0
Total Base Adjustments			423
Revised Base Budget			4,560
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
Staff Travel	N		3
			3
Prices:			
Regen Other	E		10
			10
Service Strategies & Improvements:			
Regen Cyclopark	E		220
			220
Total Pressures			233
<u>SAVINGS AND INCOME:</u>			
Efficiency Savings:			
Regen Central Costs	E		-12
Regen Pensions	E		-12
			-24
Service Reforms:			
Regen Regeneration Projects	E		-855
Regen Cease Community Events grant	N		-300
			-1,155
Total Savings and Mitigations			-1,179
Total Savings and Income			-1,179
Budget controlled by this portfolio			3,614

Appendix A (iii)

Specialist Children's Services Portfolio Revenue Budget			
	New / Existing		2012/13 £'000
Base Budget			102,298
Base Budget Adjustments - Internal			-3,745
Transfer EIG income budget and hold centrally			36,447
Base Budget Adjustments- External			36,447
Total Base Adjustments			32,702
Revised Base Budget			135,000
<u>ADDITIONAL SPENDING PRESSURES</u>			
Pay:			
All	Staff Travel	N	75
			75
Prices:			
All	Transport	E	47
SCS	Social Care Provision	E	502
C&P	Other (inc Legal)	E	8
			557
Unavoidable Government/Legislative Pressures:			
Asylum	Asylum	N	800
Early Years	Increase Early Years education for 2 year old	N	860
			1,660
Demand/Demographic Led:			
Legal	Legal Services	N	1,621
Residential	Residential Care	N	2,568
Fostering	Fostering	N	4,091
Leaving Care	Leaving Care	N	829
Adoption	Adoption	N	1,050
Fostering and Support Services	Kinship & FGC	N	630
Social Care Staffing	Social Care Staffing	N	2,960
Safeguarding	Safeguarding	N	298
			14,047
Service Strategies & Improvements:			
Social Care Staffing	Workforce Strategy	N	2,284
Social Care Staffing	Social Care staffing - additional posts	N	1,263
Preventative Services	Investment in Prevention (LAC) Strategy	N	2,750
			6,297
Total Pressures			22,636

Appendix A (iii)

Specialist Children's Services Portfolio Revenue Budget			
		New / Existing	2012/13 £'000
<u>SAVINGS AND INCOME:</u>			
<u>Savings and Mitigations:</u>			
Removal of one-off funding			
Children's Centres	Review of Early Years and Childcare/EIG Transitional protection	E	-893
			-893
New Efficiency Savings:			
All	Reduction in staff travel	E	-3
All	Management Structures	E	-48
Preventative Services	Social care procurement	E	-100
Residential and Fostering	Savings from investment in Prevention services (LAC Strategy)	E	-3,117
Directorate Mgmt and Support	Commissioning (staffing)	E	-22
			-3,290
Service Reforms:			
Early Years	Review of Early Years and Childcare	N	-2,024
			-2,024
Total Savings and Mitigations			-6,207
Total Savings and Income			-6,207
Budget controlled by this portfolio			151,429

Section 4 - Portfolio Revenue Budget Summary

Ref row

WHO IS RESPONSIBLE FOR THE BUDGET?

REVENUE SPENDING

		2012/13 Proposed Budget										
2011/12 Revised Base	Portfolio	Staffing £000s	Non staffing £000s	Gross Expenditure £000s	Service Income £000s	Net Expenditure £000s	Govt. Grants £000s	Net Cost £000s	Change	Cabinet Members		
1	348,635 Adult Social Care & Public Health	58,636	392,896	451,532	-116,260	335,272	0	335,272	-13,363	GG		
2	55,064 Business Strategy, Performance and Health Reform	39,442	49,753	89,195	-31,679	57,516	-5,484	52,032	-3,032	RG		
3	91,498 Customer and Communities	58,777	71,372	130,149	-49,772	80,377	-1,548	78,829	-12,669	MH		
4	6,856 Democracy and Partnerships	2,526	4,890	7,416	-260	7,156	0	7,156	300	AK		
5	69,978 Education, Learning and Skills	603,595	316,159	919,754	-148,154	771,600	-712,488	59,112	-10,866	MW		
6	148,738 Environment, Highways and Waste	16,060	160,318	176,378	-26,052	150,326	-1,247	149,079	341	BS		
7	48,725 Finance and Business Support	27,926	153,769	181,695	-20,999	160,696	-92,898	67,798	19,073	JS		
8	4,560 Regeneration & Enterprise	1,731	3,385	5,116	-1,502	3,614	0	3,614	-946	KL		
9	135,000 Specialist Children's Services	75,919	140,036	215,955	-5,745	210,210	-58,781	151,429	16,429	JW		
10	909,054 BUDGET REQUIREMENT	884,612	1,292,578	2,177,190	-400,423	1,776,767	-872,446	904,321	-4,733			
11	Funded by:											
12	-1,663 Local Service Support Grant						-3,437	-3,437				
13	-315,987 Formula Grant						-303,446	-303,446				
14	-14,325 Council Tax Freeze Grant						-14,446	-14,446				
15	-1,400 New Homes Bonus						-2,839	-2,839				
16	-1,991 Deficit/(Surplus) on tax collection for previous year						-2,239	-2,239				
17	-573,688 Council Tax						-577,914	-577,914				
18	0 TOTAL	884,612	1,292,578	2,177,190	-400,423	1,776,767	-1,776,767	0	0			

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