

**POLICY AND RESOURCES CABINET COMMITTEE**

**Wednesday, 25th September, 2013**

**10.00 am**

**Darent Room, Sessions House, County Hall, Maidstone**







## AGENDA

### POLICY AND RESOURCES CABINET COMMITTEE

**Wednesday, 25 September 2013, at 10.00  
am  
Darent Room, Sessions House, County  
Hall, Maidstone**

**Ask for: Ann Hunter  
Telephone: 01622 694703**

*Tea/Coffee will be available 15 minutes before the start of the meeting*

#### **Membership (14)**

- Conservative (8): Mr A J King, MBE (Chairman), Miss S J Carey, Mr N J D Chard,  
Mr J A Davies, Mr R L H Long, TD, Mr S C Manion,  
Mr L B Ridings, MBE and Mrs P A V Stockell
- UKIP (3) Mr J Elenor, Mr C P D Hoare and Mr R A Latchford, OBE
- Labour (2) Mr D Smyth and Mr N S Thandi
- Liberal Democrat (1): Mrs T Dean

#### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

#### **Webcasting Notice**

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## **A - Committee Business**

- A1 Introduction/Webcast announcement
- A2 Substitutes
- A3 Declarations of Interest by Members in items on the Agenda
- A4 Minutes of the meeting held on 20 June 2013 (Pages 7 - 14)
- A5 Minutes of the Property Sub Committee held on 11 July 2013 (Pages 15 - 18)

## **B - Key or Significant Cabinet Member Decision(s) for recommendation or endorsement - none**

## **C - Monitoring of Performance**

### **Commercial and Trading Services**

- C1 Legal Services' Evolution Efficiency Enterprise Project Annual Report 2012/2013 (Pages 19 - 24)

### **Corporate**

- C2 Business Strategy & Support Performance Dashboard (Pages 25 - 34)
- C3 Business Strategy and Support Directorate Financial Monitoring 2013/14 (Pages 35 - 48)

## **D - Other items for comment/recommendation to the Leader/Cabinet Member/Cabinet or officers**

- D1 Business Planning 2014/15 (Pages 49 - 54)
- D2 Proposed changes to officer delegations, the impact on executive decisions and where and how Key Decisions happen now (Pages 55 - 66)
- D3 Medium Term Financial Outlook (Pages 67 - 76)
- D4 Transformation Agenda - Verbal update
- D5 New Ways of Working - Thin Client (Pages 77 - 84)

## **E.FOR INFORMATION ONLY Key or Significant Cabinet Member Decision(s) taken under the urgency procedures**

Members are asked to note that the following decisions were taken under the urgency procedures as the decisions could not reasonably be deferred to the next scheduled meeting of the Policy and Resources Cabinet Committee. The Chairman and group spokesmen of the Policy and Resources Cabinet Committee and the Scrutiny Committee were consulted prior to the decision being made in accordance with the urgency procedures set out in paragraph 7.18 of Appendix 4 Part 7 of the Council's constitution and any views expressed were taken into account by the Cabinet Member when making this decision.

- E1 The granting of a long leasehold interest to Orbit Housing of the site known as the former Residential Care Home, Sampson Court, Mongeham Road, Deal to facilitate the redevelopment of the site for Extra Care Housing with nominations rights - Decision 13/00055 (Pages 85 - 88)

- E2 Kings Hill - the granting of a loan at commercial rates for the purposes of facilitating Phase Three of the redevelopment and in particular allowing the Council to achieve the strategic objectives of delivering a new school and fulfilling a key element of the accommodation strategy. (Pages 89 - 90)

**Motion to exclude the press and public**

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

**F. FOR INFORMATION ONLY Key or Significant Cabinet Member Decisions taken under the urgency procedures**

Members are asked to note that the following decisions were taken under the urgency procedures as the decisions could not reasonably be deferred to the next scheduled meeting of the Policy and Resources Cabinet Committee. The Chairman and group spokesmen of the Policy and Resources Cabinet Committee and the Scrutiny Committee were consulted prior to the decision being made in accordance with the urgency procedures set out in paragraph 7.18 of Appendix 4 Part 7 of the Council's constitution and any views expressed were taken into account by the Cabinet Member when making this decision.

- F1 Kings Hill - the granting of a loan at commercial rates for the purposes of facilitating Phase Three of the redevelopment and in particular allowing the Council to achieve the strategic objectives of delivering a new school and fulfilling a key element of the accommodation strategy (Pages 91 - 94)
- F2 Thin Client Project - Decision to approve the purchase of software licences and associated maintenance to deliver the Thin Client project as part of New Ways of Working sourced by public tender and to approve the purchase of computer hardware under existing contracts to support the thin client project (Pages 95 - 102)

Peter Sass  
Head of Democratic Services  
(01622) 694002

**Tuesday, 17 September 2013**

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**KENT COUNTY COUNCIL****POLICY AND RESOURCES CABINET COMMITTEE**

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 20 June 2013

PRESENT: Mr A J King, MBE (Chairman), Miss S J Carey, Mr N J D Chard, Mr J Elenor, Mr C P D Hoare, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr L B Ridings, MBE, Mr D Smyth, Mr N S Thandi, Mr R H Bird (Substitute for Mrs T Dean) and Mrs A D Allen (Substitute for Mrs P A V Stockell)

ALSO PRESENT: Mr G Cooke, Mr J D Simmonds and Mr B J Sweetland

IN ATTENDANCE: Mr M Austerberry (Corporate Director, Enterprise and Environment), Mrs A Beer (Corporate Director of Human Resources), Mr P Bole (Head of ICT), Mr D Cockburn (Corporate Director of Business Strategy and Support), Mr R Fitzgerald (Performance Manager), Mr R Hallett (Head of Business Intelligence), Mr I McPherson (Managing Director Commercial Services), Ms R Spore (Director of Property & Infrastructure Support), Mr D Whittle (Head of Policy and Strategic Relationships), Mr G Wild (Director of Governance and Law), Mr A Wood (Corporate Director of Finance and Procurement) and Mrs A Hunter (Principal Democratic Services Officer)

**UNRESTRICTED ITEMS****2. Membership**  
(Item A3)

It was noted that Mr Long, TD had replaced Mr R A Marsh as a member of the Policy and Resources Cabinet Committee.

**3. Election of Vice-Chairman**  
(Item A5)

Proposed by Mr King, seconded by Mr Chard and

RESOLVED that Ms Carey be elected as Vice-Chairman of the Policy and Resources Cabinet Committee.

**4. Minutes of the meetings held on 15 March 2013 and 23 May 2013**  
(Item A6)

RESOLVED that the minutes of the meetings held on 15 March and 23 May 2013 are correctly recorded and that they be signed by the Chairman subject to amendments to the minutes of the meeting held on 15 March 2013 as follows:

Minute 85(1) - replace "introduce" with "introduced"

Minute 85(2) – replace "premising" with "premises"

Minute 86(2) – replace "training" with "trained".

## **5. Asset Management Strategy**

*(Item B1)*

- (1) Mr Cooke, Cabinet Member for Corporate and Democratic Services, introduced the report which provided the updated draft of the Asset Management Strategy and invited the Committee to consider and endorse or make recommendations on the proposed decision to adopt the Asset Management Strategy. He said the current Asset Management Plan had been adopted in 2007 and not 2002 as stated in the report.
- (2) In response to questions, Mr Cooke, Mr Simmonds and Ms Spore said that:
  - (a) The Asset Management Plan was a living document that required further refinement to ensure it remained current;
  - (b) The savings target of £100m was developed with directorates and to an extent would depend on the general condition of the market;
  - (c) Efforts were made to avoid expenditure on schools that had declared their intention to become academies but the Council had statutory duties as a landlord, which it must ensure it met;
  - (d) There would be delivery plans underneath the overarching Asset Management Strategy and the Committee would therefore receive regular updates on progress;
  - (e) One of the elements of the New Ways of Working project was to ensure all buildings owned by the Council were fully utilised and work was continuing in conjunction with Customer Services to ensure services were delivered effectively from suitable buildings.
- (3) Members of the Committee commented that:
  - (a) The Asset Management Strategy was a good document and that it should be refined to add clarity and focus and to avoid jargon and repetition;
  - (b) This Committee should review the Asset Management Strategy in 12 months time.
- (4) The report authors were commended for the quality of the draft strategy.
- (5) RESOLVED that the proposed decision to approve the Asset Management Strategy set out at Appendix 1 to the report be endorsed subject to the comments set out at paragraph (3) above.

## **6. Commercial Services**

*(Item C1)*

- (1) Mr Sweetland, Cabinet Member for Commercial and Traded Services, and Mr McPherson, Managing Director Commercial Services, introduced the report which provided information about the progress made to improve the management, governance and operations of Commercial Services following an independent review and consideration by the Shareholder Board for Commercial Services.
- (2) Mr McPherson also gave a short presentation outlining the transformation journey undergone by Commercial Services from being an organisation that had delivered services to the Council for the last 70 years without any real



consideration of cost, profit or loss to a commercial arm that is properly structured, governed and managed to meet the growth challenges of the future in a viable, sustainable and profitable way. He outlined the scheme of delegation, the mission statement, the divisional structure and drew attention to some highlights including the facts that Kent Commercial Services: is the largest single public sector owned trading organisation; had returned over £60m to KCC over the last 15 years; employs 820 staff locally; contributes more than £8,000 net per annum to KCC; conducts 83% of its turnover outside the influence of KCC; and brings income exceeding £250m into the county annually.

- (3) In response to questions, Mr Sweetland, Mr Austerberry and Mr McPherson said that:
- (a) Staff previously employed in 26 separate business units had transferred to the relevant commercial company; there was no cross subsidy from the "Teckal" company to the S95 company and complex measures were in place to ensure corporation tax and other liabilities were correctly assigned.
  - (b) It was difficult to obtain an accurate market value for Commercial Services as some elements such as Laser (in effect a cooperative of local authorities combining to leverage the energy markets) were not saleable and there were no private sector bench marks. It had, however, been previously valued at between £35m-£40m. Mr McPherson also assured members that Commercial Services was an independent, arms length, viable company wholly owned by KCC and that it did not receive any capital or revenue injections from the authority and paid an agreed dividend to KCC annually;
  - (c) Appropriate branding was used in supplying goods and services to private sector organisations;
  - (d) By having a bus and coach business the market had been successfully moderated. This business would cease in autumn 2013 when the remaining contracts which were only marginally profitable came to an end;
  - (e) Although there was no need to moderate the bus and coach market at the present time, it was not being ruled out for the future if the need re-emerged;
  - (f) Commercial Services employed apprentices and were looking to employ more. In addition Yeoman's (an arm of the landscape division) successfully employed people with learning difficulties.
- (4) Members of the Committee also commented that:
- (a) It was pleasing to see the progress of Commercial Services over the last 2-3 years;
  - (b) The decision not to follow other authorities' example in disposing of their commercial services was a good one.

- (5) RESOLVED that the progress made following the changes to improve the management, governance and operations of Commercial Services be noted.

## **7. Performance Dashboard**

*(Item C2)*

- (1) Mr Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement, and Mr Fitzgerald, Performance Manager, introduced the Business Strategy and Support 2012/13 end of year Business Plan outturn monitoring and Directorate Dashboard. This outturn monitoring provided highlights of the achievements against Business Plan priorities and actions during the financial year and the Directorate Dashboard showed progress against targets set for key performance indicators. All Directors and Heads of Service were present to answer questions relating to their service area.
- (2) Answers to questions were given as follows:
- (a) Mr Fitzgerald said that the number of Freedom of Information requests had levelled off in the last year but the number of requests had not reduced. Current performance for responses issued within the statutory timescale was 98%.
  - (b) Mr Bole said that the systems reconfiguration required in response to the Ofsted recommendation had changed as a result of new statutory requirements set out in "Working Together" published in spring 2013. A decision had been taken to wait on the release of a software upgrade being developed to meet those requirements and it was anticipated that this would be in place by the end of the year;
  - (c) Mr Wild said that KCC would soon be fully compliant with all 10 elements of public data in accordance with the Code of Recommended Practice for local authorities on data transparency;
  - (d) Mr Whittle said achievement in relation to supporting effective strategic relationships both within and beyond Kent was rated "amber" because some over optimistic proposals had been set at the beginning of the year, one being the development of a shared approach to the management of the Community Right to Bid which did not happen;
  - (e) Mr Wood said that around 90% of invoices were paid within 30 days and efforts were being made to pay as many invoices as possible within 20 days. He also said that the Collaborative Planning system had been successfully rolled out to managers who held budgets considered to be low or medium risk. Managers were now beginning to see the benefits. At some stage a decision would need to be made to extend it to managers holding high risk budgets and to develop better links between finance and other systems such as SWIFT being used in the authority.
- (3) Mr Smyth congratulated officers on being named in the Audit Commission report "Auditing the Accounts 2011/12" as the only county council where auditors were able to issue an unqualified opinion on the 2011/12 accounts by

31 July 2012 and said this was particularly remarkable as the requirements changed from year to year.

- (4) RESOLVED that the outturn monitoring and the performance dashboard be noted.

## **8. Oracle Update - Presentation**

*(Item C3)*

- (1) Mr Hallett, Head of Business Intelligence, gave a presentation on “Doing Things Differently”. He said the Enterprise Resource Planning (ERP) Programme brought HR, Finance, Procurement, ICT and Business Strategy Systems together to drive systems and process improvement, compliance, and cultural change with the aim of achieving operational excellence by increasing quality and reducing costs. The next phase was to achieve management excellence which is about reducing the time spent finding, collating and reconciling data, preparing and distributing reports, the reliance on IT and local reporting experts and increasing the time spent considering the messages from the information and formulating appropriate action. Mr Hallett concluded by demonstrating the Oracle Business Intelligence System.
- (2) Mr Simmonds said the introduction of this system would contribute to a change in culture in relation to managers’ responsibilities.
- (3) RESOLVED that the development of the Oracle Business Intelligence System be noted.

## **9. Use of Sprinklers in New and Existing Buildings**

*(Item D1)*

- (1) Mr Cooke, Cabinet Member for Corporate and Democratic Services, introduced the report which provided general information on sprinkler systems, including current practices and legislative requirements. The report asked the Committee to consider and note recommendations as to the Council’s future use of sprinklers within its existing estate and in any new buildings.
- (2) Mr Chard said that references to Kent Fire Brigade should be amended to read Kent Fire and Rescue Service. He also proposed that there should be specific reference to the use of sprinklers in the Kent Design Guide. This was seconded by Mr Bird and agreed.
- (3) Mr Cooke and Ms Spore said it should be noted that the Kent Design Guide was used by external organisations and KCC would not be able to enforce any non-statutory requirements included in it.
- (4) RESOLVED:
  - (a) That reference to the use of sprinklers be made in the Kent Design Guide and the agreement of the precise wording be delegated to the

Director of Property and Infrastructure Support following consultation with the Cabinet Member for Corporate and Democratic Services.

- (b) That when the Council is constructing new buildings (non schools), consideration as part of the construction specification is given to the use of sprinklers as part of an overall fire management strategy to comply with guidelines and legislative requirements be noted. Where the assessment indicates that it is appropriate sprinklers will be included.
- (c) That when the Council is constructing new school buildings, consideration as part of the construction specification is given to the installation of sprinkler systems and assessed in accordance with Department for Education's Building Bulletin 100 and other legislative requirements. Where this assessment indicates it is appropriate, sprinklers will be included. This policy can only be applied to schools for which the County Council is responsible.
- (d) That the fire safety inspection regime for the existing estate be continued.
- (e) That, as a result of a new policy from the Kent Fire and Rescue Service, a risk assessment is undertaken in relation to buildings which are located in isolated areas whereby the alarm cannot be easily raised. It was noted that this is primarily to address property protection rather than life safety issues.

## **10. Welfare Reform**

*(Item D2)*

- (1) Mr Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement, Mr Whittle, Head of Policy and Strategic Relationships and Mr Hallett, Head of Business Intelligence introduced the report which: presented information about the range of reforms taking place; gave an analysis of the scale and scope of those changes; considered the potential impacts for Kent; and suggested responses to mitigate the impacts and manage risk. A framework to monitor and assess impacts, including population shifts into Kent, had been developed and was included in the report.
- (2) Mr Whittle drew the Committee's attention to section 2 of the research report which set out the main welfare reform measures and the timetable for their introduction and to section 5 which set out the potential cumulative impact of the changes.
- (3) Mr Hallett said that it was important to establish a baseline for migration into Kent in order to distinguish between these "normal" migration patterns (the baseline) and future migration patterns which might change as a result of the impact of benefit changes. He said there was initial indication of an increase, but not just from London as was originally expected. Initial findings showed that an equivalent number of people were coming from other parts of the UK as were coming from London and there was a need to establish the reasons for this and check that these findings were correct. He also said it was difficult

to differentiate between moves made as a result of benefit changes and those caused by the general economic situation. He further said that Business Intelligence would produce a research report, twice a year, drawing together a range of evidence to address questions such as; whether there was increased in-migration; what the impacts on people in Kent were; whether there was more demand for KCC and district council services; and the impact on places.

- (4) Ms Carey said she was pleased to note the reference to economic development and regeneration, as employment was particularly important in lifting people out of poverty, and people should not be trapped in a benefits system. She said the report was a “worst case scenario” and she drew attention to the benefits of people moving to Kent to live while continuing to work in London, the benefits of good rail links and the support being offered by at least one council in London to those who needed to move out of London.
- (5) In response to a question about the impact of paying benefits monthly rather than weekly or fortnightly, Mr Whittle said that this was still being tested in a few areas by the DWP, it was down to local delivery partnerships to co-ordinate advice in response to universal credit and KCC was hosting a website to enable individuals understand the impact of universal credit and to demonstrate that in most cases people would be better off working.
- (6) Concerns were raised about the projection that both relative and absolute poverty would increase for children and working age people and it was confirmed that the government had not made any additional resources available to local authorities to support the transition and the money to be made available under the Local Support Services Framework had not yet been determined.
- (7) RESOLVED:
  - (a) That the evidence, potential impacts and implications presented in the report be noted;
  - (b) That the research questions in the framework to monitor and assess impacts addressed KCC’s information needs.

**11. Cavendish Road - The granting of a lease for the purposes of providing supported accommodation and completion of a nominations agreement - Decision No. 13/00030**

*(Item E1)*

- (1) An urgent decision relating to the granting of a lease for the purposes of providing supported accommodation and completion of a nominations agreement was taken by Mr Gough, Cabinet Member for Business Strategy, Performance and Health Reform on 14 March 2013 in accordance with the process set out in Appendix 4 Part 7 paragraph 7.18 of the Council’s Constitution.
- (2) RESOLVED that Decision No. 13/00030 - Cavendish Road – taken in accordance with the process in Appendix 4 Part 7 paragraph 7.18 be noted as follows:

- (a) A 125 year lease be granted to the Town and Country Housing Group (TCHG) for the purposes of providing supported accommodation for KCC Families and Social Care (FSC) clients on the site at Cavendish Road, Herne Bay;
- (b) Authority be delegated to the Director of Property and Infrastructure Support to negotiate the final terms and conditions;
- (c) A nominations agreement between TCHG and KCC to allow KCC to nominate clients to receive services for the duration of the lease be established; and
- (d) Authority be delegated to the Director of Learning Disability and Mental Health to sign the nominations agreement, subject to him being satisfied as to the detailed terms and conditions.

DRAFT

**KENT COUNTY COUNCIL****PROPERTY SUB-COMMITTEE**

MINUTES of a meeting of the Property Sub-Committee held in the Wantsum Room, Sessions House, County Hall, Maidstone on Thursday, 11 July 2013.

PRESENT: Miss S J Carey, Mr G Cowan, Mr D S Daley, Mr A J King, MBE, Mr R A Latchford, OBE, Mr L B Ridings, MBE and Mrs P A V Stockell

ALSO PRESENT: Mr G Cooke, Cabinet Member for Corporate and Democratic Services

IN ATTENDANCE: Ms R Spore (Director of Property & Infrastructure Support), Mr M Cheverton (Asset Management Surveyor), Mr R Lemerle (Disposals Surveyor) and Mrs A Hunter (Principal Democratic Services Officer)

**UNRESTRICTED ITEMS****1. Election of Chairman**

*(Item A2)*

- (1) Proposed by Mrs Stockell, seconded by Mr Ridings and
- (2) RESOLVED that Mr A J King be elected as Chairman of the Property Sub-Committee.

**2. Minutes of the meeting held on 27 February 2013**

*(Item A4)*

RESOLVED that the minutes of the meeting held on 27 February 2013 are a correct record and that they be signed by the Chairman.

**3. Swanley Library - Decision No 13/00040**

*(Item B1)*

- (1) Mark Cheverton, Head of Estate Management and Disposals, introduced the report which considers the background and options for the future of Swanley Library and seeks endorsement from the Property Sub-Committee to take a new long lease of the entire building.
- (2) He said KCC is the freehold owner of the site which was leased to Swanley Town Council in 2004 for a term of 126 years and part of the site is used as a library. The proposal is to surrender the existing long lease on the ground floor of the building, take a similar length lease on the entire building and invest £600,000 to modernise and extend the building to facilitate the creation of a Gateway. He also said the reference to 2015 in the recommendations in the report should read 2025.
- (3) In response to questions, Ms Spore, said there were two decisions to be made; one related to the lease and refurbishment of the property; and the

other decision was to build a Gateway. At this stage, only the decision relating to property was being considered and it was important to have this decision in place to avoid delay if a decision were made to build a Gateway. She also confirmed that the future of Gateways was being reviewed, the decision relating to the property was subject to the Gateway going ahead and the proposed Gateway could not be accommodated without the adaptations proposed.

- (4) Ms Spore said that Sevenoaks District Council was involved in the development of the Gateway and was not referenced in this report because it is not involved in the lease of the building. In response to a question she confirmed that both a survey and EqIA had been completed.
- (5) In response to a question Mr Cooke said the project would be completed within the budget.
- (6) Members' views that Gateways were a good way of providing services were noted.
- (7) RESOLVED that the proposed decision to surrender the existing long lease of the ground floor of Swanley Library and take a new similar length lease of the entire building to expire in 2025, to facilitate the creation of a new Gateway with Swanley Town Council as partners subject to the Gateway Capital Project proceeding be endorsed.

#### **4. EXCLUSION OF PRESS AND PUBLIC**

*(Item )*

RESOLVED that under Sections 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

#### **5. Laleham Gap - Decision Number 13/00013/B**

*(Item C1)*

- (1) Mr Cooke, Cabinet Member for Corporate and Democratic Services, introduced the report which considers the proposed disposal of Laleham Gap School, Margate and the acquisition, by way of a land exchange, of Site 1, Eurokent, Ramsgate to enable Laleham Gap School, Margate and Laleham Gap House School, Broadstairs to be relocated to new facilities at Eurokent.
- (2) In response to questions, Ms Spore, said that Eurokent supported the proposal to develop the site for educational purposes and considered that it complemented other plans for the rest of the area.
- (3) Mr Lemerle said that both pieces of land involved in the land swap had been independently valued.
- (4) In response to questions it was confirmed that:
  - (a) Sufficient land was being retained to meet the needs of Cliftonville Primary School;



- (b) Land at Laleham Gap would be developed for residential use;
  - (c) Access, suitable for disabled students, would be made on the Eurokent site;
  - (d) There was no proposal for the special school to share facilities with the Marlowe Academy;
  - (e) The public consultation for the proposed relocation of the school was due to finish on 28 July 2013, a public meeting at the school had been very well attended and it was generally considered that the relocation would address the significant issues with the current site.
- (5) Ms Carey said that the proposal appeared to be a low risk, imaginative solution to the difficulties identifying a suitable site.
- (6) RESOLVED that the Cabinet Member's proposed decision to dispose of Laleham Gap School, Margate in exchange for Site 1, New Haine Road, Eurokent, Ramsgate to enable new school facilities to be provided be endorsed and that authority be given to the Director of Property and Infrastructure Support to adjust the site extent, if necessary, to reflect any subsequent financial imbalances.

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**From:** Bryan Sweetland, Cabinet Member Commercial & Traded Services  
Geoff Wild - Director of Governance & Law

**To:** Policy and Resources Cabinet Committee

**Subject:** Legal Services' Evolution Efficiency Enterprise Project Annual Report – 2012/13

**Classification:** Unrestricted

**Summary:** This report provides an overview of the first year of the Legal Services *Evolution, Efficiency, Enterprise Project*. The *Project* is a response to a climate of growing legal need at a time of significant budget restraint. It has so far identified and delivered cost savings and efficiencies to the Council of £1.35m, which is in addition to the surplus generated by Legal Services of £2.45m in 2012/13.

**Recommendations:** The Committee is asked to note the attached report.

## 1. Introduction

1.1 Kent Legal Services is uniquely different from any other in-house legal department, whether in local government or the commercial sector. Although it retains a strong public sector ethos and operates from the heart of local government, it is designed and managed to run as a business along private sector lines. As such, it:

- has a zero budget
- receives no internal subsidy
- has no guaranteed work or tied clients
- competes for work in the open market
- operates a full trading account
- earns every penny of its budget through charging for its services
- sells its services to over 300 other public sector bodies nationwide
- generates a profit each year that is returned in its entirety to KCC<sup>1</sup>

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**In 2012/13, Kent Legal Services delivered its highest ever financial contribution to KCC of nearly £2.5 million**

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## 2. Evolution, Efficiency, Enterprise

2.1 Despite its success, Kent Legal Services cannot take its position for granted or rest on its laurels. It needs to do even more if it wants to support KCC through one of the most challenging periods in its history. The *Evolution, Efficiency, Enterprise Project* was launched in April 2012, designed to re-invent

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<sup>1</sup> Annual profits for 2012/13 were £2.4m. They have increased every year for the past 10 years and now total nearly £11m.

and re-invigorate Kent Legal Services to meet the changing and challenging needs of the council, its clients and the wider market..

2.2 At a time when budgets are being cut and KCC is facing unprecedented legal risks and costs, the *Evolution, Efficiency, Enterprise Project* is an aggressive commercial mechanism designed to limit the impact of those external pressures on KCC budgets. A key element of the *Project* is about suppressing and managing the council's legal risk, demand and spend, whilst delivering efficiencies, improved performance and new ways of working - both within Kent Legal Services and, most importantly, across the whole of the council. Through working with officers across the authority, Kent Legal Services are identifying legal risks at source and proactively limiting their future effect.

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**The first year of the *Evolution, Efficiency, Enterprise Project* delivered savings of over £1.35 million to KCC<sup>2</sup>. This is *in addition* to Kent Legal Services' record net profit of nearly £2.5 million**

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### 3. “Let our knowledge help you transform people’s lives”

3.1 This is not an empty catch-phrase, but a genuine mission statement and a real philosophy that runs throughout Kent Legal Services. It's not about the lawyers or their professional skills; it's about how those skills are put to practical use to really benefit the people of Kent. Over the past twelve months Kent Legal Services has deployed its expertise to good use, including:

- Prosecuting investigations into high profile criminal activities of former staff.
- Supporting the Kent Jobs for Kent Young People agenda by recruiting three apprentices (with plans for more in 2013/14) providing unique opportunities for young people to access the legal profession and build a career. In addition, we recruited a number of graduates who either studied or live in Kent.
- Designing groundbreaking legal solutions to enable the council's innovative policies to be delivered, such as:
  - the new mortgage scheme helping first-time buyers into the market
  - the faster broadband project getting Kent connected
  - expanding grammar school provision in west Kent
  - clearing legal obstacles with LOCOG to enable the Paralympic cycling competition to take place on Kent's roads
  - leading for KCC in multi-agency meetings to reduce the timeframe of care proceedings
  - securing and recovering millions of pounds of debt owed to KCC following the dissolution of PCTs

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<sup>2</sup> These savings are set out in the Evolution Account which is appended to this report.

- supporting SMEs across Kent through the launch of a Company Secretarial Service
- supporting Bold Steps projects, ensuring compliance with legal obligations and maximising commercial opportunity
- supporting and briefing Cabinet Members and Corporate Directors for appearances before parliamentary committees and enquiries

#### 4. Suppression

4.1 Unlike conventional legal practices, Kent Legal Services is focused on *reducing* how much money KCC spends on legal services. It wants to increase its strategic impact but reduce its financial burden on the council.

4.2 As part of the *Evolution, Efficiency, Enterprise Project*, Kent Legal Services is actively engaged in *reducing* how much money KCC spends on legal services through cost suppression and other efficiency measures (set out and quantified in **Appendix 1**). For example, legal templates with guidance notes have been produced so that Directorates can do work themselves, thus reducing legal spend but in the knowledge that there is in house legal support available if needed. As part of this process Legal Services have been actively engaged with Directorates in developing standard ways of working and creating route maps and set processes for more routine work. The total savings to KCC arising out of this work in the first year amount to £1.35m.

#### 5. Efficiency

Kent Legal Services has absorbed inflationary pressure in the legal market and consumed its own smoke - without receiving any funding from KCC for TCP or cost of living salary increases. This ongoing efficiency has translated into direct savings for Directorates by virtue of the fact that Legal Services has not increased its prices for 6 years.

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**By holding prices (for the sixth successive year), absorbing inflationary and pay increases, introducing efficiencies and improving performance, KCC's overall legal bill did not rise in 2012/13, despite increased activity of 25%**

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#### 6. Prevention

Kent Legal Services has increased the amount and range of corporate training that it provides KCC, improved the content and regularity of its legal updates and worked with officers across the council to limit legal risk and avoid damaging outcomes.

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**By delivering internal conferences and training, Kent Legal Services has reduced risk, improved resilience and saved KCC tens of thousands of pounds**

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## 7. Expertise

Kent Legal Services has more staff appearing as advocates in Kent's courts and tribunals than ever before; it is now expertly handling complex procurement, planning, criminal, construction, commercial and judicial review litigation that previously had to be outsourced. In addition, it has aggressively and successfully negotiated down external counsel fees.

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**By creating specialist teams of expert lawyers and reducing reliance on external suppliers, Kent Legal Services saved KCC over £300,000**

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## 8. Award winning

Kent Legal Services won four prestigious international awards that had never previously been awarded to lawyers in the public sector. The British Legal Awards and the Financial Times both recognised Kent Legal Services' groundbreaking model and high quality legal service in competition with the very best of the private sector. We were also recognised in the Law Society Excellence Awards and The Lawyer Awards.

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**Legal Business GC Powerlist 2013**  
**Legal Industry Pioneer: FT Innovative Lawyer Awards 2012**  
**Legal Innovator of the Year: FT Innovative Lawyer Awards 2012**  
**General Counsel of the Year: British Legal Awards 2012**

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## 9. Connected

Close links have been built with both Kent Law Society and the University of Kent. Through shared training and expertise it is fulfilling its aim to make Kent a county of excellence for legal services.

## 10. Bold Steps for Kent and Policy Framework

The continued success and development of Kent Legal Services will enable it:

- To continue to be a traded services profit centre for the Council;
- To ensure compliance with legal obligations, maintenance of good governance and maximising commercial opportunity;
- To contribute to the Council's significant budget savings target;
- To support the Kent Jobs for Kent Young People agenda by recruiting apprentices and graduate recruits.

## 11. Recommendation

<b>Recommendation:</b> The Committee is asked to note the report.
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## **12. Report Author Contact details**

- Geoff Wild Director of Governance & Law
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## Evolution Efficiency Enterprise Account 2012/13

Complex Litigation Work Savings vs Private Practice	£50,000
Office Relocation/New Ways of Working	£7,500
Counsel Reduced Rates	£87,500
Counsel Savings through Increased Internal Advocacy	£225,000
Advocacy Savings on Employment Matters	£15,000
Crown Court Trial/Education Savings for KCC	£8,500
Increase in Schools Legal Scheme membership	£7,400
Iken Efficiency Savings	£4,750
Increased External Income for Litigation Team	£9,300
Proceeds of Crime Act Recoveries	£33,000
Legal Assistant/Apprenticeships	£7,500
Trainee Solicitor Savings	£4,750
CPD Savings	£12,500
Community Care Conference Savings	£10,000
Property and Planning Conference Savings	£2,800
HR Lunchtime Employment Law Briefings	£2,500
Other Training Savings	£27,950
Superannuation Fund Litigation	£5,750
Improved and More Efficient Partnership with SCS	£90,000
Transcription Savings	£4,250
Costs Awards	£7,500
Tenancy at Will Precedents	£4,000
Premises savings	£11,000
Transport savings	£8,000
Supplies and Services savings	£54,000
Improved working with Courts	£33,000
PCT Litigated Recovery	£421,000
Parish Council Legal Scheme	£1,500
Work with Procurement on Standard Terms & Conditions	£10,000
Highways & Planning – Flexible Workforce Deployment	£10,000
Inflationary Savings Price Freeze	£110,000
Self funding TCP/Cost of Living Rise	£65,000
Free Legal Update Service	£250
<b>Grand Total</b>	<b>£1,351,200</b>



From: Paul Carter, Leader and Cabinet Member for Business Strategy, Audit and Transformation  
 Gary Cooke, Cabinet Member for Corporate and Democratic Services  
 John Simmonds, Cabinet Member for Finance and Procurement  
 Bryan Sweetland, Cabinet Member for Commercial and Traded Services  
 David Cockburn, Corporate Director for Business Strategy and Support

To: Policy and Resources Cabinet Committee – 15 September 2013

Subject: Business Strategy & Support Performance Dashboard

Classification: Unrestricted

**Summary:**

The Business Strategy & Support Performance Dashboard provides members with progress against targets set in business plans for key performance indicators.

**Recommendation(s):**

The Policy and Resources Cabinet Committee is asked to REVIEW the Performance Dashboard.

**1. Introduction**

- 1.1 One of the roles of the Cabinet Committee is to review the performance of the services which come under the remit of the Committee.
- 1.2 Performance Dashboards are provided to assist the Committee in its role in relation to reviewing performance.
- 1.3 The first Performance Dashboard for the Business Strategy and Support Directorate for 2013/14 is attached at Appendix 1. This includes data up to the end of June 2013.
- 1.4 The 2012/13 end of year Dashboard report was reviewed at the last meeting of the Cabinet Committee in June 2013.
- 1.5 As an outcome of their Performance Review, members may make reports and recommendations to the Leader, Cabinet Members, the Cabinet or officers.

**2. June Performance Dashboard**

- 2.1 The Business Strategy and Support Performance Dashboard, attached at Appendix 1, includes results up to the end of June 2013 for the Key Performance Indicators (KPIs) included in this year's Divisional business plans.
- 2.2 Key Performance Indicators are presented with RAG (Red/Amber/Green) alerts to show progress against business plan targets. Details of how the alerts are

generated are outlined in the Guidance Notes, included with the Dashboard in Appendix 1.

2.3 The majority of indicators are either ahead of target or are at acceptable levels above the floor standard for the year to date position.

2.4 The following indicator has a Red RAG rating for the year to date position:

- Percentage of Health & Safety risk audit findings reported to the responsible manager within two weeks of the visit – this was due to slippage during a handover period following the departure of a member of staff. This has now been rectified for future activity and current performance in on target.

2.5 The following indicator had a Red RAG rating for the month of June:

- Council and Committee papers published at least five clear days before meetings – papers for one Committee meeting were issued late during June.

2.6 Although data for June (Quarter 1) is now slightly out of date, available data for July does not show any significant variations in performance. August data was not available in time for the Committee meeting.

### **3. Recommendation(s)**

#### **Recommendation(s):**

The Policy and Resources Cabinet Committee is asked to REVIEW the June Performance Dashboard.

### **4. Background Documents**

4.1 KCC Business Plans 2013/14

[http://www.kent.gov.uk/your\\_council/council\\_spending/financial\\_publications/business\\_plans\\_2013-14.aspx](http://www.kent.gov.uk/your_council/council_spending/financial_publications/business_plans_2013-14.aspx)

### **5. Contact details**

Report Author: Richard Fitzgerald, Performance Manager,  
01622 221985, richard.fitzgerald@kent.gov.uk

# **Business Strategy & Support Performance Dashboard**

## **Financial Year 2013/14**

### **Data up to June 2013**

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**Produced by Business Intelligence, Business Strategy**

**Publication Date: 30 August 2013**



## Guidance Notes

### RAG RATINGS

<b>GREEN</b>	Performance has met or exceeded the current target
<b>AMBER</b>	Performance at acceptable levels, below the target but above the floor standard
<b>RED</b>	Performance is below the floor standard

Floor standards are pre-defined minimum standards set in Business Plans and represent levels of performance where management action should be taken.

### DoT (Direction of Travel)

↑	Performance has improved in the latest month
↓	Performance has fallen in the latest month
↔	Performance is unchanged this month

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### Divisions and accountabilities

Ref	Division	Accountable Director
HR	Human Resources	Amanda Beer
PI	Property & Infrastructure Support	Rebecca Spore
FP	Finance & Procurement	Andy Wood
GL	Governance & Law	Geoff Wild
ICT	Information & Communications Technology	Peter Bole

## Developing and supporting staff

Ref	Indicator description	Latest Month	Month RAG	DoT	Year to Date	YTD RAG	Target	Floor Standard	Previous Year
HR 01	Expense claims made through self-service	78%	GREEN	↓	78%	GREEN	76%	75%	78%
HR 02	Sickness notification transactions by self-service	78%	GREEN	↑	77%	GREEN	60%	50%	64%
HR 03	Business transactions newly introduced to self-service	N/A			N/A		40%	30%	New Indicator
ICT 01	Calls to ICT Help Desk resolved at the First point of contact	75.0%	GREEN	↓	74.1%	GREEN	70%	65%	70%
ICT 03	Working hours where Kent Public Sector Network (data & voice network) are available to staff	100%	GREEN	↔	100%	GREEN	99.8%	99.0%	99.98%
ICT 04	Working hours where ICT Service (excluding Email and kent.gov.uk) are available to staff	100%	GREEN	↔	100%	GREEN	99.0%	98.0%	99.3%
ICT 05	Working hours where Email are available to staff	100%	GREEN	↔	100%	GREEN	99.0%	98.0%	99.6%

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**New self serve business transactions:** No data has been recorded since the start of the year

## Feedback and satisfaction

Ref	Indicator description	Latest Month	Month RAG	DoT	Year to Date	YTD RAG	Target	Floor Standard	Previous Year
HR 04	Satisfaction with the resolution of people-management cases rated Good or above	95%	GREEN	↑	93%	GREEN	70%	50%	New Indicator
HR 05	HR commissioned training events with a participant satisfaction rating of 4 (satisfactory) or above	98%	GREEN	↓	99%	GREEN	85%	75%	New Indicator
HR 06	Manager satisfaction with learning effectiveness outcomes rated 4 or above	N/A			N/A		85%	75%	New Indicator
HR 07	Overall satisfaction with HR performance rated as Good or above	71%	GREEN	↓	79%	GREEN	60%	60%	New Indicator
ICT 02	Positive feedback rating with the ICT help desk	98.1%	GREEN	↓	98.2%	GREEN	95%	90%	98%
PI 04	Respondents satisfied or very satisfied with Property and Infrastructure Services	Annual survey – results available later in the year							35.7%

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**HR commissioned training:** May data is the latest available as reported one month in arrears

**Manager satisfaction with learning:** Data collection not in place before June.

## Meeting timescales

Ref	Indicator	Latest Month	Month RAG	DoT	Year to Date	YTD RAG	Target	Floor Standard	Previous Year
FP 01	Pension correspondence dealt with within 15 working days	96.7%	AMBER	↓	97.3%	AMBER	98%	95%	99%
FP 02	Retirement benefits paid within 20 working days of all paperwork received	100%	GREEN	↔	100%	GREEN	98%	95%	99%
FP 03	Invoices received by Accounts Payable within 20 days of KCC received date	81.7%	AMBER	↓	84.1%	AMBER	90%	80%	New Indicator
FP 04	Invoices received on time and entered onto Accounts Payable systems by KCC within 20 days	83%	AMBER	↓	87%	GREEN	85%	75%	New Indicator
GL 01	Council and Committee papers published at least five clear days before meetings	94%	RED	↓	96%	AMBER	100%	96%	96%
GL 02	Freedom of Information Act requests completed within 20 working days *	89%	AMBER	↓	96%	GREEN	90%	85%	85%
GL 03	Subject Access requests, under the Data Protection Act, completed within 40 calendar days*	69%	AMBER	↓	82%	GREEN	70%	65%	68%
PI 03	Property Service Desk call out requests responded to with specified timescales	95%	GREEN	Data collection started in June			90%	80%	99%
HR 09	Percentage of Health & Safety risk audit findings reported to the responsible manager within two weeks of the visit	100%	GREEN	↑	52%	RED	100%	95%	New Indicator

\* Reported as calendar year not financial year

**Committee Papers:** June saw one Committee paper being published late. There have been no late papers for April and May.

**Subject Access requests:** Information was not forthcoming during June from service units within statutory timescales for June, probably due to operational workload taking a higher priority i.e. Ofsted Inspection. However, performance since January has exceeded the current target, with January to March achieving 100%.

**Audit Programme:** The reliable audit visit and report checking and dispatch process was subject to slippage during handover required by the departure of a member of staff. This is now rectified for future activity.



## Financial control and efficiency

Ref	Indicator	Latest Month	Month RAG	DoT	Year to Date	YTD RAG	Target	Floor Standard	Previous Year
FP 05	Percentage of sundry debt outstanding under 60 days old	78%	GREEN	↓	Snapshot data		75%	57%	88.9%
FP 06	Percentage of sundry debt outstanding over 6 months old	7%	GREEN	↑	Snapshot data		10%	15%	8.2%
PI 01	Percentage of rent due to KCC outstanding at 60 days	7.5%	AMBER	↓	Snapshot data		2%	10%	New Indicator

**Annual Indicators** - The measures below which relate to annual targets are provided with forecasts rather than year to date figures.

Ref	Indicator	Current Forecast	Forecast RAG	Target	Floor Standard
ICT 07	Annual cost per FTE of ICT	£1,517	GREEN	£1,517	£1,660
ICT 08	Users supported per ICT engineer	80	GREEN	80	75
PI 05	Percentage of net capital receipts target of £24.3 million achieved	96%	AMBER	100%	95%

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**From:** Paul Carter, Leader  
 John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement  
 Gary Cooke, Cabinet Member for Corporate & Democratic Services  
 Bryan Sweetland, Cabinet Member for Commercial & Traded Services  
 David Cockburn, Corporate Director of Business Strategy & Support

**To:** Policy and Resources Cabinet Committee – 25 September 2013

**Subject:** Business Strategy and Support Directorate Financial Monitoring 2013/14

**Classification:** Unrestricted

**Summary:** The Cabinet Committee is asked to note the first quarter's full budget monitoring report for 2013/14 reported to Cabinet on 16 September 2013.

**Recommendation:** The Policy and Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Business Strategy and Support Directorate based on the first quarter's full monitoring to Cabinet.

## 1. Introduction

This is a regular report to this Committee on the forecast outturn for the Business Strategy and Support Directorate.

## 2. Background

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio together with key activity indicators and will be reported to Cabinet Committees after they have been considered by Cabinet. These quarterly reports also include financial health indicators, prudential indicators, the impact on revenue reserves of the current monitoring position and staffing numbers by directorate. In the intervening months a mini report is made to Cabinet outlining the financial position for each portfolio. The first quarter's monitoring report for 2013/14 is attached.

2.2 The attached relevant annex from the Cabinet report is presented in the pre-election portfolio format. The Cabinet Member for Finance and Procurement is currently assessing the resource implications of mapping the information to the post-election portfolio structure, in light of the current change programme. An update on this position will be reported verbally at this meeting.

## 3. Recommendation

The Policy and Resources Cabinet Committee is asked to note the revenue and capital forecast variances from budget for 2013/14 for the Business Strategy and Support Directorate based on the first quarter's full monitoring to Cabinet.

#### **4. Contact details**

Report Author

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**BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY**  
**BUSINESS STRATEGY AND SUPPORT (EXCL. PUBLIC HEALTH) SUMMARY**  
**JUNE 2013-14 FULL MONITORING REPORT**

**1. REVENUE**

1.1		Cash Limit	Variance Before Mgmt Action	Management Action	Net Variance after Mgmt Action
	<b>Total (£k)</b>	<b>+78,179</b>	<b>-205</b>	<b>-</b>	<b>-205</b>

1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance	Explanation	Management Action/ Impact on MTFP
	G	I	N	N		
	£'000	£'000	£'000	£'000	£'000	
<b>Regeneration &amp; Enterprise portfolio</b>						
Directorate Management & Support	172.2	0.0	172.2	+3		
Development Staff & Projects	5,016.5	-1,426.1	3,590.4	-4		
<b>Total R&amp;E portfolio</b>	<b>5,188.7</b>	<b>-1,426.1</b>	<b>3,762.6</b>	<b>-1</b>		
<b>Finance &amp; Business Support portfolio</b>						
Finance & Procurement	18,749.6	-7,390.1	11,359.5	-343	-525	Appointments to the structure made last year at bottom of grade, budget set at mid-point of grade; the Division is also carrying a number of vacancies.
					+140	Under-recovery of income by Schools Financial Services
					+42	Minor variances
- Transfer to(+)/from(-) DSG reserve				0		

Budget Book Heading	Cash Limit			Variance	Explanation		Management Action/ Impact on MTFP
	G	I	N	N			
	£'000	£'000	£'000	£'000	£'000		
Local Democracy:							
- Grants to District Councils	703.0	0.0	703.0	0			
- Other Local Democracy costs incl. County Council	741.2	0.0	741.2	0			
- Support for Local Council Tax Support Schemes	1,253.0	0.0	1,253.0	-3			
<b>Total F&amp;BS portfolio</b>	<b>21,446.8</b>	<b>-7,390.1</b>	<b>14,056.7</b>	<b>-346</b>			
<b>Business Strategy, Performance &amp; Health Reform portfolio</b>							
Strategic Management & Directorate Support budgets	2,980.3	-4,520.0	-1,539.7	0			
Governance & Law	10,310.4	-12,470.0	-2,159.6	0			
Business Strategy	3,126.1	-56.7	3,069.4	-21			
Property & Infrastructure	30,601.8	-5,121.0	25,480.8	+250	+250	New external property opportunities together with the need to protect and respond to the requirements of front line services and new service pressures, have resulted in a revised New Ways of Working programme plan. The revised plan encompasses changes to the previously assumed timelines for moving out of some of our larger leasehold buildings, hence creating a pressure within the Corporate Landlord estate.	Some re-phasing of savings related to the New Ways of Working project may be needed to reflect changes to dates when leases will now be terminated; the Division will know more by the middle of October. The use of DFE capital grant, to fund revenue expenditure which cannot be capitalised, will need to be quantified each year dependent on expected eligible spend. The current year assumes £780k and any expected future variations from this will need to be addressed in the MTFP.

Budget Book Heading	Cash Limit			Variance	Explanation		Management Action/ Impact on MTFP
	G	I	N	N			
	£'000	£'000	£'000	£'000	£'000		
Human Resources	15,950.0	-5,707.5	10,242.5	-66	-101	Additional income generated through providing recruitment services to schools	
					+35	Other minor variances	
Information & Communication Technology	35,386.7	-16,425.8	18,960.9	+50			
- <i>Transfer to(+)/from(-) DSG reserve</i>				0			
<b>Total BSP&amp;HR portfolio</b>	<b>98,355.3</b>	<b>-44,301.0</b>	<b>54,054.3</b>	<b>+213</b>			
<b>Democracy &amp; Partnerships portfolio</b>							
Finance - Internal Audit	1,130.9	-34.0	1,096.9	-12			
Business Strategy - International & Partnerships	948.7	-173.0	775.7	-59			
Democratic & Member Services	3,865.9	-3.0	3,862.9	0			
Local Democracy:				0			
- Other Local Democracy costs: County Council Elections	570.0	0.0	570.0	0			
<b>Total D&amp;P portfolio</b>	<b>6,515.5</b>	<b>-210.0</b>	<b>6,305.5</b>	<b>-71</b>			
<b>Total BSS Controllable (excl. Public Health)</b>	<b>131,506.3</b>	<b>-53,327.2</b>	<b>78,179.1</b>	<b>-205</b>			
<b>Assumed Management Action:</b>							
- R&E portfolio							
- F&BS portfolio							
- BSP&HR portfolio							
- D&P portfolio							
<b>Total Forecast <u>after</u> mgmt action</b>	<b>131,506.3</b>	<b>-53,327.2</b>	<b>78,179.1</b>	<b>-205</b>			

## 2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

### 2.1 Capital Receipts

The total forecast receipts expected to come in during 2013-14 is £28.975m. This is broken down between the various “pots” as detailed in the tables below.

### 2.2 Capital Receipts Funding Capital Programme

	<b>2013-14</b>
	£'000
Capital receipt funding required for capital programme	27,204
Banked in previous years and available for use	-30,786
Receipts from other sources*	-2,786
Requiring to be sold this year	0
Forecast receipts for 2013-14	-15,929
Potential (Surplus) / Deficit	<u>-22,297</u>

2.2.1 The total capital receipt funding required to fund projects in the capital programme per the latest forecasts for 2013-14 totals £27.204m. Taking into account receipts banked in previous years which are available for use and receipts from other sources\* (such as loan repayments from the Empty Property Initiative), there is already enough in the bank to fund the requirement from this year's capital programme.

2.2.2 Current forecasts show receipts expected in during 2013-14 will total £15.929m, which leaves a potential surplus on capital receipt funding in the capital programme of £22.297m. This will continue to be monitored over the remainder of the year. The three year capital programme is reliant on £71m of capital receipt funding, therefore any “surplus” receipts achieved in 2013-14 will be needed to fund projects in the future years capital programme.



## PEF1

2.2.3 County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:

- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
- the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

2.2.4 Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

2.2.5 Forecast 2013-14 position

	<b>2013-14</b>
	£000
Opening deficit balance 1 April 2013	5,560
Planned receipts	-5,595
Costs	210
Planned acquisitions	0
Reimbursement - Eurokent Access	-5,092
Closing surplus balance	<u>-4,917</u>

2.2.6 The previous table shows the opening balance on the fund as being £5,560.4k deficit. With forecast PEF1 receipts of £5,595k, reimbursement re Eurokent Access of £5,092k and associated costs of £209.7k, this results in a forecast closing surplus balance of £4,916.9k.

### Revenue Position

2.2.7 The deficit balance brought forward at the 1st April 2013 was £3,285.2k. The anticipated net income from managing the properties held within the fund is estimated at -£44.7k, revenue receipts forecast at -£1.9k, but with the need to fund costs of borrowing of £269.1k against the overdraft facility, the PEF1 is forecasting a £3,507.7k deficit on revenue, which will be rolled to be met from future income streams.

## PEF2

2.2.8 County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

2.2.9 Overall Forecast Position on the Fund:

	<b>2013-14</b>
<u>Capital</u>	£000
Opening deficit balance	6,159
Properties to be agreed into PEF2	0
Purchase of properties	0
Forecast sale of PEF2 properties	-7,451
Disposal costs	171
Closing surplus balance	<u>-1,121</u>
<u>Revenue</u>	
Opening deficit balance	4,787
Net interest payments on borrowing	241
Holding costs	66
Closing deficit balance	<u>5,094</u>
Overall deficit closing balance	<u><u>3,973</u></u>

2.2.10 The forecast closing deficit balance on the fund is £3.973m, which is within the overdraft limit of £85m.

2.2.11 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.

### 3. CAPITAL

3.1 The working budget for 2013-14 is £71,740k. The forecast outturn against the 2013-14 budget is £70,758k giving a variance of - £982k.

3.2 **Table 2a** below details the BSS Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
<b>Rolling Programmes</b>									
Corporate Property Strategic Capital	7,950	2,650	0				Green		
Disposal Costs	910	250	0				Green		
Modernisation of Assets	9,521	4,888	0				Green		
<b>Individual Projects</b>									
Connecting with Kent	532	361	0				Green		
HR Recruitment Management System	125	125	0				Green		
HR System Development	226	113	0				Green		
Innovative Schemes Fund	3,000	1,000	0				Green		
New Ways of Working	24,000	19,934	0				Green		
Sustaining Kent - Maintaining the Infrastructure	270	1,917	0				Green		

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
ORACLE Release 12	0	230	0				Amber	Completion date now estimated 31/12/13. Delay in the Server refresh project means the purchase of the Oracle Licences has been delayed.	
ORACLE Self Service Development	0	44	0				Amber	Additional requirements placed on the OBS team have resulted in a revised completion date for this project	
Property Asset Management System	0	297	0				Amber	A business analysis has been undertaken to double check suitability of the preferred system and to ensure that Atrium delivers what is required. This has delayed implementation from March 2013 to December 2013.	
Enterprise Resource Programme	0	877	0				Amber	Synchronised sign on and (elements of) remote access work streams cannot be delivered until server refresh has completed.	

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
Integrated Children's Systems	0	748	0				Amber	There have been significant changes to the version of software being implemented to meet business needs. This has impacted delivery dates which have now moved to the latter part of this financial year.	
<b>Total</b>	<b>46,534</b>	<b>33,434</b>	<b>0</b>	<b>0</b>					

3.3 **Table 2b** below details the Regeneration and Economic Development Capital Position by Budget Book line.

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
<b>Individual Projects</b>									
Dover Priory Station Approach Road	0	14	-17	-17	Real - prudential	Underspend to go back into the Regeneration Fund pot (see below)	Green		Cash limit change
Broadband	23,500	2,650	0				Amber	Due to delays at a national level in finalising the BDUK procurement framework and the UK state aid notification with the EU.	
Empty Property Initiative	7,500	3,710	0				Green		
Eurokent Road (East Kent)	65	84	0				Green		
Folkestone Heritage Quarter	380	400	2	2	Real - grant		Green		Cash limit change
LIVE Margate	6,800	6,508	0				Green		
Managed Work Space - The Old Rectory	160	174	0				Green		
No Use Empty - Rented Affordable Homes	750	750	0				Green		
Old Town Hall	94	25	0				Green		
Regeneration Fund Projects	5,061	3,900	17	17	Real - prudential	To reflect the underspend on Dover Priory Station Approach Road.	Green		Cash limit change
Regional Growth Fund, including Expansion East Kent	37,200	14,384	0				Amber	Spend realigned to show actual payments rather than committed funds.	

Budget Book Heading	Three year cash limit (£000)	2013-14 Working Budget (£000)	2013-14 Variance (£000)	Variance Break-down (£000)	Rephasing / Real Variance and Funding Stream	Explanation of In-Year Variance	Project Status <sup>1</sup>	Explanation of Project Status	Actions
Rural Broadband Demonstration Project	1,897	1,568	-984	-984	Re-phasing	Spend will be incurred on four or five local schemes this year with the remainder of the funding being kept as a contingency. The rephasing is not expected to impact on the completion date of the overall project.	Green		
Swale Parklands	0	65	0				Green		
TIGER	20,000	4,000	0				Green		
Tram Road/Tontine Street Road Works	0	74	0				Green		
<b>Total</b>	<b>103,407</b>	<b>38,306</b>	<b>-982</b>	<b>-982</b>					

## 1. Status:

Green – on time and within budget

Amber – either delayed completion date or over budget

Red – both delayed completion and over budget

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**From:** Paul Carter, Leader of the Council  
David Cockburn, Corporate Director of Business Strategy and Support

**To:** Policy & Resources Cabinet Committee – 25 September 2013

**Subject:** Business Planning - 2014/15

**Classification:** Unrestricted

**Summary:** This paper sets out changes to the 2014/15 business planning process in response to the *Facing the Challenge: Whole Council Transformation* and a review of the 2013/14 business planning round, with the aim to create a more efficient and proportionate process.

**Recommendations:**

Note that Member-approved Divisional business plans will be replaced with Strategic Priorities Statements ('The Year Ahead') for each Directorate, as set out in Section 5 of the report.

## 1. INTRODUCTION

- 1.1 The current business planning process is part of an annual business and financial planning cycle, with Divisional business plans developed by Directors/Heads of Service for approval as a Cabinet Key Decision in April each year.
- 1.2 At the conclusion of each annual planning round, the Policy & Strategic Relationships Team in the Business Strategy Division (who have overall responsibility for coordinating the business planning process and taking business plans through to Cabinet decision) review and make recommendations to Corporate Directors and Cabinet about any changes proposed for the next business planning round.
- 1.3 When considering the 2013/14 business planning round, a number of issues suggest the existing business planning process is unsustainable for 2014/15, and requires significant change if it is to meet the current and future needs of the organisation.

## 2. FINANCIAL IMPLICATIONS

- 2.1 There are no direct financial implications resulting from the proposals set out in this report. However, given the time and effort the existing business planning process places on a range of individuals/groups across the authority (e.g. CMT, Members, Directors/Heads of Service, Business

Strategy Division) the opportunity savings from these proposals, although uncosted, are likely to be significant.

### **3. BOLD STEPS FOR KENT AND POLICY FRAMEWORK**

- 3.1 There are no implications for Bold Steps for Kent or the Policy Framework from the proposals set out in this report.

### **4. REVIEW ISSUES:**

- 4.1 In recent years the business planning process has undergone a number of changes, including moving from Business Unit plans in 2011/12 to Divisional plans in 2012/13 and 2013/14. Whilst there have been iterative improvements to streamline the business planning process, it still presents a significant burden across the authority in regards to the time and effort required to develop and approve plans. This has been particularly notable with the current year plans (2013/14) with the introduction of pre-scrutiny of Key Decisions by Cabinet Committees. This meant that Divisional business plans were considered at both November 2012 and January 2013 Cabinet Committee meetings, with the business planning process also starting much earlier in the year, extending the development, drafting and approval period to eight months.
- 4.2 There a number of additional issues and challenges that suggest a more fundamental rethink of business planning is required.

#### **Facing the Challenge:**

- 4.3 *Facing the Challenge, Whole-Council Transformation*, considered by County Council in July, sets out the scale of the transformation required across the authority which must be delivered at pace. This will involve all senior officers and Directors at some level. It is recognised that the authority needs to focus its limited resources at activity which supports transformation and the continued delivery of services. The current intensive and time consuming business planning process is incompatible with the transformation agenda, and necessitates developing more proportionate business planning arrangements.

#### **Organisational Change:**

- 4.4 The organisation will go through significant reform as a result of *Facing the Challenge* as services are grouped and then redesigned around the needs of the customer. This will likely mean change during the period when business plans are most intensively developed. During the 2011/12 business planning round, when the organisation was similarly going through significant change as a result of *Change to Keep Succeeding*, it was decided that business plans should be developed at the most stable tier (at the time, this was the newly formed Divisions, whilst Business Units were undergoing reorganisation). The most likely stable tier of the organisation during the 2014/15 business planning round is expected to be the Directorate level, although the 2014/15 business planning round must necessarily be flexible and adaptable to any organisational changes emanating from *Facing the Challenge*.

### **Delegations:**

- 4.5 Business plans have been used as a mechanism from which delegated authority is provided to officers to take decisions necessary to deliver services or implement Member decisions, in accordance with the financial and policy framework. The Scheme of Delegations set out in the KCC Constitution allows for approved business plans to provide delegated authority that would otherwise normally be sought from Members through the Key Decision process. However, the wording in business plans can sometimes be vague, and there is some confusion within services about the appropriate use of business plans as a mechanism for providing necessary authority, which presents a potential risk to good governance and effective decision-making.
- 4.6 The wider issue of delegations is being considered by the Director of Governance & Law following discussions with the Leader about whether, given the existence of the Executive Scheme of Officer Delegations in the Constitution, the provision for delegations through business plans is necessary. It is therefore likely that business plans as a mechanism for providing delegations to officers will end. Given that the provision of delegations to officers has been the reason why business plans have been a Cabinet Key Decision, removing delegations would have the added advantage of taking business plans out of the formal Key Decision process, providing more flexibility in regards to the development, timing and approval of plans.

### **Audit of the 2013/14 business plans:**

- 4.7 Whilst the recent Internal Audit report gave a 'substantial' audit opinion on the 2013/14 business planning round, it also made recommendations to improve the existing business planning process. However, on balance, these would require an increase in the necessary time and effort of Directors/Heads of Service and Business Strategy Division to implement fully. Clearly, in a period of transformational change and reducing resources, increasing effort on activity to deliver marginal improvements is not sustainable or appropriate.

### **Member engagement:**

- 4.8 It had been hoped that the move towards pre-scrutiny of business plans by Cabinet Committees would improve backbench Member engagement with the process, which hitherto had been limited. In practice, feedback from across all the Cabinet Committees in regards to the 2013/14 business planning round, was that Members found it complicated, bureaucratic, with far too much technical detail and paperwork. Even if business plans were no longer a Key Decision and were not *required* to go to Cabinet Committees, any new process should be more Member-friendly and should focus on engaging backbench Members through Cabinet Committees in a strategic discussion about annual priorities.

## **5. PROPOSAL FOR 2014/15 BUSINESS PLANNING ROUND**

- 5.1 Given the above, it is clear that a new approach is required. On the assumption that business plans will no longer be a mechanism for delegation to officers and therefore no longer a Cabinet Key Decision, it is

recommended that the 2014/15 business planning round should replace Divisional level business plans with an annual 'Strategic Priorities Statement' for each Directorate (this could be similar to the 'Year Ahead' publications produced by each directorate for the KCC Member Induction process).

## 5.2 Strategic Priorities Statements would:

- a. Be agreed by each Cabinet Member and Corporate Director (following consultation with the relevant Cabinet Committee) after budget County Council in February, with all plans then collectively agreed by Cabinet before the start of the new financial year
- b. Be published online in the interests of transparency
- c. Set out:
  - (i) How each Directorate will contribute to delivering 'Bold Steps for Kent' and *Facing the Challenge: Whole Council Transformation* for the year ahead
  - (ii) Key priorities for each Division within the Directorate for the year ahead
  - (iii) A short statement summarising high level actions and signposting to detailed delivery plans (e.g. transformation programme plans, project plans, action plans, category strategies, commissioning plans etc)
  - (iv) Levels of resource available for each Directorate (e.g. budget, FTE establishment)
  - (v) Key Directorate risks (linked to the Directorate Risk Register)
  - (vi) Workforce development priorities for each Directorate
  - (vii) Key Performance Indicators and targets linked to the Quarterly Performance Report and Directorate Performance Dashboard

5.3 Given the streamlined process and reduction in the total number of plans, Business Strategy could take a more pro-active role in supporting the development of Strategic Priorities Statement with each Directorate Management Team.

### **Performance Indicators and Targets:**

5.4 Business plans have traditionally also been the mechanism by which services obtain Cabinet approval for the targets for the year ahead against their key performance indicators. The 2013/14 business planning process highlighted the importance of strengthening this mechanism, to ensure robust performance management arrangements for the council and clear transparency on what is to be achieved.

5.5 In order to provide clarity and consistency (essential for effective performance management) it is recommended that 2014/15 business plans should only include, as default, the relevant performance indicators and targets set out in the Quarterly Performance Report (QPR) considered by Cabinet, or the relevant Directorate Dashboard considered by Cabinet Committees. If services believe there is a requirement to include new or

revised indicators in the QPR or the Directorate Dashboard then these changes should be reflected through the Strategic Priorities Statements. The selection of indicators and the targets will continue to be subject to consultation with Cabinet Committees and quality assurance from Business Strategy.

#### **Business Planning at Divisional and Unit Level:**

- 5.6 It is important to note that these proposals **do not remove** the need for business planning to be undertaken at the Divisional or Business Unit level, merely that Member-approved business plans, which adhere to a corporate standard, will now be developed at the Directorate level. Directors and managers will still have to undertake some form of business planning to run their business efficiently and effectively, but also to ensure objectives in Personal Action Plans link to the priorities in the Unit, Division or Directorate to support the Total Contribution Pay (TCP) process.
- 5.7 However, there will be no corporate standard, template or requirements for business plans below the Directorate level, with Directors, Heads of Service and managers free to use business planning tools and practices that best meet their own requirements.
- 5.8 This new approach **does not remove** the requirement to follow corporate risk management and business continuity standards. The requirement to maintain a risk register and business continuity plan at Divisional / Business Unit level is an essential part of the internal control framework.

## **6. BENEFITS OF THE PROPOSAL**

- 6.1 The key benefits of the new 2014/15 business planning process include:
- A more concise and succinct statement of how KCC is delivering its strategic priorities – focused on the highest organisational priorities
  - Reduction in time and management burden to create 25 divisional/unit level business plans, re-focusing this resource on delivery and management action rather than process
  - Freeing up managers to put appropriate team and individual actions in place, without being constrained by a corporate process
  - More consistent and appropriate performance indicators and targets reported to Cabinet and Cabinet Committees
  - A more appropriate level of detail to enable Cabinet Committees to engage in the Outturn Monitoring process, making it easier to hold officers to account for delivering organisational priorities

## **7. RECOMMENDATION:**

- 7.1 To note that Member-approved Divisional business plans are replaced with Strategic Priorities Statements ('The Year Ahead') for each Directorate as set out in Section 5 of the report.

## **Background Documents:**

- Internal Audit of Business Planning Process Report – 2013/14
- KCC Constitution - <https://shareweb.kent.gov.uk/Documents/council-and-democracy/CONSTITUTION.pdf>

**Contact details**

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From: **Gary Cooke, Cabinet Member for Corporate and Democratic Services**  
**Geoff Wild, Director of Governance and Law**

To: **Policy and Resources Cabinet Committee**

Decision No: **For Decision**

Subject: Proposed changes to officer delegations, the impact on executive decisions and where and how Key Decisions happen now

Classification: **Unrestricted**

**Summary:** This report sets out the current situation regarding the taking of Executive decisions, details proposed changes to the Executive Scheme of Delegation to Officers and describes the potential consequences on Executive decision taking should those changes be implemented.

**Recommendation(s):**

The Cabinet Committee is asked to consider and comment on the proposed changes to the Executive Scheme of Delegation to Officers

**1. Introduction**

1.1 The Council operates a Cabinet system and the functions of the Executive are those prescribed by the Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) regulations 2012. The Executive undertakes all of the functions of the Council not specifically reserved to the Council or delegated by the council to a committee or an officer.

1.2 All Executive powers are vested in the Leader who may arrange for any executive functions to be exercised by a selection of individuals or bodies identified in the relevant legislation. At Kent County Council functions are exercised by:

- (a) the Cabinet collectively
- (b) an individual Cabinet Member
- (c) an officer

1.3 A briefing has been requested to confirm for members of the Committee the current legislative and constitutional requirements for taking Key Decisions and officer delegations and any changes recommended to the system after its first 18 months of implementation.

**2. Executive Decisions**

- 2.1 Some of the Executive decisions that elected Members take will also be 'Key' decisions. Key Decisions are defined in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. In accordance with the statutory definition and Government guidance, Key Decisions are executive decisions that are likely to:
- (a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
  - (b) be significant in terms of its effects on a significant proportion of the community living or working within one or more electoral divisions.
- 2.2 The definition, above, is currently under consideration as part of a review of Appendix 4 Part 6 of the Constitution.
- 2.3 Key Decisions can only be taken by the Leader, Cabinet or an individual Cabinet Member.
- 2.4 The process for taking a Key Decision is as follows:
- (a) The proposed decision must be advertised on the Forthcoming Executive Decision (FED) list published fortnightly by Democratic Services
  - (b) The proposed decision should be considered by the relevant Cabinet Committee and any recommendations of the committee considered by the Cabinet Member
  - (c) The decision is taken. Either
    - a. A Record of Decision sheet is produced containing certain information prescribed by law and signed by the Cabinet Member and published on line
    - or
    - b. Cabinet meets to consider the item and agrees the proposed decision. The minutes which are the record of decision are published on line
  - (d) A five clear working day call-in period is observed where the decision may be called-in for further consideration by the Scrutiny Committee
- 2.5 There are various procedures for expediency or urgency that may be followed where some or all of the process above cannot be adhered to. A decision flow chart has been produced for the aid of Members and officers, and is attached as **Appendix 1** to this report.



- 2.6 The process for taking a Cabinet Member decision that is not a Key Decision is identical. However, expediency and urgency procedures do not need to be utilised where the process cannot be completed in full.

### **3. Executive Scheme of Delegation to Officers**

- 3.1 The Executive Scheme of Delegation to Officers as contained at Appendix 2 Part 4 of the Constitution was introduced by Cabinet on 16 April 2012. It was intended to create a framework for effective and efficient delivery of decisions and conducting of day to day business that was Member-led but implemented by officers, free from unnecessary bureaucratic burden.

- 3.2 This Scheme allows Officers to take:

- (a) Decisions that do not qualify as 'Key' under the legal definitions described above and which are not considered to be significant enough to be determined at Member level, such as day-to day running of the council, where the financial implications for the council are under £1,000,000 (officers should ensure that they act within the financial limits agreed by Council and included at Appendix 5 of the Constitution); and
- (b) Actions to implement specific decisions already taken at Member level.

In addition, responsibilities and delegated authorities to specific officers are set out in Appendix 5 of the Constitution, including the Property Management Protocol which sets out delegated authorities specific to the Director of Property.

- 3.3 It is a requirement of the Scheme that at all times when taking actions under the authority of the Scheme officers must keep the relevant Cabinet Member informed, who in turn can at anytime remove the delegation and require that the decision be taken by the elected Member route described in 2, above.
- 3.4 A particular concern identified prior to the introduction of the Scheme had been the onerous requirement on officers to take decisions through the formal Cabinet Member decision pathway, where the political will had previously explicitly been identified. An example of this might be a secondary decision to sign a contract for delivery of works to refurbish a building where the refurbishment had previously been agreed at Cabinet or Cabinet Member level.
- 3.4 In order to address this concern the scheme includes a paragraph which reads:

*“This scheme assumes that once a Member-level decision has been taken, whether as part of the approved revenue or capital budget, in a Directorate or Divisional Business Plan, or otherwise, the implementation of that decision will normally be delegated to officers, so that multiple Member decisions are not required in respect of the same matter”.*

- 3.5 The use of this paragraph to draw authority from original Cabinet Member and Cabinet decisions that relate to specific projects or policies is becoming well embedded and is beginning to achieve the results that were anticipated by freeing up officers to implement decisions without recourse to further formal authorities.
- 3.6 Some use has also been made of Divisional Business Plans approved by Cabinet in order to derive authority for action by officers but this has proved less successful and is now thought to be unnecessary in light of the Scheme's introduction.
- 3.7 Divisional Business Plans are the plans for the coming year for a particular division, their production is an almost continuous cycle and they are extremely resource intensive in terms of officer time. The plans are very large documents and in order that they are useful as a business tool they are required to be strategic in nature, focused and contain measurable outcomes.
- 3.8 In terms of governance this makes the documents less useful and the authorities derived from them less sound. In order to allow officers to undertake actions to achieve a particular political end, it must be evident in some detail what the desired outcome is to be.
- 3.9 It is therefore proposed that the reference to business plans, or any replacement, as a source of delegated authority to officers be removed from the scheme.
- 3.10 In addition it will reduce the administrative burden on officers and allow them to focus solely on producing plans that meet the business and operational needs of the Council.

#### **4. Impact of proposed changes**

- 4.1 It is intended that this change will:
- (a) Reduce the reputational, financial and legal risks for the Council, by ensuring that actions are not taken by officers under the false presumption that authority exists via a business plan entry.
  - (b) Reduce the need for urgent decisions. Currently, when at the end of the process - contract signature, for example – it is observed that sufficient authority is not in place, an urgent decision must be taken.
  - (c) Reduce the administrative burden on officers allowing them to concentrate on delivery of services and implementation of Executive policy.
  - (d) Ensure that the Kent County Council continues to be a Member-led authority

#### **5. Financial Implications**

- 5.1 There are no financial implications of the proposed changes.

## **6. Bold Steps for Kent and Policy Framework**

6.1 The proposed changes will continue to 'put the citizen in control' by facilitating democratic engagement and further ensuring openness and transparency.

## **7. Recommendation(s)**

The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations on the proposed changes to the Executive Scheme of Delegation to Officers.

## **7. Background Documents**

7.1 None

## **8. Contact details**

Report Author

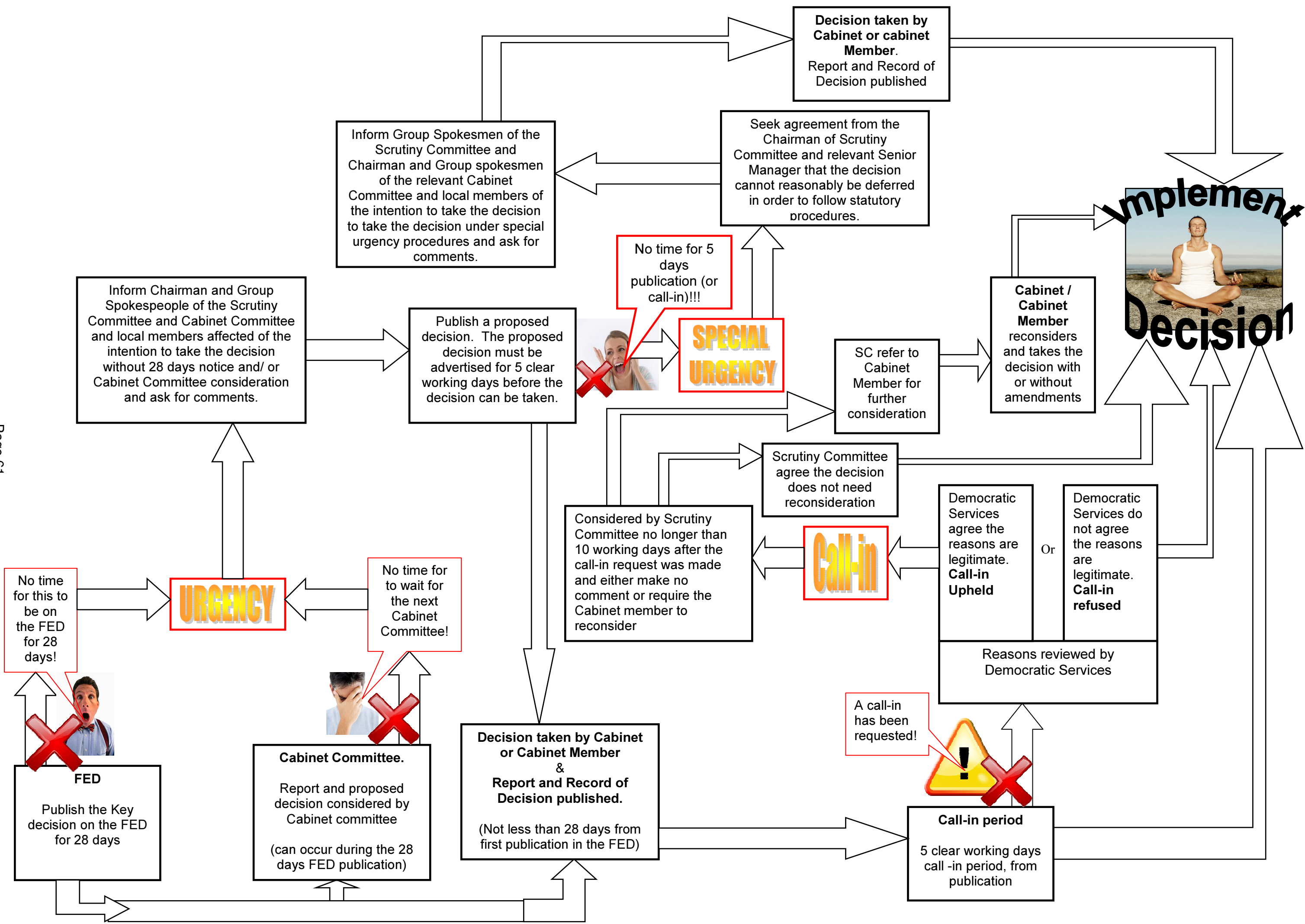
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Relevant Director:

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## Executive Scheme of Delegation to Officers

### 1. Principles

- 1.1 This scheme operates from 1 April 2012.
- 1.2 In this scheme “officer” means the holder of any post named in this scheme as having delegated powers and duties.
- 1.3 This scheme delegates powers and duties in relation to Executive functions which are the responsibility of Leader and Cabinet Members.
- 1.4 This scheme delegates powers and duties within broad functional descriptions and includes powers and duties under all legislation within those descriptions and all powers and duties incidental to that legislation.
- 1.5 This scheme operates under Section 14 of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (‘the Regulations’) and all other enabling powers.
- 1.6 This scheme includes the obligation on officers to keep Members (notably Cabinet Members) properly informed of activity arising within the scope of these delegations.
- 1.7 Any exercise of these delegated powers shall be subject to the policies approved by the Leader from time to time and shall be guided by the relevant Codes of Conduct.
- 1.8 Any exercise of delegated powers shall be subject to any statutory restrictions, provisions made in the revenue or capital budgets, Standing Orders, Financial Regulations or other Procedure Rules as contained within the Constitution.
- 1.9 This scheme assumes that once a Member-level decision has been taken, whether as part of the approved revenue or capital budget, in a Directorate or Divisional Business Plan, or otherwise, the implementation of that decision will normally be delegated to officers, so that multiple Member decisions are not required in respect of the same matter.
- 1.10 However, Cabinet Members may at any time require officers to refer a matter that would otherwise be taken under this scheme of delegation to either themselves or Cabinet for decision.
- 1.11 This scheme includes the power for officers to further delegate in writing all or any of the delegated functions to other officers (described by name or post) either fully or under the general supervision and

control of the delegating officer. Sub-delegations may be made across service boundaries.

- 1.12 Officers to whom matters have been sub-delegated may escalate the making of those decisions to the relevant Corporate Director, who can then (if appropriate) refer the matter to the Cabinet Member or Cabinet.
  - 1.13 A power specifically delegated by this scheme to one officer shall not be exercised by another officer without the consent of the former.
  - 1.14 Sub-delegations shall be recorded in a register kept by each Directorate and notified to the Monitoring Officer under Section 100G of the Local Government Act 1972.
  - 1.15 Any officer exercising powers or duties in pursuance of full sub delegation will be politically restricted under Section 2(1)(g) of the Local Government and Housing Act 1989.
  - 1.16 All action taken under the terms of these delegations shall be properly discussed in advance with the relevant Cabinet Members and documented.
  - 1.17 In each case, the delegated authority to officers includes management of the human and material resources made available for the service areas and the functions concerned within the limitations of this scheme and subject to specific delegations in this scheme or elsewhere to another officer.
  - 1.18 In each case the delegated authority excludes the determination by the officer concerned of policy, exceptions to policy and budgets.
2. Delegations to officers
    - 2.1 The powers delegated to officers exclude the authority to take Key Decisions.
    - 2.2 Officers are responsible for the management of their services and the implementation of Council and Cabinet policies and Executive Decisions.
    - 2.3 Decisions which an officer takes under delegated powers must:
      - (a) implement a policy or decision previously approved or taken by the Cabinet or a Cabinet Member or
      - (b) facilitate or be conducive or incidental to the implementation of a policy or decision previously taken by the Cabinet or a Cabinet Member or
      - (c) relate to the management of the human, material and financial resources made available for the functions for which they are responsible



2.4 It shall always be incumbent on an officer to consult in advance with the appropriate Cabinet Member on the exercise of a delegated Executive Function, or agree with them not to exercise a delegated Executive Function but to refer the matter instead to the Cabinet or relevant Cabinet Member.

3. Subject to the provisions of paragraph 2.3 (above), the Executive Functions to be the Responsibility of Chief Officers are as follows:

3.1 TO THE CORPORATE DIRECTOR BUSINESS STRATEGY & SUPPORT

- (i) To exercise the relevant functions of the Leader of the Council in relation to the overall strategic direction, policies and priorities of the Cabinet and of Council, including the overall corporate revenue and capital budget strategy and ensuring that the appropriate systems are in place to assure the performance management of the authority.
- (ii) To exercise the relevant functions of the Cabinet Member Business Strategy, Performance & Health Reform, the Cabinet Member Democracy & Partnerships and the Cabinet Member Regeneration & Economic Development in relation to their portfolios.
- (iii) To exercise in cases of urgency the Executive Functions delegated to other Chief Officers.
- (iv) To incur expenditure in the event of a civil emergency.

3.2 TO THE CORPORATE DIRECTOR FAMILIES & SOCIAL CARE

- (i) To exercise the functions conferred on or exercisable pursuant to Section 18 of the Children Act 2004 and Regulations made thereunder.
- (ii) To exercise the functions conferred on or exercisable pursuant to Section 6(A1) of the Local Authority Social Services Act 1970 and Regulations made thereunder.
- (iii) To exercise the relevant functions of the Cabinet Member Specialist Children's Services and the Cabinet Member Adult Social Care & Public Health in relation to their portfolios.

3.3 TO THE CORPORATE DIRECTOR EDUCATION LEARNING & SKILLS

- (i) To exercise the relevant functions conferred on or exercisable pursuant to Section 532 of the Education Act 1996 and Regulations made thereunder.
- (ii) To exercise the relevant functions of the Cabinet Member Education Learning & Skills in relation to his portfolio.

3.4 TO THE CORPORATE DIRECTOR CUSTOMER & COMMUNITIES

- (i) To exercise the relevant functions of the Cabinet Member Customer & Communities, the Cabinet Member Business Strategy, Performance & Health Reform and the Cabinet

Member Regeneration & Economic Development in relation to their portfolios.

### 3.5 TO THE CORPORATE DIRECTOR ENTERPRISE & ENVIRONMENT

- (i) To exercise the relevant functions of the Cabinet Member Environment Highways & Waste and the Cabinet Member Regeneration & Economic Development in relation to their portfolios.

### 3.6 TO THE CORPORATE DIRECTOR FINANCE & PROCUREMENT

- (i) To exercise the relevant functions conferred on or exercisable pursuant to Section 151 of the Local Government Act 1972 and Regulations made thereunder.
- (ii) To exercise the relevant functions of the Cabinet Member Finance and Business Support, the Cabinet Member Business Strategy, Performance & Health Reform, the Cabinet Member Democracy & Partnerships and the Cabinet Member Education Learning & Skills in relation to their portfolios.

### 3.7 TO THE CORPORATE DIRECTOR HUMAN RESOURCES

- (i) To exercise the relevant functions of the Cabinet Member Business Strategy, Performance & Health Reform and the Cabinet Member Finance & Business Support in relation to their portfolios.

**From:** John Simmonds – Cabinet Member for Finance and Procurement  
and  
Andy Wood – Corporate Director Finance & Procurement

**To:** Policy and Resources Cabinet Committee 25th September 2013

**Subject:** Medium Term Financial Outlook

**Classification:** Unrestricted

**Past Pathway of Paper:** None

**Future Pathway of Paper:** none, this report provides background information to recent government consultations about future funding settlements

**Electoral Division:** All

**Summary:** This report is to keep members informed of the latest funding estimates for the next four years and the implications for KCC's financial planning. The report includes information on three key government consultations launched over the summer and the likely timetable for setting the 2014/15 Budget and Medium Term Financial Plan

**Recommendation(s):**

The Cabinet Committee is asked to note the potential implications on future funding settlements and the council's Budget/Medium Term Financial Plan and the likely timetable for setting the 2014/15 budget.

**1. Introduction**

1.1 The Government has recently launched 3 consultations which provide more information about the final settlement for 2014/15 and indicative settlement for 2015/16. The purpose of this report is to provide committee members with summary of the potential implications for KCC in advance of consideration of the forthcoming Budget and Medium Term Financial Plan (MTFP).

1.2 The estimated funding settlement figures included in this report are speculative at this stage. The figures will become more definitive following the outcome of Government's consultations and the publication of funding settlements. Members are reminded that the local government funding settlement from the Department for Communities and Local Government (DCLG) is only part (albeit a significant part) of the overall resource equation for the council. The total resources available to the council will also be influenced by grants from other government departments, Council Tax and Business Rates tax bases.

**2. Financial Implications**

2.1 The proposals in the government consultation will have a significantly detrimental impact on future funding settlements. Future budgets are likely to

continue to require significant year on year savings of a similar magnitude to those that have been made in each of the last three year's budgets.

- 2.2 The council's proposed response will emerge when the draft Budget and MTFP are published for consultation later in the year. The final Budget and MTFP will be presented to County Council on 13<sup>th</sup> February 2014.

### **3. Bold Steps for Kent and Policy Framework**

- 3.1 The financial outlook was included in Bold Steps for Kent. This predicted that we would be facing a reducing resource base over the period of the current Spending Round (2011/12 to 2014/15). As it has transpired this prediction has proved remarkably accurate although the requirement for savings due to reduced resource base is likely to carry on for longer than anyone could have foreseen at the time.

### **4. Background**

- 4.1 Prior to the Spending Review 2010 (SR2010) we forecast that KCC would need to make savings of £340m in real terms over the forthcoming four year spending review period. We predicted this would arise from the combination of reduced government grants (in response to tackling the budget deficit), freezing/limitations on increasing Council Tax, and increasing spending demands (mainly due to inflation and population related demands). So far this forecast has proved to be remarkably prescient as over the last 3 years we have had to make savings of between £80m to £100m per annum.

- 4.2 These savings have come from a variety of efficiency and service transformations which have largely been achieved with minimal impact on front line services. We have also had to balance the budget by taking one-off savings such as utilising reserves and in-year under spends due to the late announcements on changes to the funding arrangements. These measures are only a short term solution and need to be replaced with long term sustainable savings.

- 4.3 SR2010 covered the four years from 2011/12 to 2014/15. The next spending review has been deferred until after the 2015 General Election. In the meantime the Government has announced its spending plans for 2015/16 in the June Spending Round 2013. This paper explores the indicative funding for the last year of the current SR2010 period, the implications of the 2015/16 announcement (including consultation on specific details) and speculation on potential funding settlements for 2016/17 and beyond.

### **5. 2014/15 Indicative Funding Allocations**

- 5.1 The provisional indicative allocations for 2014/15 were included in section 3 of the MTFP. These were based on the provisional settlement announced in December and showed an overall reduction in KCC's Start-up Assessment Funding Assessment (SUFA) from £411.9m to £378.3m (£32.6m reduction). The indicative settlement was subsequently updated to £378.7m (£32.2m reduction) but this was not considered significant enough to change the final version of the published MTFP.

- 5.2 The Chancellor's Budget Statement in March announced a further 1% reduction in local authority funding for 2014/15 as part of revised spending plans. At the time we had no indicative figures but we estimated this would equate to a further £3.3m reduction Page 68 of the £32.2m set out in final

indicative allocations. This estimate has subsequently been borne out in the illustrative funding allocations included in the technical consultation for 2014/15 and 2015/16 (see section 7 below) which show a revised Settlement Funding Assessment (SFA) for 2014/15 of £375.4m as a result of the additional 1% reduction and revised RPI forecast for Business Rate uplift.

- 5.3 The full impact of the 1% reduction is proposed to be taken from the Revenue Support Grant (RSG) component of the funding methodology, and within RSG the Council Tax Freeze element is to be protected. This means the remaining RSG would be reduced by an average of 1.78%. The impact of this protection on the Council Tax Freeze element is marginal but nonetheless welcome. The Business Rate element of the funding methodology has been updated for the latest Retail Price Index (RPI) forecast.
- 5.4 The technical consultation also includes a proposal to top-slice an additional £95m from the amount allocated to local authorities in order to fund the safety net protection for those authorities with reduced Business Rate yield. Originally it was intended that the safety net would be funded from the levy on authorities with large increases supported by a £25m top-slice as prudent provision should the two not balance. Business Rate forecasts submitted by billing authorities indicate that £25m will not be enough and the Government proposes to increase this to £120m for 2014/15. The consultation also considers whether this additional top-slice for the safety net should be partially offset by reducing the top-slice for capitalisation by £50m. If agreed these top-slice changes would equate to a further £0.7m reduction in KCC's baseline allocation.
- 5.5 The impact on the indicative allocations for 2014/15 of all the proposals in the consultation is set out in table 1 below. Overall this shows the reduction in funding for KCC has worsened from 7.8% to 8.8% as a consequence of the changes.

Table 1	Kent County Council				England				
	RSG		Business Rates	Total	RSG		Business Rates	Total	
	CT Freeze £m	Balance £m	£m	£m	CT Freeze £m	Balance £m	£m	£m	
Final 2013/14 settlement	8.613	238.120	164.145	410.878	356.308	14,819.093	10,898.554	26,073.956	
Final 2014/15 indicative settlement	8.437	201.081	169.179	378.697	349.038	12,275.003	11,232.825	23,856.866	
Impact of 1% Reduction		197.496		375.429		12,056.140		23,659.095	
Impact of RPI forecast			169.497				11,253.917		
Impact of Safety Net topslice		196.794				12,011.140			
Revised proposed SFA	8.437	196.794	169.497	374.727	349.038	12,011.140	11,253.917	23,614.095	
Original Reduction				-32.181				-2,217.090	-8.5%
Revised Reduction				-36.150				-2,459.861	-9.4%

- 5.6 The KCC total of £374.7m for 2014/15 represents the estimated SUFA. The actual funding available to the council will depend on the local share of the Business Rate yield as SUFA will not equate to actual funding beyond 2013/14. We will not know the local share of Business Rates until billing authorities calculate the tax base, this will be at the same time the Council Tax base is calculated.
- 5.7 We are developing a monitoring system with district councils so that we can more accurately forecast both the Business Rate and Council Tax bases (including the impact of Council Tax Support Schemes and collection rates). We anticipate that variations between the Business Rate tax base and the

assumptions in SUFA will be marginal for 2014/15 but will become more significant in future years. At this stage £374.4m is included in the updated MTFP i.e. £36.15m reduction on 2013/14.

## 6. 2015/16 Settlement

- 6.1 The Spending Round 2013 announced a 10% reduction in the overall funding for local government in real terms (8.2% in cash terms). This was demonstrated by the reduction in the departmental "Resource DEL" for local government from £25.6bn in 2014/15 to £23.5bn in 2015/16. Resource DEL is the approved Departmental Expenditure Limit and represents the amount of revenue spending delegated to individual Government Departments.
- 6.2 The technical consultation published on 25th July included a proposed SFA for local government in 2015/16 of £20.519bn, this compares to the revised SFA for 2014/15 of £23.614bn described in section 5, and represents a 13.1% reduction in cash terms. Table 2 shows the breakdown for KCC and nationally.

Table 2	Kent County Council			England		
	RSG	Business Rates	Total	RSG	Business Rates	Total
	£m	£m	£m	£m	£m	£m
2014/15 Revised Indicative Allocation	205.231	169.497	374.727	12,360.178	11,253.917	23,614.095
2015/16 Proposed Indicative	151.354	174.253	325.607	8,949.809	11,569.678	20,519.487
Year on Year Change	-26.3%	2.8%	-13.1%	-27.6%	2.8%	-13.1%

- 6.3 The consultation does not include an explanation of how an overall 10% reduction in real terms (8.2% in cash) has translated into a 13.1% reduction (in cash) to the main source of funding allocated to local authorities. To understand this we need to look more closely at the funding included within Resource DEL. This is not as straightforward as it may seem as the detail of what is included in Resource DEL is not published and we have had to make some assumptions. Table 3 shows these assumptions for 2013/14 and the provisional figures for 2014/15 and 2015/16.

Table 3	2013/14 £m	2014/15 £m	Change	2015/16 £m	Change
<b>Local Government Settlement</b>	<b>26,074</b>	<b>23,614</b>	<b>-9.4%</b>	<b>20,519</b>	<b>-13.1%</b>
<b>Held Back</b>					
NHB contribution	506	800		1,100	
Capitalisation	100	50			
Safety Net	25	120		50	
Other Grants	916	774		774	
<b>New Grants</b>					
Collaboration and Efficiency Fund				100	
Fire Transformation Fund				30	
Social Care New Burdens				335	
Independent Living Fund				118	
Troubled Families				200	
Sub Total	27,621	25,358		23,226	
Transfers	-3,884				
Rough Total	23,700	25,400		23,200	
Published Resource Del	23,900	25,600	<b>7.1%</b>	23,500	<b>-8.2%</b>

- 6.4 If our assumptions about the “Resource DEL” are correct it would appear that what has been presented as new funding for local authorities in 2015/16 has actually been funded at the expense of the main SFA for local authorities i.e. money local authorities would have otherwise received through RSG/Business Rates mechanism. The reduction in the main SFA funding is also greater due to increased holdbacks (this is the case for 2014/15 and 2015/16). These changes explain why the reduction in SFA is greater than the overall 10% reduction for local government in real terms. This means local authorities will have to make greater savings on existing spending than 10% implied by Spending Round announcement. This has taken most authorities by surprise and the 13.1% reduction has already attracted an adverse reaction within local government circles when it was announced.
- 6.5 The Government launched a separate consultation on 25th July regarding the funding for the new Local Growth Fund (LGF). The Government has already determined that the LGF should be created by redirecting existing funding from education and skills, transport, and housing. This consultation deals with the proposal that £400m would be pooled from New Homes Bonus (NHB) between authorities within each Local Enterprise Partnership. In essence legislation would be passed requiring local authorities to pass on a fixed % of NHB to the LEP. The consultation considers two options:
- A standard % for all authorities (35.09% based on forecast value of NHB in 2015/16)

- An alternative in two tier areas with the upper tier transferring 100% of its NHB and lower tier councils a lower % (estimated around 18%) to deliver the same overall amount for the whole authority area as option 1.
- 6.6 The estimated impact on KCC would result in the loss of NHB of between £2.8m to £8.2m. The NHB in 2013/14 is worth £4.5m to the county council and £17.9m to district councils. Some of the transfer would in effect come from projected growth in NHB over the next two years which could be worth between £3m to £3.7m to KCC. District councils are predicted to lose between £5.7m to £11.1m under the proposals. NHB is a significant source of funding for district councils.
- 6.7 The Spending Round 2013 also included an announcement that the Education Services Grant (ESG) would be reduced by £200m as part of the spending changes for DfE. ESG was introduced in 2013/14 by transferring just over £1bn from the local government settlement to DfE. DfE allocates the grant to academies and local authorities as un-ring-fenced funding for central services on a per pupil basis. The amount allocated to academies is more per pupil than the amount allocated to local authorities. This arrangement replaced the previous Local Authority Central Share Equivalent Grant (LACSEG) adjustment which had been challenged.
- 6.8 We have previously recognised that it is not unreasonable that local authority funding for central services should reduce as more schools convert to academy status. The logic of this is incontrovertible. However, we have challenged both the LACSEG and the ESG methodologies for taking too much from local authorities and creating a two tier funding between academies and local authority maintained schools. We have no detail on how the latest reduction in ESG will be applied but the impact for KCC could equate to a loss of between £4m to £5m in addition to any reductions as a consequence of further academy conversions.
- 6.9 Overall we are estimating that we could lose between £56m to £64m of funding in 2015/16 as a result of the Spending Round 2013. This is significantly more than we have faced in the last two years, and similar to the reduction in 2011/12 when local government bore the brunt of the first round of funding reductions following SR2010. These predicted funding reductions together with the inevitable additional spending demands arising from inflation and population growth means we are likely to need to find savings in excess of £100m in 2015/16. This would be the fifth consecutive year of making savings of this magnitude.
- 6.10 Some of this reduction will be offset by the new funding streams. The government stated that these would significantly reduce the impact and the total package equates to a 2.3% reduction in overall local authority spending. We remain sceptical of this calculation, particularly if the new funding streams bring with them additional spending obligations. The new streams (with national funding amounts) include the following
- £3.8bn pool for integrated health and social care
  - £330m fund for transforming services (including an additional £200m for troubled families)
  - £335m to invest in 2015/16 in advance of changes to social care in 2016/17
  - Support for further Council tax freeze 2014/15 and 2015/16



- A joint programme with Department for Education to review pressures on children's services
- Flexibility to use capital receipts to fund one-off revenue costs of service reform

6.11 At this stage we have very little information about how these funding streams will be allocated and what strings will be attached to them.

## **7. Technical Consultations**

7.1 We have already referred to the technical consultations. Three consultations were published towards the end of July. Each has a different deadline for responses (shown in brackets):

- New Homes Bonus and the Local Growth Fund (19th September)
- Local Government Finance Settlement 2014/15 and 2015/16 (2nd October 2013)
- Proposals for the use of capital receipts from asset sales to invest in reforming services (24th September 2013)

7.2 As these are largely technical consultations the response will be agreed by the Cabinet Member for Finance and Procurement (Deputy Leader) following discussion with the Leader and relevant Cabinet Members. Where timing allows we will include the draft response/final response as background documents to this report.

7.3 The main issue in the NHB consultation is the differential arrangements proposed in two tier areas. Whilst we recognise the significance of NHB grant to district councils we should not underplay the role the county council plays in promoting housing growth or that NHB has been used to underpin the council's overall budget. The rest of the consultation deals with enforcement, accountability, arrangements for London, authorities which are part of more than one LEP and committed expenditure.

7.4 The main issue in the finance settlement consultation is the unexpected reductions for 2015/16 dealt with in section 6 of this report. The consultation itself seeks views on technical changes to the formula used to determine individual authority shares. The consultation also deals with integrating the existing Council Tax Freeze grants into the main funding arrangements and adjustments for Carbon Reduction scheme.

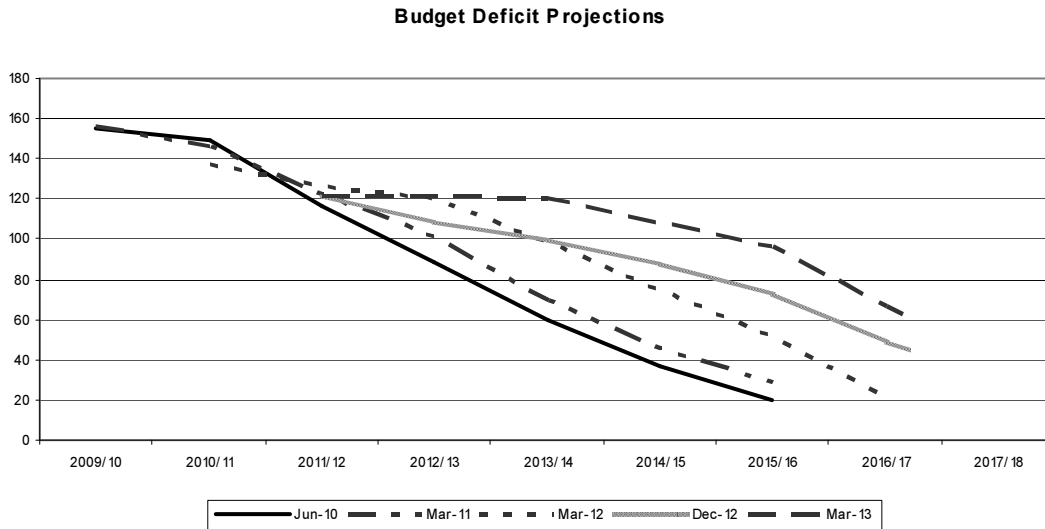
7.5 The consultation on use of capital receipts for asset sales is largely self explanatory. Currently receipts from asset sales can only be used to fund new infrastructure projects. Under the proposals in the consultation we would also be able to use receipts to fund one-off revenue purposes to stimulate organisational change. The consultation deals with the practical implementation and potential scope of alternative arrangements.

## **8. 2016/17 and Beyond**

8.1 The Chancellor of the Exchequer has already indicated that there are likely to be further public spending reductions needed in 2016/17 and 2017/18 if the objective of eliminating the structural deficit is to be achieved. He has indicated that reductions will be of a similar magnitude to SR2010 and Spending Round 2013. We have no detail where these reductions might fall and whether the protected departments (schools, health and overseas development) will continue to be protected.

8.2 Some independent analysts are predicting that spending reductions may have to carry on until 2020 if current trends continue. Certainly it has been the case that in spite of spending reductions the projections for eliminating the budget deficit have progressively been extended. This is represented in graph 1 below which shows that each year projections in the Autumn Statement and annual Budget Statement have got worse.

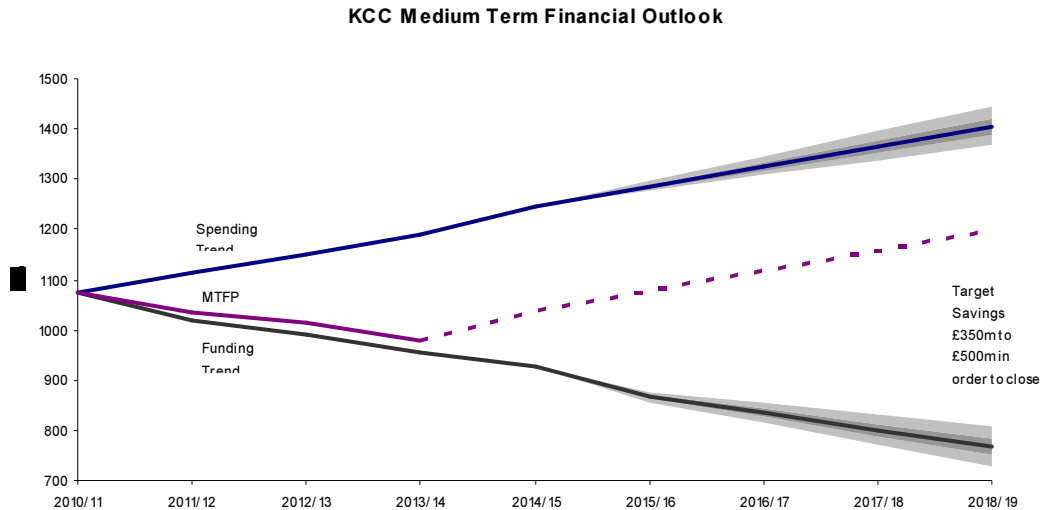
Chart 1



8.3 We have plotted the funding and spending changes for KCC since 2010/11 on a like for like basis. This includes the impact of changes in grant mechanisms e.g. transfer from specific to un-ring-fenced grants; and the transfer of responsibilities e.g. learning disability, public health, Council Tax support, etc. We have then projected funding and spending on similar basis forward to 2018/19. This gives us the most plausible picture over the longer term, although inevitably as we look beyond more than 2 years the estimates become vague with greater likelihood of variation.

8.4 The graph also shows our progress to date in balancing the budget. This shows that each year we have nearly reached the underlying spend necessary for a balanced budget but each year there has been a small element of one-offs. Chart 2 shows the projections for KCC up to 2018/19 and progress to date.

Chart 2



8.5 Chart 2 exemplifies the challenge we face. This was referred to in the County Council paper on 18th July “Facing the Challenge” and officers have already embarked on a transformation programme for the council to meet this challenge. As previously indicated the scope of the savings and the long period of year on year reductions are unprecedented.

**9. Timetable for 2014/15 Budget**

9.1 As indicated in section 5 the reductions for 2014/15 are largely as we anticipated. We are developing plans how savings can be achieved without compromising the longer term objectives for the whole council transformation. We will be looking to issue a draft budget for consultation in November. Whilst we would have liked to carry out consultation earlier the uncertainty over the recent technical consultations and Business Rate/Council Tax base means this isn’t advisable without excessive caveats.

9.2 We aim to report feedback from consultation to Cabinet and Cabinet Committees in January. Whilst the timing for this is tight it will still enable us to publish a final draft budget and MTFP in time for County Council papers for the 13th February meeting when the budget will be discussed and resolved.

**10. Conclusions and Recommendations**

10.1 The purpose of this report is to provide members with more information about the latest funding projections for future years. As in previous years decisions on the level of Council Tax and how we cover unavoidable spending demands and local policy/service initiatives will also have to be factored into the budget. What is clear is that we will not be able to balance the budget without making further substantial savings over the next 4 to 5 years.

10.2 What is also clear is that announcements on grants for further Council Tax freezes are likely to be around 1%. Referendum levels for excessive increases are also likely to be around 2%. This leaves very little room for manoeuvre on Council Tax

10.3 Members are asked to NOTE the potential implications on future funding settlements and the council’s Budget/Medium Term Financial Plan and the likely timetable for setting the 2014/15 budget.

## **11. Background Documents**

- KCC Budget Book 2013/14 and Medium Term Financial Plan 2013/15
- New Homes Bonus and the Local Growth Fund – DCLG Technical Consultation Document
- Local Government Finance Settlement 2014-15 and 2015-16 – DCLG Technical Consultation Document
- Proposals for the use of capital receipts from asset sales to invest in reforming services – DCLG Technical Consultation Document

## **12. Contact details**

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**From:** Gary Cooke, Cabinet Member for Corporate and Democratic Services  
David Cockburn, Corporate Director of Business Strategy & Support

**To:** Policy and Resources Cabinet Committee

**Subject:** New Ways of Working – Thin Client

**Classification:** Unrestricted

**Past Pathway of Paper:** N/A

**Future Pathway of Paper:** N/A

**Electoral Division:** All divisions

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**Summary.** *The report outlines the technology required to support the future operations of the council and progress on implementing a change in technical solution to meet this demand, improve security and reduce total cost.*

*Recommendation: The Policy and Resources Cabinet Committee is asked to consider and NOTE the progress in planning and implementing a revised technical architecture to support New Ways of Working.*

## **1. Introduction**

- 1.1 This report considers the improvements being planned and delivered in operational activity, how this is supported by technical infrastructure and the changes being implemented through the existing programme of technical refresh and renewal.
- 1.2 The objective of the report is to identify the links between service delivery and technology, how these need to be constantly reviewed and assessed to ensure that they remain relevant and the process undertaken to ensure that investment in technology continues to provide an optimum return on investment.

## **2. Background**

- 2.1 The council has a successful record of applying a programme of continuous improvement to service delivery, with efficiency improvements and cost reduction being key themes. Investment in technology has been made where business cases have identified that this could contribute to improved service and or reduced cost. As is the case for all support functions solution design also attempts to keep overheads as low as possible.
- 2.2 In common with many similar size organisations the current business profile of the council reflects these earlier initiatives, with cost effective services delivered through incremental improvements applied in a conventional operating environment with extensive but orthodox use of technology. To sustain the cycle of cost efficiency it becomes necessary to challenge the model of delivery and consider if alternatives might offer greater benefit.
- 2.3 Based on operating models developed within the telecommunications sector, private companies have increasingly adopted more mobile work styles to drive down overheads and increase the return from fixed assets. Finding a means of introducing these now proven techniques within public service, at an affordable cost, is an element of the council's programme of change.
- 2.4 The council's 'doing things differently' programme captures this within the 'new ways of working' initiative which is encouraging a new approach. To support a change in how and where we work, our provision, use and application of technology has also had to be reassessed. A number of factors and trends have combined to drive this agenda.
- Increasing opportunity for delivery through multi agency teams, social care and health being the most prominent example, where information sharing and the ability to collaborate across mixed locations and organisations is essential
  - Access to physical records has previously been a constraint that tied professional staff to a fixed base with the associated overheads of storage and travel
  - Best practice around mobile working is now well established with extensive information on realisable benefits available from case studies
  - The potential to achieve significant additional benefits through productivity improvements over and above the efficiencies already incorporated within the council's financial planning
  - There has been considerable investment in mobile, wireless and broadband infrastructure over the past 4 years. While this is still incomplete and will remain so until broadband delivery and the mobile industry's '4G' solutions are fully deployed, the productivity benefits of mobile work styles now outweigh the remaining technical limitations
  - The council is reaching the end of a technology investment cycle. Our principal PC operating system is Microsoft Windows XP which Microsoft

will stop supporting in April 2014. No further return on investment can be achieved and support costs will start increasing if we do not migrate from this technology

- User computing devices have matured. Mobile phone and handheld computers are merging in the 'smartphone'. Mobile computing devices and the applications available have moved into the mainstream since the introduction of the Apple iPad 3 years ago.

2.5 In responding to this challenge three simple criteria were established for assessing future technology direction:

- What approach would best support the capability of staff to work anywhere at anytime
- What is the best way to securely hold and maintain personal and sensitive data
- How can the total cost of technology ownership be reduced for the council

### **3. Future Technical Architecture**

3.1 The architecture to be adopted comprises a number of major components, some of which were already being implemented:

- Unified Communications
- Managed Print Service

3.2 Extension of existing solutions to enable changes in how we work:

- Electronic Document Management

3.3 Replacement technologies for solutions due for renewal or upgrade

- Wireless Networks
- Thin Client (End user computing)

### **4. Unified Communications**

4.1 This project is replacing analogue telephony, still deployed in many council sites, with a modern digital platform. The solution being implemented will enable the integration of data such as email and voice communications, it will also provide voicemail; 'follow me' numbers which will allow numbers assigned to individuals to be registered at any location they are working from; instant messaging; access to voice and video conferencing; conference white boards and collaboration tools. Unified communications makes use of data networks allowing contracts for the redundant voice network to be cancelled

reducing revenue costs by £800k per annum, a saving factored into medium term financial planning (MTFP).

## **5. Managed Print Service**

- 5.1 Our existing printer estate will be migrated to a single unified solution. Use of a consistent printer range with a smaller number of larger multi-functional devices will reduce running costs and allow the council to start managing downwards the total quantity of printed material through the software to be deployed as part of this solution. The net reduction in print costs before management action on total amount of printing is estimated to reduce costs by £700K pa across all directorates and is reflected in MTFP assumptions.

## **6. Electronic Document Management**

- 6.1 To reduce our reliance on paper, which incurs cost to both produce and subsequently store, we have to significantly improve our electronic filing capability. We already have sufficient electronic storage capacity through an earlier investment programme. This was an 'invest to save' initiative designed to reduce hardware overheads by providing common storage to replace the dedicated storage of individual systems. The additional capability required to support both improved mobility and service transformation is: easy online access to all relevant data; the ability to cross reference information input to different systems e.g. email or Word documents and case management records; a level of workflow management to prompt timely action. Our existing technology has the capacity to deliver the majority of the functionality described, although an extensive implementation programme will be required to realise this outcome.

## **7. Wireless Networks**

- 7.1 All buildings need to be equipped with high grade wireless networks. These will be used to provide connectivity to the internet and also KCC systems. An efficient mechanism to allow non KCC devices access to the network will be required. The current GUEST and MEMBERNET authentication mechanisms are too cumbersome to be used by potentially large numbers of staff and members and a new means to enable this connectivity will be provided. The existing mechanism supporting wireless networks cannot easily be expanded to handle the likely numbers of access points required in this usage model. Property and ICT divisions have worked on a specification to ensure that the appropriate upgrades have been incorporated into future office design within the doing things differently programme, having identified this requirement within the business case.



## 8. Thin Client Technology

- 8.1 The most cost effective solution to support the way we have traditionally worked has been to put computing power on the desk to reduce the amount of data that is sent backwards and forwards over the network. The computing industry labels this approach 'Thick Client'. This describes the requirement for the personal computer (PC) allocated to the user to be able to store and run lots of large software programs. To do this effectively a relatively powerful PC is required.
- 8.2 While it is possible to support more mobile work styles with current technologies this would **increase technology costs** by up to £1M pa. The alternative solution identified was to move to a 'Thin Client' architecture. This is not a new technology but an approach that has been kept under review, along with other technologies, when assessing the optimum balance of technology for the council. What has changed and prompted the shift is how the council intends to deliver services combined with technology improvements and the opportunity to reduce technology overheads.
- 8.3 'Thin Client' works by locating the computing, data storage and security in our data centres. By doing this the user's PC (the client) no longer requires lots of software, all that is needed on the users device is an internet browser and the ability to connect to the internet so that it becomes a so called 'Thin Client'. Adopting this solution reduces the high number of expensive mobile devices that would otherwise be required.
- 8.4 As no data is held on the local device the high cost of data encryption on the device is avoided and the worry of the loss of sensitive data should the device be stolen is removed. This same consideration also allows review of the policy that mandates that only council owned devices can be used to access council data, improving the capability for multi-agency, mobile and home working. As suppliers in this market also support applications (apps) for tablet devices based on Apple, Microsoft and Android operating systems, it also removes the constraint of only being able to use devices running Microsoft Windows which have all of the associated software such as email, Word Excel etc. fully installed.

## 9. Thin Client Business Case

- 9.1 Within the council's current operating model the single largest technology cost is network capacity. To adopt more mobile work styles with current technologies would increase out of office connection charges, demand ever

higher numbers of relatively expensive mobile PC's and increase the support overhead without any comparable reduction in network costs.

- 9.2 To implement a 'Thin Client' solution investment is required in the hardware and software held in the council's data centres. This is then offset against the reduced revenue cost of the equipment deployed to users. Part of the change to be implemented will be to move away from the 3 year refresh cycle required to keep pace with software upgrades. As 'Thin Client' only requires a device to be capable of running an internet browser we can realistically move to a break-replace cycle for user equipment further reducing the unit cost.
- 9.3 Support costs will also be reduced through the focus of work being concentrated on the data centre from both a security and processing perspective. Looking after one large environment is intrinsically more cost effective than managing many small installations. A further benefit will be the pace of implementing further change at marginal cost. The current environment is both expensive and time consuming to upgrade, which acts as a constraint on service development. What can be a six month task within a distributed 'Thick Client' environment can be achieved in weeks in a central 'Thin Client' data centre environment.

## **10. Funding**

- 10.1 Funding for ICT comprises a base budget to support existing infrastructure and an Asset Maintenance Reserve for management of the on-going renewal and replacement of technology infrastructure. Almost all elements of technology reach end of life over a ten year cycle. To avoid ad hoc and unanticipated capital bids the reserve was structured to ensure that known pressures could be met and upgrades planned and scheduled without conflict with service priorities. The reserve also provides an effective means of managing the uneven profile of technology investment which peaks in years where major upgrades are required.
- 10.2 The business case for thin client looked at the total cost of the technology to implement and sustain the 'Thin Client' solution. This was compared with the baseline profile of the cost of current technologies over the same period. Any associated productivity potential was ignored so the assessment by finance staff was entirely objective and only considered existing commitments and savings achievable from direct costs. Figures from the business case anticipated a net saving over current planned commitments of £2.9M over ten years. With current technology commitments already reflected in the council's medium term financial plan, this change in technology is a significant opportunity to reduce the council's overheads. It also provides an effective means of avoiding the pressure to increase total spend on

technology required to support new work styles, will improve data security and create the opportunity for the ICT to reduce support costs in line with the efficiency targets set for the division.

- 10.3 The business case has been able to be updated following evaluation of tender responses. This indicates a further reduction in total expenditure will be able to be achieved with the total saving against planned expenditure now standing at £5.3M.
- 10.4 The award of contract for 'Thin Client' software was subject to key decision 13/00064. A report on the commercial bids that informed this decision is included in the exempt section of the agenda.

## 11. Recommendation(s)

### **Recommendation(s):**

*The Policy and Resources Cabinet Committee is asked to consider and NOTE the progress in planning and implementing a revised technical architecture to support New Ways of Working.*

## 12. Background Documents

- Record of Key Decision 13/00064
- Information and Communication Technology Business Plan 2013/14

### **Contact details**

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**From:** Gary Cooke, Cabinet Member for Corporate and Democratic Services  
 David Cockburn, Corporate Director, Business Strategy & Support

**To:** Policy and Resources Cabinet Committee 25 – September 2013

**Subject:** The granting of a long leasehold interest to Orbit Housing of the site known as the ‘former Residential Care Home, Sampson Court, Mongeham Road, Deal’ to facilitate the redevelopment of the site for Extra Care Housing with nominations rights.

**Classification:** Unrestricted.

**FOR INFORMATION ONLY**

**Summary:** The attached urgent decision was taken between meetings as it could not reasonably be deferred to the next programmed meeting of the Policy and Resources Cabinet Committee for the reason(s) set out below.

1.1 In accordance with the new governance arrangements, all significant or Key Decisions must be listed in the Forthcoming Executive Decision List and should be submitted to the relevant Cabinet Committee for endorsement or recommendation prior to the decision being taken by the Cabinet Member or Cabinet.

1.2 For the reason set out below it has not been possible for this decision to be discussed by the Cabinet Committee prior to it being taken by the Cabinet Member or Cabinet. Therefore, in accordance with process set out in Appendix 4 Part 7 paragraph 7.18 of the Constitution, the Chairman and Group Spokespersons for this Cabinet Committee and the Chairman and Spokesmen for the Scrutiny Committee were consulted prior to the decision being taken and their views were recorded on the Record of Decision (attached at Appendix 1). After the decision was taken, it was published to all Members of this Cabinet Committee and the Scrutiny Committee.

1.3 The deadlines and dates of the Policy & Resources Cabinet Committee would have delayed the decision and it was imperative that the legal documentation was completed. To delay the decision would have put at risk the HCA funding secured by Orbit Homes to undertake the project; and therefore put at risk the benefits of the development for Kent County Council

**2. Recommendation:** Members of the Policy and Resources Cabinet Committee are asked to note Decision no 13/00055 – Sampson Court – taken in accordance with the process in Appendix 4 Part 7 paragraph 7.18 :-

- i) That a 125 year lease of the property be agreed for the purposes set out in the Sampson Court Final Cabinet Report”;
- ii) That authority be delegated to the Director of Property and Infrastructure Support to negotiate the final terms and conditions, and sign the lease;
- iii) That a nominations agreement and associated care package between Orbit and KCC be established; and
- iv) Authority be delegated to the Corporate Director of Families and Social Care to sign the nominations agreement, subject to being satisfied as to the detailed terms and conditions.

**Background documents:**

- Record of Decision No. 13/00055 – Attached at Appendix 1

**Contact details:**

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# KENT COUNTY COUNCIL –RECORD OF DECISION

**DECISION TO BE TAKEN BY:**

Gary Cooke – Cabinet Member for Corporate and Democratic Services

**DECISION NO:**

13/00055

For publication

**Subject:** The Former Residential Care Home known as Sampson Court, Mongeham Road, Deal

**Decision:**

As Cabinet Member for Corporate and Democratic Services, I agree the 125-year lease of Sampson Court, Mongeham Road, Deal to Orbit South Homes for the purposes set out in the report and in return for the associated care package and nomination rights to be delivered.

It is noted that no specific delegations have been, nor need to be, included in the decision text. The authority pathway is provided by the Executive Scheme of Delegation contained within the Council's Constitution which clearly states that "Once a Member-level decision has been taken.....the implementation of that decision should be delegated to officers".

For information purposes, it is expected that the Director of Property and Infrastructure will sign the lease and the Corporate Director of Families and Social Care will sign the nominations agreement on behalf of KCC.

**Reason(s) for decision:**

In accordance with the Property Management Protocol, leases in excess of 20 years in length need to be approved by Cabinet Committee.

The decision will enable Orbit South Homes to demolish the current buildings and re-develop the site to provide a 75-mixed unit extra care facility, subject to planning permission.

**Cabinet Committee recommendations and other consultation:**

This decision has been taken via the "special urgency" decision route as to delay the decision would put at risk the HCA funding secured by Orbit South Homes to undertake the project and therefore put at risk the benefits of the development for Kent County Council.

In accordance with local and statutory procedures the following members have been consulted and confirmed their approval without making any further comments

Policy and Resource Committee

Alex King  
Roger Latchford  
Derek Smyth  
Trudy Dean

Scrutiny Committee

Richard Parry  
Gordon Cowan  
Trudy Dean

Mike Baldock

Further the local members, Mr Eddy and Mrs Rowbotham have also confirmed their approval to the transaction.

**Any alternatives considered:**

(1) Remodel and refurbish existing facilities however the buildings in question do not lend themselves to remodelling and indeed as obsolete in design and function.

(2) Sell land on open market for redevelopment purposes for the highest price however if Orbit does not have a site then the funding from the HCA would need to be returned and it would not be guaranteed that it would be reallocated to Kent

(3) Explore other schemes that could be more suited to investment by FSC for the delivery of extra care housing New Purpose Built Facilities however this review will take time to implement and thus at the moment there are no further opportunities to forward an 'extra care scheme' in Deal.

(4) New Purpose Built Facilities however it is accepted that there are insufficient funds to build a new facility ourselves on this site and with no other plans for a purpose built scheme in Deal, it is recognised by both Kent and Dover that this site is the only option to meeting the need for a purpose built scheme that will benefit the local community and older population

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:**

None

.....  
signed

.....  
date

11/7/2013



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

Andy Wood, Corporate Director of Finance & Procurement

**To:** Policy and Resources Cabinet Committee – 25 September 2013

**Subject:** Kings Hill - the granting of a loan at commercial rates for the purposes of facilitating Phase Three of the redevelopment.

**Classification:** The Record of Decision and associated report are in the restricted section of the agenda, in accordance with paragraph 3 of Schedule 12a of the Local Government Act.

#### FOR INFORMATION ONLY

**Summary:** An urgent decision was taken between meetings as it could not reasonably be deferred to the next programmed meeting of the Policy & Resources Cabinet Committee for the reason(s) set out below.

- 1.1 For the reason(s) set out below it has not been possible for this decision to be discussed by the Cabinet Committee prior to it being taken by the Cabinet Member. Therefore, in accordance with the process set out in Appendix 4 Part 7 paragraph 7.18 of the Constitution, the Chairman and Group Spokespersons for this Cabinet Committee and the Chairman and Spokesmen for the Scrutiny Committee were consulted prior to the decision being taken and their views were recorded on the Record of Decision (attached at Appendix 1). After the decision was taken, it was published on 27 August 2013.
- 1.2 This decision was taken to support Decision no 13/000020 - *New Ways of Working (West Kent Key Hub Solution)* – that was taken in April by the then Cabinet Member for Business Strategy, Performance and Health Reform and considered by this Cabinet Committee on March 15<sup>th</sup> 2013. As this particular project progressed it became evident that a potential blockage existed, namely the time it would take for the “Kings Hill Partnership” to secure finance to effect the transaction, which would have presented a number of risks to KCC as a partner in the Kings Hill Partnership.
- 1.3 It should be noted that the loan KCC is making is now expected to be for less than the full amount agreed through decision 13/00020/2 and represents 50% of the Partnership’s requirement.

- 1.4 The deadlines and dates of the Policy & Resources Cabinet Committee would have delayed the decision and it was imperative that the financing impediment was removed. With this in mind, Democratic Services advised that KCC urgency provisions should be followed and that the decision should be taken as a matter of urgency in order to facilitate the overall transaction.
2. **Recommendation:** Members of the Cabinet Committee are asked to note Decision no 13/00020/2- Loan to Rouse Kent (Residential) Limited relating to the relocation costs associated with 30 Kings Hill Avenue, West Malling – taken in accordance with the process in Appendix 4 Part 7 paragraph 7.18

**Background documents:**

- Accompanying Report
- Record of Decision No. 13/00020/2

**Contact details:**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Agenda Item F1

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of the Local Government Act 1972.

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Agenda Item F2

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