

POLICY AND RESOURCES CABINET COMMITTEE

Friday, 16th January, 2015

10.00 am

Darent Room, Sessions House, County Hall, Maidstone





AGENDA

POLICY AND RESOURCES CABINET COMMITTEE

Friday, 16 January 2015, at 10.00 am
Darent Room, Sessions House, County
Hall, Maidstone

Ask for: **Ann Hunter**
Telephone: **03000 416287**

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, MBE

Webcasting Notice

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UNRESTRICTED ITEMS

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

A - Committee Business

A1 Introduction/Webcast announcement

- A2 Apologies and Substitutes
To receive apologies for absence and notification of any substitutes present
- A3 Declarations of Interest by Members in items on the Agenda
To receive any declarations of interest made by Members in relation to any matter on the agenda. Members are reminded to specify the agenda item number to which it refers and the nature of the interest being declared.
- A4 Minutes of the meeting held on 12 December 2014 (Pages 7 - 14)
To consider and approve the minutes as a correct record.
- A5 Minutes of the meeting of the Property Sub-Committee held on 10 December 2014 (Pages 15 - 18)
To consider and approve the minutes as a correct record.
- A6 Work Programme 2015 (Pages 19 - 22)

B - Key or significant Cabinet Member Decision(s) for recommendation or endorsement

- B1 Facing the Challenge Update Report on back office procurement and Legal Services Phase 1 reviews (Pages 23 - 28)
To note the project update in respect of individual service reviews
- B2 Facing the Challenge - Property Future Service Delivery Model (Pages 29 - 34)
To consider and endorse or make comments on the proposed decision to establish a wholly owned local authority trading company to deliver Property Services based on the principles outlined in the report and the report at item E1 on the agenda
- B3 Appointment of a Strategic Transformation Partner (Pages 35 - 40)
To consider and endorse, or make recommendations to the Leader and the Cabinet Member for Business Strategy, Audit and Transformation on the proposed decision to procure a Strategic Efficiency and Transformation Partner to support KCC's continued savings delivery activities
- B4 Broadband Delivery UK Phase 2 Project (Pages 41 - 46)
To consider and endorse or make recommendations to the Cabinet Members for Economic Development and Education and Health Reform on the proposed decision to deliver the Kent and Medway BDUK Phase 2 project

C -Monitoring of Performance (none)

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

- D1 Budget 2015/16 and Medium Term Financial Plan (Pages 47 - 70)
To note the draft budget and medium term financial plan and make

recommendations to the relevant cabinet members on any other issues that should be reflected in the budget and MTFP prior to Cabinet on 0n 28 January and Council on 12 February.

- D2 Welfare Reform Update (Pages 71 - 106)
To note and comment on the report and agree the suggested way forward for monitoring the impact of welfare reform
- D3 Draft KCC VCS Policy for Consultation (Pages 107 - 124)
To comment on the draft VCS policy and the proposed public consultation questions
- D4 KCC Customer Services Policy (Pages 125 - 138)
To note the progress on the development of the Customer Services Policy and to comment on the work to date ahead of finalisation
- D5 Information and Communications Technology Strategy (Pages 139 - 164)
To agree the 2015-2018 Information and Communication Technology Strategy

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.

E - Key or Significant Cabinet Member Decisions for Recommendation or Endorsement

- E1 Facing the Challenge - Property Future Service Delivery Model (Pages 165 - 180)
To receive exempt information relating to item B2 on the agenda

Peter Sass
Head of Democratic Services
(01622) 694002

Thursday, 8 January 2015

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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 Friday, 12 December 2014

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

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

IN ATTENDANCE: Mr J Burr (Director Highways, Transportation & Waste and Principal Director of Transformation), Mr S Charman (Head of Consultation and Engagement), Mr D Cockburn (Corporate Director Strategic & Corporate Services), Mr R Fitzgerald (Performance Manager), Ms J Hansen (Finance Business Partner (Strategic & Corporate Services), Mr D Shipton (Head of Financial Strategy), Mr D Whittle (Head of Policy and Strategic Relationships), Mr A Wood (Corporate Director Finance and Procurement) and Mrs A Hunter (Principal Democratic Services Officer)

UNRESTRICTED ITEMS

95. Introduction/Webcast announcement
(Item A1)

96. Apologies and Substitutes
(Item A2)

Apologies for absence were received from Mr Manion and Mr Carter.

97. Declarations of Interest by Members in items on the Agenda
(Item A3)

There were no declarations of interest.

98. Minutes of the meeting held on 19 September 2014
(Item A4)

Resolved that the minutes of the meeting held on 19 September 2014 be approved as a correct record and signed by the Chairman subject to the following amendments:

Minute 87 (1) - deletion of the words "Mr Simmonds"

Minute 89 (3) - deletion of the words "the following"

Minute 92(1) - insertion of the word "Member" after the word "Cabinet"

99. Minutes of the meeting of the Property Sub-Committee held on 22 September 2014
(Item A5)

Resolved that the minutes of the Property Sub-Committee held on 22 September 2014 be noted.

100. Work Programme 2015
(Item A6)

- (1) The report set out details of the proposed work programme for 2015 and asked the Cabinet Committee to consider and agree the programme.
- (2) Resolved that the work programme for 2015 be agreed.

101. Decision Making Process
(Item A7)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which provided an overview of the governance arrangements for executive decision making and in particular the principle that decisions should be considered, wherever possible, by the relevant cabinet committee before being taken. Mr Cooke said this was an opportunity to review the decision making process and to provide assurance that most decisions were considered by the cabinet committees prior to being taken by the Cabinet or cabinet member.
- (2) It was considered that the system was broadly working as intended but concerns were raised about decisions not entirely within KCC's control such as decisions relating to the Local Enterprise Partnership. Concerns were also raised about a possible inconsistency in dealing with urgent decisions and the difficulties arranging to call-in a decision.
- (3) The potential need for an additional meeting of each cabinet committee in March was acknowledged however the nature and timing of additional meetings would be influenced by the work of the Commissioning Advisory Board.
- (4) Resolved that:
 - (a) The report be noted;
 - (b) The Forward Executive Decision list be considered at the agenda setting meetings to inform the committee's work programme.

102. Meeting Dates - 2015
(Item A8)

Resolved that the dates of meetings of the Policy and Resources Cabinet Committee in 2015 be noted.

103. Transformation update

(Item B1)

- (1) John Burr (Principal Director of Transformation) gave an update on the Facing the Challenge project.
- (2) In response to questions he said that to mitigate the risk of material change between the announcement of the preferred bidder and the start of the contract a pro forma contract would be included as part of the tender documentation.
- (3) Mr Burr said that the Property LATCO would be wholly owned by KCC and a partner was being sought for the Legal Services Joint Venture. He acknowledged the dominance of a small number of big companies in the market and said that meetings had taken place with other authorities to understand their experiences dealing with these companies and that a failsafe process would be written into contracts. For example, if a company ceased to trade, KCC would take over and staff would TUPE to KCC. He also said a key ambition was to involve small and medium sized enterprises and efforts had been made to encourage SME's to come together to tender but to date little interest had been generated. He also said that many smaller organisations had been taken over by larger ones and that on request information about local enterprises would be provided to bidders.
- (4) Mr Burr acknowledged the fact that KCC, as with many other public sector organisations, needed to improve its commissioning skills and develop a commercial approach to managing contracts. He also said that some staff would transfer to new organisations, some redundancies were likely and that it was possible that one contracting organisation could deliver more than one batch of services being tendered. He outlined the role of the Facing the Challenge team and the directorates in developing and providing services in new ways and explained the reasons for seeking a partner in a Joint Venture for Legal Services.
- (5) Resolved that the update be noted.

104. Closure of Property Enterprise Funds 1 & 2 and the Future

(Item B2)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which recommended the closure of two Property Enterprise Funds. He said the funds had been very successful in achieving their original objectives and a new fund was now required to support the aims of generating income from property and ensuring a future disposal pipeline.
- (2) In response to questions, Andy Wood (Corporate Director of Finance and Procurement) said that once the funds were closed, there would be pressure on the Corporate Landlord Budget to meet the holding costs of these assets and discussions were continuing to resolve this as well as the issue of funding assets for disposal. He also said that the existence of the funds had enabled

capital projects to be undertaken and avoided having to sell assets at a time when the market was low.

- (3) Resolved that the Cabinet Member's proposed decision, to be taken in conjunction with the Cabinet Member for Finance and Procurement, be endorsed.

105. Strategic and Corporate Services Directorate Dashboard

(Item C1)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report and said it indicated that performance was moving in the right direction despite difficult circumstances.
- (2) Richard Fitzgerald (Performance Manager) said the results for the Contact Centre had improved since the last report and the figures for October were above target. He also said a new exit survey for the website was being used to identify whether customers had been able to complete the task and how satisfied they were. He said further work was underway to understand why some service areas received positive feedback and others received negative feedback.
- (3) In response to questions he said that links were made between the use of the website and calls to the Contact Centre but there was room for improvement.
- (4) Mr Sweetland (Cabinet Member for Commercial and Traded Services) said there was a need to develop a customer services policy, with clearly defined standards, to meet the needs of a commissioning council and it was proposed to present a draft customer services policy to the next meeting of the Policy and Resources Cabinet Committee on 16 January 2015.
- (5) Resolved that the report be noted.

106. Financial Monitoring

(Item C2)

- (1) Mr Simmonds (Deputy Leader and Cabinet Member for Finance and Procurement) introduced the report which set out the second quarter's full budget monitoring report for 2014-15 as reported to Cabinet on 1 December 2014. He referred, in particular, to the improved position for the Strategic and Corporate Services Directorate in comparison with the Quarter 1 report. The Directorate was now forecasting an underspend of £486K as a result of targeted management action. He acknowledged the pressures that continued, particularly in Children's Services, and emphasised the importance of delivering a balanced budget at the end of the year.
- (2) Jackie Hansen (Strategic and Corporate Services Finance Business Partner) drew attention to Annex 6 of the report to Cabinet which set out the items within the remit of the Policy and Resources Cabinet Committee.
- (3) Officers were asked to ensure that links to documents referred to in reports could be accessed by members of the public.

- (4) Resolved that the revenue and capital forecast variances from budget for 2014-15 within the remit of this cabinet committee, together with the overall forecast overspending position for the authority, based on the second quarter's full monitoring to Cabinet, be noted.

107. Annual Equality and Diversity Report 2013/14

(Item C3)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which set out an evaluation of compliance with the Equality Act 2010, plans for improvement and the annual report for 2013-14. He said progress had been made but challenges remained particularly in relation to ensuring equality and diversity issues were routinely considered as part of the decision making process.
- (2) In response to questions, Mr Charman (Head of Consultation and Engagement) said officers were advised that equality impact assessments should be undertaken as early as possible and work was underway with Democratic Services to ensure all decisions for Member consideration included an equality impact assessment. He also said efforts had been made to streamline the annual equality and diversity report, and any additional information would be provided on request. The Equality and Diversity team worked with the Corporate Portfolio Office to understand the cumulative impact of individual decisions on residents and with Democratic Services to provide training for Members. He undertook to respond to Mr Thandi regarding the provision of marriage scripts for all faiths and provided further information about the meaning of "inclusive recruitment and retention".
- (3) Mr Cooke said the annual equality and diversity report would be proof-read before publication.
- (4) Resolved that:
 - (a) Equality objectives be reviewed and included as part of the new strategic statement and new commissioning plan in 2015;
 - (b) Future equality monitoring be included with the performance framework supporting the new statement and commissioning plan;
 - (c) Equality governance be strengthened and that a report be received on the updated governance arrangements from the Governance and Law and Corporate Equality teams.

108. Budget Consultation 2015/16

(Item D1)

- (1) Mr Simmonds (Deputy Leader and Cabinet Member for Finance and Procurement) introduced the report which set out initial findings from the budget consultation that ran from 9 October to 28 November. He referred, in particular, to the value of the workshops attended by residents, staff and the business, voluntary and community sectors and said a detailed report from the consultants would be provided as soon as possible.

- (2) Dave Shipton (Head of Financial Strategy) said the report included a quantitative analysis which suggested that residents favoured generating savings from efficiency savings and demand reduction as well as making savings as a result of transformational change. Residents had also indicated they would support a small council tax increase and thought the authority should look to maximise the council tax base. Mr Shipton said there were fewer responses this year than last year but responses were still substantially higher than in previous years.
- (3) Members considered that although the response was relatively low it was worth doing and that it could be difficult to enthruse parish councils to engage with the process. In response to questions, Dave Shipton said he would confirm how much it would cost to run a workshop in a Member's division and that presentations had been given to district councils in previous years but none had been requested this year.
- (4) Mr Simmonds said that he had met with Mr Simkins and his constituents and said both he and the Deputy Cabinet Member for Finance and Procurement were happy to attend meetings at the invitation of Members to explain the extent of the issues being faced by the Council and how money was spent.
- (5) Resolved that the responses to the consultation be noted and that the findings be reflected in the final draft Budget and Medium Term Financial Plan due to be published on 12 January 2015.

109. Commissioning Advisory Board Update

(Item D2)

- (1) On behalf of Mr Hotson, David Whittle (Head of Policy and Strategic Relationships) introduced the report which provided an update on the work of the Commissioning Advisory Board regarding the proposal to establish Property Services as a local authority trading company (LATCO).
- (2) Resolved that the update be noted including the recommendation in regard to the Property and Infrastructure Review for consideration at the next meeting of the Policy and Resources Cabinet Committee on 16 January 2015.

110. Business Planning 2015/16

(Item D3)

- (1) David Whittle (Head of Policy and Strategic Relationships) introduced the report which reviewed the 2014/15 business-planning round and set out the arrangements for 2015/16. He said the principal changes proposed were to:
 - Rename them directorate business plans instead of strategic priority statements;
 - Include information about the services provided and whether those services were provided in-house or by an external provider;
 - Include information about any major service re-design expected over a rolling three-year period;
 - Include any service level agreements with new KCC delivery vehicles;

- Include a statement of how social value had been considered in commissioning and service delivery.
- (2) Members said: there was a risk that allowing directorates the freedom to use their own templates might result in confusion if not monitored closely; directorate-level plans should be easily accessible; and any electronic links in reports or other documents must work.
- (3) Resolved that:
- (a) The business planning arrangements for 2015/16 set out in section 3 of the report be agreed
 - (b) The additional information proposed for inclusion in directorate business plans set out in paragraph 3.6 of the report be agreed.

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KENT COUNTY COUNCIL

PROPERTY SUB-COMMITTEE

MINUTES of a meeting of the Property Sub-Committee held in the Swale 1, Sessions House, County Hall, Maidstone on Wednesday, 10 December 2014.

PRESENT: Mr A J King, MBE (Chairman), Miss S J Carey, Mr R A Latchford, OBE, Mr L B Ridings, MBE, Mr D Smyth and Mrs P A V Stockell

ALSO PRESENT: Mr G Cooke

IN ATTENDANCE: Mr B Appleby (New Ways of Working Programme Manager), Mr M Cheverton (Asset Management Surveyor), Mr R Lemerle (Disposals Surveyor), Smith and Mrs A Hunter (Principal Democratic Services Officer)

UNRESTRICTED ITEMS

30. Apologies and Substitutes
(Item A2)

Apologies for absence were received from Mrs T Dean.

31. Declarations of Interest
(Item A3)

There were no declarations of interest.

32. Minutes of the meeting held on 22 September 2014
(Item A4)

Resolved that the minutes of the meeting held on 22 September 2014 are a correct record and that they be signed by the Chairman.

33. Exclusion of the Public

- (1) The Chairman proposed that the press and public be excluded from the meeting.
- (2) Resolved that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

34. New Ways of Working Strategy (East Kent region) and Proposal to acquire a Freehold to become an East Kent Key Office Hub
(Item B1 & C1)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the reports relating to this item. The reports asked the Property Sub-Committee to consider and endorse or comment on his proposed

decision. Mr Cooke said the intention of the New Ways of Working project was to create hubs in addition to the Strategic Headquarters in Maidstone. He said hubs had already been established in west and mid Kent and it was proposed to acquire a suitable property near Whitstable as a key office hub for east Kent.

- (2) In response to questions, Mark Cheverton (Property Fund Manager) and Bob Appleby (New Ways of Working Programme Manager) outlined the current arrangements for office accommodation and gave further detailed information about the options considered for east Kent as outlined in the exempt report. It was also confirmed that: it would cost significantly more to build a new premises than to acquire an existing one; a surveyor's report had been commissioned; due diligence was underway to ensure value for money and any risks were considered; any premises acquired would provide suitable and flexible accommodation without the need for additional adaptation or refurbishment.
- (3) Resolved to endorse the Cabinet Member's proposed decision to agree:
 - (a) To the continued implementation of the New Ways of Working Programme into the east Kent region;
 - (b) To the freehold purchase and inclusive refurbishment of a property located on the outskirts of the Whitstable area at the price stated in the recommendations of the exempt report;
 - (c) To note the additional costs of purchase, including agents' fees and stamp duty, together with final fit-out works, as stated in the exempt report;
 - (d) That the Executive Scheme of Delegation for Officers set out in Appendix 2, Part 4 of the Constitution (and the directorate schemes of sub-delegation made there under) provides the governance pathway for the implementation of this decision by officers. In this instance, the Director of Property and Infrastructure Support on behalf of the Corporate Director of Strategic & Corporate Services) will take all such steps as are necessary to implement the decision.

35. Disposal of Land at Churchill CEP School, Westerham
(Item B2 & C2)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the reports relating to the proposed disposal of the land at Churchill CEP School, London Road, Westerham and asked the Property Sub-Committee to consider and either endorse or make recommendations on his proposed decision. Mr Cooke suggested the addition of the words "in consultation with the Cabinet Member" to the recommendation set out in the reports.
- (2) Rod LeMerle (Disposals Surveyor) outlined the history of the site and gave further information about an adjoining site currently being used for allotments.

He also provided an update on the offers received and outlined the proposed next steps to establish the best overall bid that should be accepted and taken forward.

- (3) During discussion it was confirmed that no information was available in relation to an objection to an earlier planning proposal by KCC for a care home on the site.
- (4) Resolved that:
 - (a) The Cabinet Member's proposed decision to sell the property and to delegate final authority to the Director of Property and Infrastructure Support, in consultation with the Cabinet Member, to finalise the selected purchaser and the terms of the proposed sale be endorsed;
 - (b) A report on the outcome of the disposal be received at a future meeting of the Property Sub-Committee.

36. Disposal of five leasehold interests for 125 years at market value for all units in the Nautical Mews Development in Cliftonville, as part of the Live Margate regeneration programme
(Item C3)

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which considered the proposed disposal of five leasehold interests for 125 years at market value for all units in the Nautical Mews development in Cliftonville as part of the Live Margate regeneration programme. The report also asked the Property Sub-Committee to consider and either endorse or make recommendations on the Cabinet Member's proposed decision.
- (2) Peter Smith (Assistant Asset Management Surveyor) gave a short history of the site and described how the proposed decision would contribute to the Live Margate regeneration programme. He also circulated a proposed site plan.
- (3) Mark Cheverton (Property Fund Manager) confirmed that in accordance with the Council's constitution the proposed decision should be taken by the Cabinet Member for Corporate and Democratic Services.
- (4) Resolved:
 - (a) That the Cabinet Member's proposed decision to agree the disposal of five leasehold interests in the terms set out in the exempt report and to delegate authority to the Director of Property and Infrastructure Support to adjust the final terms, if necessary, to conclude the transaction, be endorsed;
 - (b) That a report on the Live Margate regeneration programme be considered at the Policy and Resources Cabinet Committee on 22 April 2015.

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From: Peter Sass, Head of Democratic Services
To: Policy and Resources Cabinet Committee –16 January 2015
Subject: **Work Programme 2015**

Classification: **Unrestricted**

Past Pathway of Paper: None

Future Pathway of Paper: Standard item

Summary: This report gives details of the proposed work programme for the Policy and Resources Cabinet Committee

Recommendation: The Policy and Resources Cabinet Committee is asked to consider and agree its work programme for 2015.

1. Introduction

- 1.1 The proposed Work Programme has been compiled from items on the Forthcoming Executive Decision List; from actions arising from previous meetings, and from topics identified at agenda setting meetings, held 6 weeks before each Cabinet Committee meeting in accordance with the Constitution and attended by the Chairman, Vice-Chairman and group spokesmen.
- 1.2 Whilst the Chairman, in consultation with the Cabinet Members, is responsible for the final selection of items for the agenda, this item gives all Members of the Cabinet Committee the opportunity to suggest amendments and additional agenda items where appropriate.

2. Terms of Reference

- 2.1 At its meeting held on 27 March 2014, the County Council agreed the following terms of reference for the Policy and Resources Cabinet Committee “To be responsible for those functions that fall within the Strategic and Corporate Services Directorate”.
- 2.2 Further terms of reference can be found in the Constitution at Appendix 2 Part 4 paragraph 21 and these should also inform the suggestions made by Members for appropriate matters for consideration.

3. Work Programme 2015

- 3.1 An agenda setting meeting was held on 28 November 2014 at which items for this meeting’s agenda and future agenda items were agreed. The Cabinet Committee is requested to consider and note the items within the proposed Work Programme, set out in appendix A to this report, and to suggest any additional topics that they wish to be considered for inclusion on the agenda of future meetings.

3.3 When selecting future items the Cabinet Committee should give consideration to the contents of performance monitoring reports. Any 'for information' or briefing items will be sent to Members of the Cabinet Committee separately to the agenda or separate member briefings will be arranged where appropriate.

4. Conclusion

4.1 It is important for the Cabinet Committee process that the Committee takes ownership of its work programme to help the Cabinet Members to deliver informed and considered decisions. A regular report will be submitted to each meeting of the Cabinet Committee to give updates on requested topics and to seek suggestions for future items to be considered. This does not preclude Members making requests to the Chairman or the Democratic Services Officer between meetings for consideration.

5. **Recommendation:** The Policy and Resources Cabinet Committee is asked to consider and agree its work programme for 2015.

6. Background Documents

None.

7. Contact details

Report Author:
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ann.hunter@kent.gov.uk

Lead Officer:
Peter Sass
Head of Democratic Services
01622 694002
peter.sass@kent.gov.uk

WORK PROGRAMME –2015
Policy and Resources Cabinet Committee

Agenda Section	Items
22 April 2015	
B - Key or Significant Decisions for Recommendation or Endorsement	Transformation update
C - Performance Monitoring	<ul style="list-style-type: none"> • Performance Dashboards • Financial Monitoring • Update on delivery of Managed Print Services contract (6-monthly updated requested at P&R Cabinet Committee on 19 Sept 2014) • Facilities Management Contract Monitoring • Work programme
D - Other Items for comment/ recommendation	<ul style="list-style-type: none"> • Directorate Business Plan
9 July 2015	
B - Key or Significant Decisions for Recommendation or Endorsement	<ul style="list-style-type: none"> • Transformation update
C - Performance Monitoring	<ul style="list-style-type: none"> • Performance Dashboards • Financial Monitoring • Work programme
D - Other Items for comment/ recommendation	<ul style="list-style-type: none"> • Spending Review/Emergency Budget for 2016/17 (depends on date of Government announcement and therefore this item may be put back to September)
10 September 2015	
B - Key or Significant Decisions for Recommendation or Endorsement	<ul style="list-style-type: none"> • Transformation update
C - Performance Monitoring	<ul style="list-style-type: none"> • Performance Dashboards • Financial Monitoring • Work programme
D - Other Items for comment/ recommendation	
11 December 2015	
B - Key or Significant Decisions for Recommendation or Endorsement	Transformation update
C - Performance Monitoring	<ul style="list-style-type: none"> • Performance Dashboards • Financial Monitoring • Facilities Management Contract Monitoring • Work programme
D - Other Items for comment/ recommendation	<ul style="list-style-type: none"> • Business Planning 2016/15
Items for Consideration that have not yet been allocated to a meeting	
A – Committee Business	

B - Key or Significant Decisions for Recommendation or Endorsement	
C - Performance Monitoring	
D - Other Items for comment/ recommendation	

From: Paul Carter, Leader of the Council
John Burr, Director of Transformation

To: Policy and Resources Cabinet Committee, 16th January 2015

Subject: **Facing the Challenge Update Report on Back office procurement and Legal Services Phase 1 Reviews**

Classification: **Unrestricted**

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Division: All

Summary: This report follows on from information previously provided to the Policy and Resources Cabinet Committee on these Phase 1 reviews and updates the Committee on the current direction of travel

Recommendation(s): The committee is asked to note the project update in respect of the individual service reviews.

1. Introduction

1.1 As part of the Facing the Challenge Phase 1 Service Review and Market Engagement project, twelve services were identified to be reviewed. This report seeks to provide an update on progress to date on six of the services listed below.

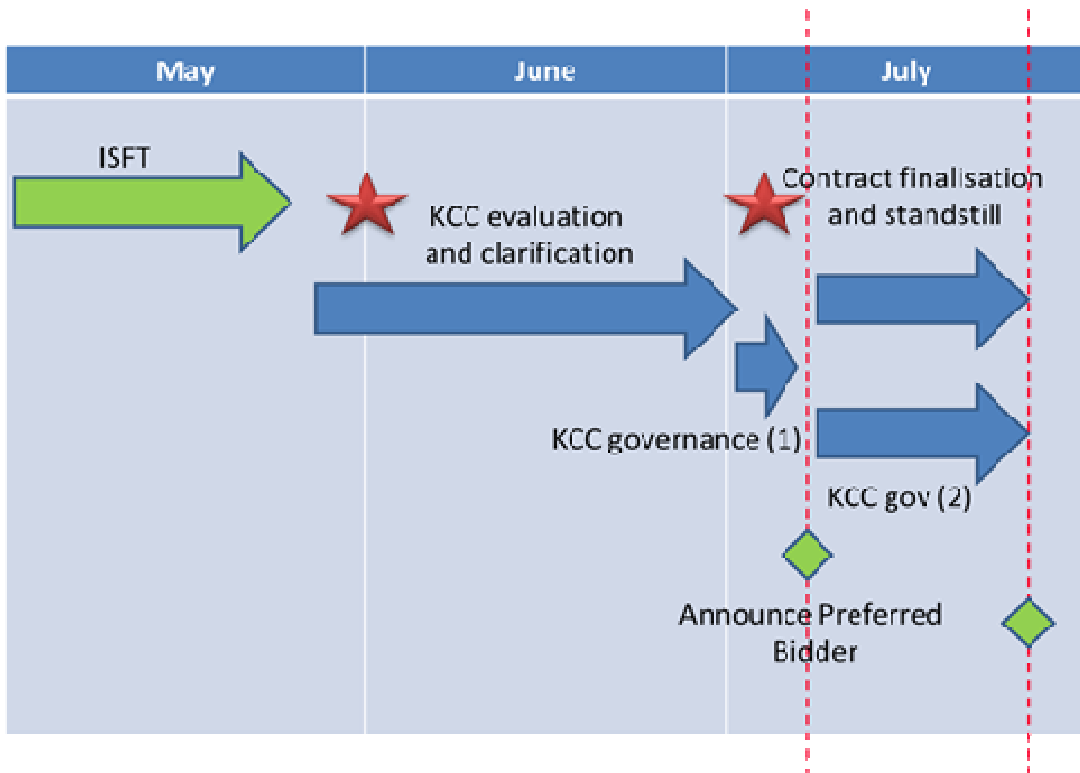
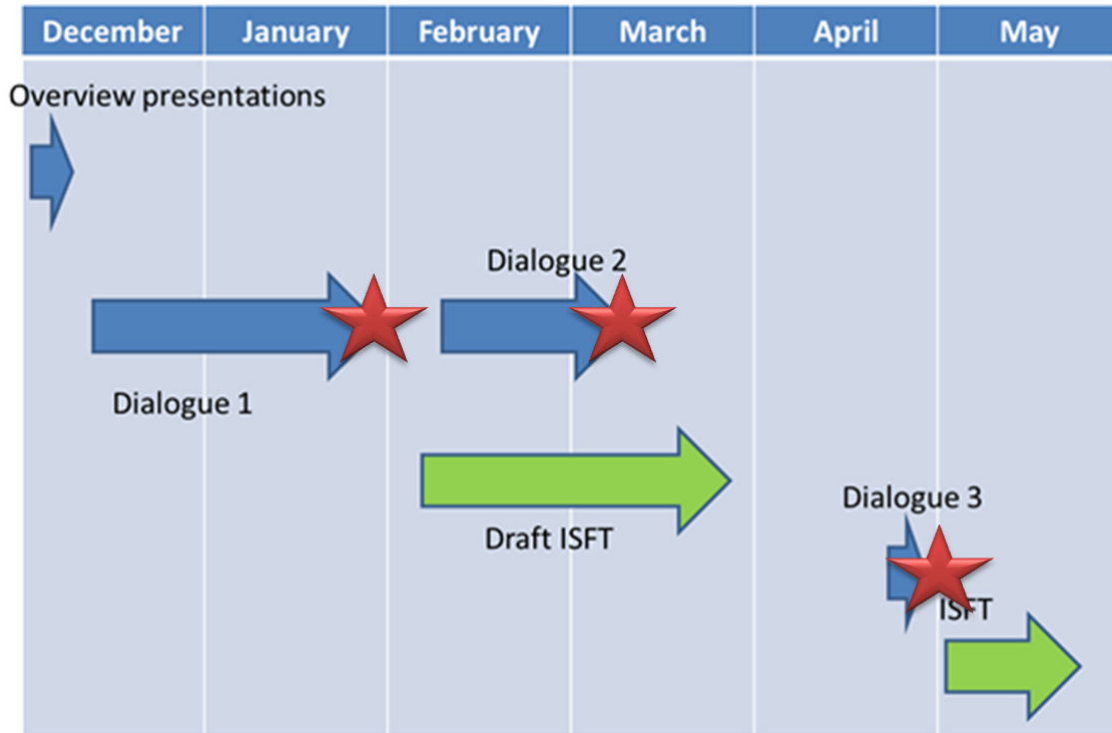
- HR
- ICT
- Finance
- Contact Point
- Digital Communications
- Legal Services

1.2 Members will recall that reports on the Back Office Procurement project and the Legal Services review have been presented to this committee on the following dates. The purpose of this report is to bring Members up to date on progress, as part of the agreed regular updates throughout the process.

- Facing the Challenge — Customer Services, Finance, HR and ICT - Policy and Resources Cabinet Committee – 19th September 2014
- Facing the Challenge – Legal Services Review – Update Report - Policy and Resources Cabinet Committee – 19th September 2014

- Facing the Challenge - Market Engagement and Service Review Update (PowerPoint presentation) - Policy and Resources Cabinet Committee – 12th December 2014
- 1.3 The development and implementation of a strong intelligent client/commissioning function is fundamental to a successful outcome for each of these services and the development of this client function is therefore an integral part of the proposals. Strong contract management arrangements will also be put in place.
- 2. Back Office Procurement Project**
- 2.1 The Back Office Procurement Project includes the following services:
- HR
 - ICT
 - Finance
 - Contact Point
 - Digital Communications
 - Services for Schools (EduKent)
- 2.2 The procurement process commenced in October 2014 and the project is now at the Competitive Dialogue stage.
- 2.3 Before Competitive Dialogue commenced the bidders submitted an **Initial Submission of their Outline Solution (ISOS)**. This document details the service design and delivery plan based on both the initial design specifications together with any proposed innovations. This shaped the conversations that need to be had during dialogue. At this point, the bidders also submitted an estimate of delivery costs/savings.
- 2.4 The **Competitive Dialogue stage** commenced in December with ‘provider days’ where each provider was allocated one day to present to Members and Officers of KCC their outline solution. This provided KCC with assurance that the providers understood their requirements and had the capability and relevant experience to deliver them and behalf of the Authority. It also gave Officers and Members the opportunity to provide guidance on what the Authority was looking for in a partner, which in turn will help shape the future delivery of the service.
- 2.5 The dialogue sessions are managed and led by KCC Officers who will, throughout the process, update Members and Officers on any decisions that are required and on general progress to date. The dialogue sessions are also supported by KCC procurement team and external expertise as appropriate.
- 2.6 Throughout the dialogue process there are ‘checkpoints’ at which Members will be formally updated on progress and asked for guidance on how the next stages of the dialogue sessions will be shaped and driven. These milestones can be seen below.

★ Member Engagement

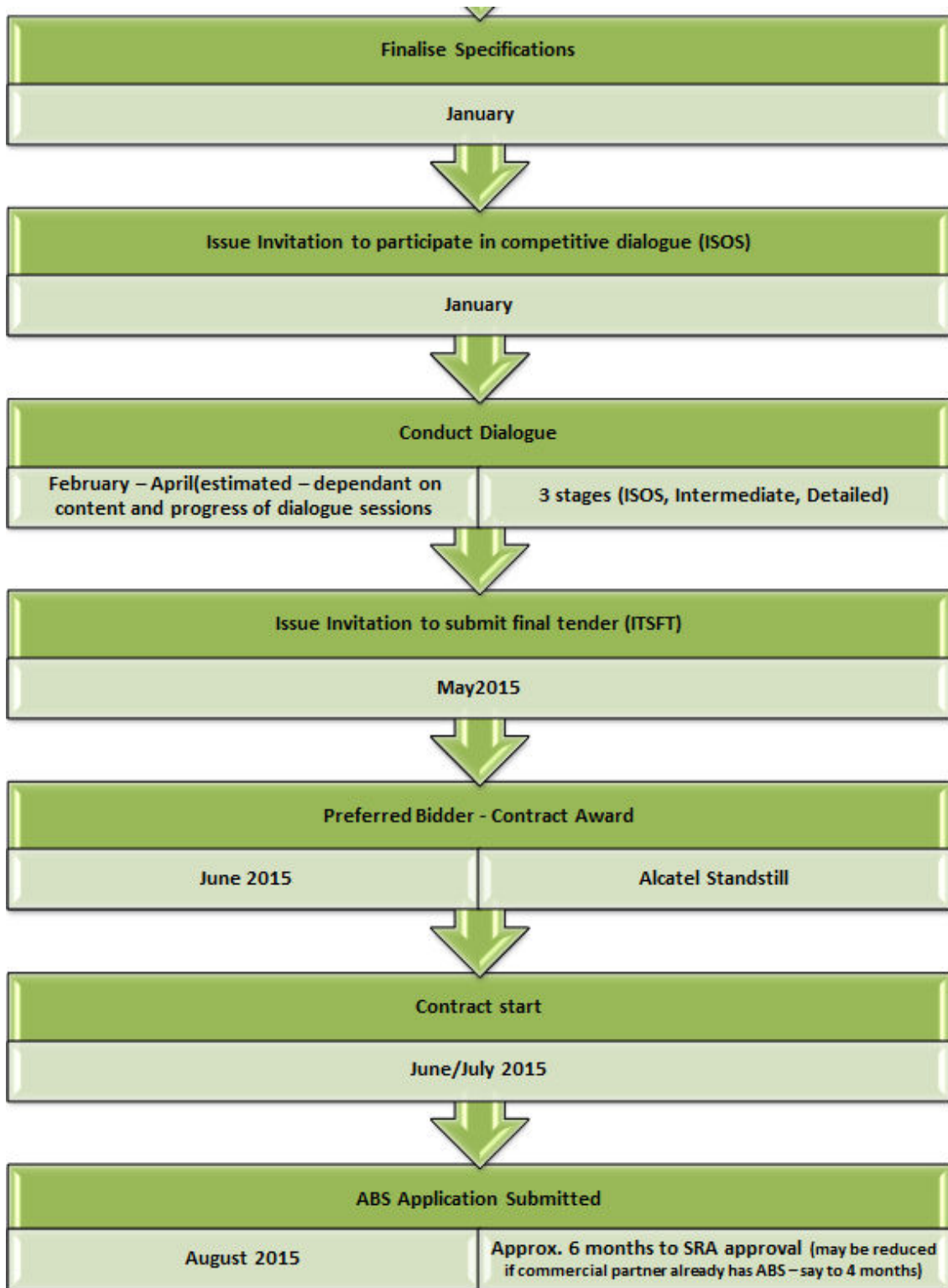


2.7 **Key Milestones** – the Back Office procurement project is on target to meet the following high level key milestones.

Key Milestone	Indicative Timetable
Competitive Dialogue	1 st Dec 2014 – April 2015
Evaluation of final bids	June 2015
Key Decision	July 2015
Announcement of preferred bidder	July 2015
Contract Award	July 2015

3 Legal Services Review

- 3.1 A supplier day was held on 18th November 2014, which the providers attended. The Leader of the Council; Paul Carter and the Cabinet Member for Commercial and Traded Services; Bryan Sweetland as well as Senior KCC Officers and staff delivered presentations and participated in a Q&A session with providers and set the scene for the forthcoming procurement activities.
- 3.2 Competitive dialogue is the recommended procurement route that Kent County Council will take and will commence during February 2015. This will allow the council to explore supplier solutions in depth. Competitive dialogue makes it easier to confirm that “all necessary elements” are in place before bids are submitted, resulting in more robust tenders. For bidders, the process provides better information flow, together with the opportunity to test the council’s requirements through a progressive development of their proposal.
- 3.3 **Key Milestones** - The key milestones in the procurement process are shown in the following diagram.



4 Recommendation(s)

Recommendation(s):

The committee is asked to note the project update in respect of the individual service reviews.

5 Background Documents

5.1 The content discussed above has been reported to the Commissioning Advisory Board (CAB) recently where similar detail was used to provide an update on the individual reviews. These can be found in the following documents:

- Facing the Challenge — Customer Services, Finance, HR and ICT - Policy and Resources Cabinet Committee – 19th September 2014
- Facing the Challenge – Legal Services Review – Update Report - Policy and Resources Cabinet Committee – 19th September 2014
- Facing the Challenge - Market Engagement and Service Review Update (PowerPoint presentation) - Policy and Resources Cabinet Committee – 12^{Tth} December 2014

6 Contact details

Report Author: John Burr john.burr@kent.gov.uk

From: Gary Cooke, Cabinet Member for Corporate & Democratic Services
And
Paul Carter, Leader and Cabinet Member for Business Strategy, Audit and Transformation

To: Policy and Resources Cabinet Committee – 16 January 2015

Decision No: **14/000150**

Subject: **Facing the Challenge – Property Future Service Delivery Model**

Classification: **Unrestricted**

Past Pathway of Paper:

P&R Property Facing the Challenge Update Paper (July 2014)

Future Pathway of Paper:

Cabinet Member Decision

Electoral Division: All

Summary: Property and Infrastructure Support, since the implementation of the Corporate Landlord model, has been continuously improving its service delivery model and was selected as a Phase 1 service as part of the Facing the Challenge (FtC) Review Process. The aim of the review was to evaluate the current service offer and consider alternative delivery models and how the service can best meet the continuing needs of the Council and the financial challenges the County Council over the medium to long term as Central Government funding reduces.

Following a detailed analysis of the current property service offer and an appraisal of the alternative service delivery options, a Local Authority Trading Company (LATC) model is considered as the option which best meets the challenges faced by the council as well as providing the best opportunity to deliver medium to long term financial benefits to the authority. The business plan for this option has been further developed and modelled to ensure that the proposed option is both deliverable and viable.

The main conclusions from the detailed Business Plan are:

A LATC will offer Strategic Estate Management Services, Operating Building Management services, and Project Services

The same level of services can be maintained for KCC, which KCC can afford to pay for using planned budgets and any income generated.

Following the outcome of the detailed financial plan it is recommended that a decision is now progressed to implement a LATC for the delivery of Property Services.

Recommendation(s): The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations on the proposed decision to be taken by Cabinet Member that:

1. In consultation with the S151 Officer, Monitoring Officer and subject to the comments of the Trading Activities Sub Committee (Governance and Audit) the County Council establishes a wholly owned Local Authority Trading Company to deliver its Property Service based on the principles outlined in this report. The Local Authority Trading Company (LATC) will be established as soon as possible but trading will not commence until the necessary resources, approvals and commissioning functions for KCC are in place.

2. Subject to the proposed decision set out in recommendation 1 being taken, authority be delegated to the Director of Property and Infrastructure Support in discussion with the Cabinet Member, to put in place the necessary arrangements to facilitate the establishment of the Local Authority Trading Company.

Introduction

1.1 Property was considered as part of the 'Facing the Challenge: Delivering Better Outcomes' phase 1 review process. A key part of this activity included market engagement alongside challenging key assumptions as to current service delivery, which is based around two property service, Strategic Asset Management which involves the active management of the KCC estate (asset reviews, acquisitions, disposals, lease management, etc.); and Asset Agency Services which involves P&IS acting as a manager or agent of a supply chain to design, build, modify and operate individual assets.

1.2 The detailed analysis of the current delivery model and options appraisal identified that P&IS concentrated around two core services:

- Strategic Asset Management, which involves the active management of the KCC estate (asset reviews, acquisitions, disposals, lease management etc.). The KCC estate is managed in two portfolios, an operational portfolio and a disposals portfolio. A small external supply chain of professional services are used to support this element of the business; and
- Asset Agency Service which involves P&IS acting as a manager or agent of a supply chain to design, build, modify and operate individual assets. This part of the business uses two major supply chains, a design and construction supply chain and an FM supply chain (which will be largely sourced through the forthcoming Total FM contract).

1.3 The following delivery options were considered:

1. Do nothing
2. Remain in-house but make efficiency savings and trade at cost
3. Outsourcing
4. Externalise and establish a Local Authority Trading Company that is 100% wholly owned by KCC
5. Externalise and establish a Joint Venture Company
 - (a) with a private sector company and
 - (b) a Teckal JV with another Local Authority Trading Company.

1.4 It was concluded that the option which offered the greatest opportunity to meet the Councils objectives was Option 4: Externalise and establish a Local Authority Trading Company that is 100% owned by KCC. The benefits of were identified as providing the best opportunity for income growth; efficiency savings and increased portfolio performance.

1.5 Following an analysis of the current service offer and consideration of the service delivery options the business case was developed focussing on income generation being the primary mechanism for delivering the budgetary savings required, via:

- Greater return from KCC property
- Growth and margin from trading
- Capturing Supply Chain profit from existing KCC supply chains
- Income from property development

2. Financial Implications – Due to the commercial sensitivity around the financial analysis, full details of the financial implications can be found in the exempt report.

3. The Report

3.1 The final name will be chosen during the transition phase should the County Council wish to proceed with this model. Due to the commercial sensitivity around the details of the business, the full report section can be found in the exempt report.

4.0 Legal & Governance Structure – Due to the commercial sensitivity of this proposal, full details of the Governance Structure can be found in the exempt report.

5.0 Risk

- 5.1 The key risk and mitigation measures have been identified and full details can be found in the exempt report. The Business Plan was reviewed by the S151 officer, the 151 report was supportive and acknowledged the financial plan was prudent and robust. In addition the Business Plan was reviewed by the Corporate Portfolio Office, and its comments were addressed within the final version of the Business Plan.
- 5.2 The Commissioning Advisory Board were satisfied with the proposed establishment of a LATC for the delivery of Kent County Council's Property Services. A specific action from the Board was to ensure that all Members of the County Council be provided with a training opportunity on the Local Authority Trading Company as a delivery model. The training will explicitly cover the role of the elected Member in the LATC, and as such P&IS have included this training requirement within our establishment programme.
- 5.3 The project is now under the review of the Corporate Portfolio Office and a monthly status report is issued to the CPO which highlights progress against target.

6 Conclusion

- 6.1 The proposal to establish a LATC for the delivery of property services has been considered as part of a structured review and analysis appraisal which concludes that a LATC is the most viable option for Property to deliver its departmental savings target; drive efficiency and culture change whilst achieving revenue surplus and maintaining current service levels. In addition this proposal meets the council's long term aspirations to provide transformation through a whole council approach and deliver a surplus back to the authority.
- 6.2 The LATC as a company, will also have a strong emphasis on social value and delivering a return for reinvestment back into Kent County Council services as the Shareholders consider appropriate and that in terms of the management of KCC property, KCC very much is still in control of setting its policy.
7. **Next Steps** – Due to the commercial sensitivity of this proposal, the next steps are detailed in the exempt report.

8. Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations on the proposed decision to be taken by the Cabinet Member that:

1. In consultation with the S151 Officer, Monitoring Officer and subject to the comments of the Trading Activities Sub Committee (Governance and Audit) the County Council establishes a wholly owned Local Authority Trading Company to deliver its Property Service based on the principles outlined in this report. The Local Authority Trading Company (LATC) will be established as soon as possible but

trading will not commence until the necessary resources, approvals and commissioning functions for KCC are in place.

2. Subject to the proposed decision set out in recommendation 1 being taken, authority be delegated to the Director of Property and Infrastructure Support in discussion with the Cabinet Member, to put in place the necessary arrangements to facilitate the establishment of the Local Authority Trading Company.

9. Contact details

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From: Paul Carter, Leader and Cabinet Member for Business Strategy, Audit and Transformation

To: Policy and Resources Cabinet Committee,
16 January 2015

Decision No: 14/00154

Subject: Appointment of Strategic Efficiency and Transformation Partner

Classification: Unrestricted

Past Pathway of Paper: Transformation Advisory Group

Future Pathway of Paper: Cabinet Member Key Decision

Electoral Division: All

Summary: This paper explains the rationale for appointing a Strategic Efficiency and Transformation Partner, outlines the procurement approach being taken to appoint a suitable partner, and seeks approval to proceed with the procurement exercise and to delegate authority for appointing the successful provider.

Recommendations:

Cabinet Committee is asked to:

- Consider and endorse, or make recommendations to the Leader and Cabinet Member for Business Strategy, Audit and Transformation on the proposed decision to procure a Strategic Efficiency and Transformation Partner to support KCC's continued savings delivery activities

1. Introduction

2.1 Like local authorities across the UK, KCC is under continued pressure to further reduce the costs of delivering services to our residents. £440m of savings have already been achieved since 2008, however the pressure continues and the Council is now focused upon achieving at least an additional £207m of savings by 2017/18. It is widely recognised that this will not be an easy target to achieve, and will require further significant service transformation balanced with the responsibilities of looking after Kent's people and place.

2.2 The Council has used the expertise and additional capacity provided by several external organisations to deliver the savings realised to date.

Transferring skills from these consultants to KCC staff has started, to ensure that our need for external support reduces over time, however given the scale and complexity of savings still to be achieved, we expect additional capacity and expertise to continue to be required for at least the next two years.

- 2.3 By moving from purchasing this support on a tactical basis to a more strategic approach with a chosen transformation partner, KCC will be able to achieve improved value for money as well as accelerating the skills development of our workforce.

3. Background

- 3.1 To deliver the savings we have achieved to date and which we need to realise by 2018, the Council has established four change portfolios:

- **0-25 Change Portfolio** - focuses on transforming the way we deliver services for children, young people and their families.
- **Adults Change Portfolio** - focuses on transforming the way we deliver services for vulnerable adults and older people, with our health, voluntary and community partners.
- **Growth, Environment and Transport Change Portfolio (previously Place)** - transformation activity that brings together our universal services which touch the everyday lives of Kent's communities.
- **Business Capability Change Portfolio** - corporate change programmes that create new capability to support the delivery of frontline service transformation

- 3.2 The majority of transformation activity within these portfolios has been undertaken by KCC staff, however the Council has also used the support of several external organisations to support its transformation activities to date, most extensively within our transformation programmes within the 0-25 and Adults portfolios. As a model of joint working, with coordinated County Council and partner project working, it has represented a sound investment. For example, to date we have spent approximately £5m on external support for our Adults transformation programme, which is expected to eventually achieve approximately £30m savings. Continuing to use external support where appropriate will provide additional capacity and expertise to ensure that we achieve the required savings set out in the Medium Term Financial Plan of c£207m by 2018.

- 3.3 To date, these external organisations have been procured to deliver specific projects and programmes, for example:

- Delivery of assessment, design and implementation for Adults Phase 1
- Delivery of assessment and design for the 0-25 portfolio
- Review of KCC's procurement function and external expenditure

- 3.4 This approach has had the benefit of enabling us to assess our requirement for external support at regular intervals, however we have not benefited from the value for money benefits which might be possible were we to have committed to a longer-term relationship with one organisation.
- 3.5 As our transformation maturity develops, there is clear evidence that the skills required to deliver transformation are developing across KCC. For example, we have numerous members of staff working closely with the organisation delivering our 0-25 design programme to learn how to apply the methodology the company is using, as well as starting to develop the skills which their staff bring to KCC.
- 3.6 Nonetheless, despite this increasing capability, the rate of change across the Council means that we continue to require external support, in particular to ensure that we can continue to deliver the high quality services that our residents expect from KCC.
- 3.7 As such there are significant benefits that can be achieved from appointing a single Strategic Efficiency and Transformation Partner, including:
- Reduction in procurement time from not needing to procure resource and expertise for individual projects
 - A stronger relationship with our selected partner, so that they build up a more in-depth knowledge and understanding of KCC and our priorities
 - Benefitting from the investment that our selected partner is likely to make in the partnership arrangement, for example providing us with 'added value' services
 - Giving KCC the opportunity to reconsider its requirements from a strategic transformation partner so that priorities such as transferring skills to our staff become higher priorities for the organisation we work with.

4. Our requirement

- 4.1 The scope of the contract will be broad and flexible to enable us to use the skills and capacity of the selected partner as required, however at this stage we expect the following programmes of work to be delivered with the support of the selected partner:
- 4.2 **Adults portfolio – Phase 2 implementation:** Phase 2 includes a range of projects/programmes shown below, some of which will be implemented with our efficiency and transformation partner and others by KCC alone.
- 4.3 **Adults portfolio – Phase 3:** Having ensured best use of existing systems in Phase 1 and increased breadth of services in Phase 2, Phase 3 of the programme will focus on developing integrated commissioning by establishing integrated internal processes in the care pathway, and working with partners to develop joint strategic commissioning arrangements

- 4.4 **0-25 portfolio – Phase 2:** Work is currently underway to deliver a first phase of the 0-25 change portfolio. The design phase refined the financial opportunity and the model to be implemented, and the implementation of the resulting changes will commence in February 2015. As with the Adults portfolio, we expect there still to be a lot to do after the upcoming implementation phase, to achieve our ambitions for higher quality, lower cost services for children and families across Kent.
- 4.5 **Further transformation and efficiency projects council-wide to be identified:** we need to ensure the optimal efficiency and effectiveness of every service delivered directly by or procured on behalf of KCC. As a result we will need our strategic efficiency and transformation partner to support these aims across the Council, for example by reviewing the Council's external spend, strategic procurement capacity and approach to commissioning, and providing general strategic consultancy advice to our Officers and Members.
- 4.6 **Skills transfer and capacity building across KCC:** KCC has benefited significantly from the external expertise that we have employed over the last few years, and the skills that we have brought in have demonstrated the value of new skills to the traditional KCC workforce. Our staff have already been working closely with the consultants we have used to date, but we now want to further accelerate this model of joint working and skills transfer to help ensure that we are growing the capabilities we need in our staff for the future. In parallel to the programmes outlined above, we will require our chosen efficiency and transformation partner to design and implement a skills development and culture change programme which will ensure that we have staff across KCC who can use the skills and methodologies deployed through transformation on an ongoing basis.
- 4.7 8 responses to the Pre-Qualification Questionnaire have been received and the Invitation to Tender is expected to be issued on 12th January 2015.

5. Pricing

- 5.1 The majority of projects commissioned through this contract are expected to be delivered using a contingent fee / risk and reward model, supported by an agreed daily rate card.
- 5.2 Tenderers will be required to submit a proposal for a risk and reward approach. In addition, Tenderers will be required to submit pricing against a daily rate card which will include volume discounts to reflect the amount of business KCC may place with the Partner.
- 5.3 The exact price of each project or programme to be delivered by the selected partner is not yet known until the detailed scoping has been carried out for each, and until the rates and reward model is confirmed through the procurement exercise.

6. Procurement approach

6.1 We are carrying out an OJEU tendering exercise using an Open Procedure. This has the advantage of allowing all suitable suppliers to have the opportunity to tender for the contract and so provide reassurance to the Council that the contract delivers best value for KCC.

6.2 The anticipated procurement timetable is shown below:

OJEU notice submitted & PQQ available via portal	5 th December 2014
Expression of Interest (EOI) window opened	5 th December 2014
Deadline for PQQ clarification questions	29 th December 2014
Expression of (EOI) Interest window closed	5 th January 2015
Deadline for PQQ submissions	5 th January 2015
Completion of PQQ evaluation	12 th January 2015
Issue of Invitation to Tender (ITT)	12 th January 2015
Deadline for ITT clarification questions	10 th February 2015
Deadline for ITT submissions	17 th February 2015
Interviews for shortlisted bidders	6 th March 2015
Pre-let meeting with preferred bidder	Week commencing 9 th March
Decision	16 th March 2015
Standstill period ends	26 th March 2015
Contract award	27 th March 2015
Contract start date	1 st April 2015

7. Financial Implications

7.1 The funding for each individual project or programme will be agreed with the commissioning service and with Finance before commitments to any work are made.

8. Legal implications

8.1 The terms and conditions of the contract with the selected Strategic Efficiency and Transformation Partner will reflect KCC's standard terms and conditions.

8.2 The management and broad direction of the strategic transformation partnership will be through the Council Leader, Head of Paid Service and the relevant Portfolio Board, with a specific allocated nominated officer to manage relationships with the Strategic Efficiency and Transformation Partner.

9. Equalities Impact

9.1 There are no direct equalities issues related to the contract or governance. Any additional impacts or decisions arising from specific projects delivered by the Strategic Efficiency and Transformation Partner will be considered by the relevant Cabinet Committee.

10. Facing the Challenge and Policy Framework

- 10.1 The partnership with the selected organisation will contribute significantly to the delivery of whole council transformation and to implementing the Councils' Transformation Plan – Facing the Challenge: Delivering Better Outcomes. This is being achieved within the three key transformation themes of Managing Change Better, Integration & Service Redesign, and Market Engagement & Service Review.

11. Conclusions

- 11.1 As the Council's rate and scale of transformation continues, we are investing significantly in developing the skills and capacity of our staff to be able to lead and deliver this change, however to ensure that savings are realised and benefits are sustained, we require continued external capacity and expertise.
- 11.2 Appointing a Strategic Efficiency and Transformation Partner will enable us to access the support and expertise of a suitable organisation whilst delivering value for money KCC.

12. Recommendation(s)

Cabinet Committee is asked to:

- Consider and endorse, or make recommendations to the Leader and Cabinet Member for Business Strategy, Audit and Transformation on the proposed decision to procure a Strategic Efficiency and Transformation Partner to support KCC's continued savings delivery activities

13. Background Documents

[Facing the Challenge – delivering better outcomes, September 2013](#)

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From: Mark Dance, Cabinet Member for Economic Development
 Roger Gough, Cabinet Member for Education and Health Reform
 David Cockburn, Head of Paid Service

To: Policy and Resources Cabinet Committee – 16th January 2015

Decision No: 14/00114

Subject: Broadband Delivery UK Phase 2 Project

Key decision Affects more than 2 Electoral Divisions
 Expenditure or savings of > £1m

Classification: Unrestricted

Past Pathway of Paper: N/a

Future Pathway of Paper: N/A

Electoral Divisions: All

Summary

KCC has made significant progress in delivering the Broadband Delivery UK (BDUK) Phase 1 Project across the County, since it began in March 2013. Over 55,000 homes and businesses have so far benefited from the Kent and Medway BDUK Phase 1 Project who would otherwise have been left with no or slow broadband. The BDUK Phase 2 project is expected to build upon this success and create another step change in local broadband availability.

Recommendation

The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Members for Economic Development and Education and Health Reform on the proposed decision to:

- 1) enter into a contract to deliver the Kent and Medway BDUK Phase 2 project;
- 2) enter into a grant agreement with BDUK to draw down the £5.6 million of Government funding, subject to the Council approving match funding as part of the 2015-18 Capital Programme, on 12th February 2015.

1.0 Introduction

This report provides an update on the delivery of the Kent and Medway BDUK Phase 1 project and sets out the Council's plans for a Phase 2 BDUK project.

2.0 Financial Implications

Kent County Council has been awarded £5.6 million of Government funding from BDUK for the Phase 2 project. This offer is dependent upon Kent County Council matching the allocation and provision for this will be made in the draft Council's medium term plan which will be considered by the Council on the 12th February 2015.

3.0 Bold Steps for Kent and Policy Framework

Good broadband connectivity is essential for enabling economic growth and public service transformation. This project will support Kent's strategic ambitions by:

- Facilitating economic growth by removing a significant barrier to business development (especially for the 40% of Kent's businesses based in rural areas).
- Supporting KCC's ambition to put the citizen in control by providing the infrastructure to support the transformation of public services.
- Tackling disadvantage by increasing access to services and improving educational outcomes.

Furthermore, through helping to reduce the need to travel and by enabling greater home-working, this project will also contribute towards the delivery of a number of environmental outcomes around carbon reduction.

4.0 Kent and Medway BDUK Phase 2 Project

4.1 Background

4.1.1 In February 2014, Kent County Council was awarded additional Government funding of £5.6 million to extend the reach of superfast broadband services. This allocation, which is being matched by £5.6 million from the Council, is part of BDUK's Phase 2 national 'Superfast Extension Programme'. The purpose of this programme is to build upon the current BDUK Phase 1 projects so that 95% of properties across the UK have access to superfast broadband of at least 24mbps by the end of 2017.

4.1.2 In Kent, over 55,000¹ homes and businesses have already been connected to faster broadband through the Phase 1 contract with BT. These properties are in areas that will not gain access to superfast broadband services through commercial upgrade programmes and have been assessed as areas of 'market failure'. This infrastructure build is due to complete by the end of 2015 and further information on the rollout plans is publicly available at www.kent.gov.uk/broadband.

4.1.3 The aim is, that by the end of the Kent and Medway BDUK Phase 1 project, 91% of properties will have superfast broadband of at least 24 mbps and all properties in the project area will have access to a basic broadband service of at least 2mbps. The BDUK Phase 2 project offers KCC the opportunity to further extend superfast broadband availability and better broadband services beyond 91% of properties.

¹ Almost 169,000 premises were identified as being in areas of market failure for superfast broadband at the start of the BDUK Phase 1 project. The project is expected to deliver superfast broadband to over 120,000 of these premises.

4.2 BDUK Phase 2 Project: Procurement Approach

4.2.1 KCC is procuring the Phase 2 project utilising the BDUK framework, which is now a single supplier framework. This is because, having reviewed the options:

- Running a separate OJEU procurement would take longer and increase the risk of a no-bid scenario – especially if the local requirement and contractual terms varied from those associated with the BDUK framework.
- The UK's State Aid notification expires on the 30th June 2015. State aid sign off is a legal requirement and all projects wishing to use this scheme must be in contract by this date – otherwise they will need to apply directly to the commission which could take between 12-18 months to secure, based on previous experience. There is also the risk that funding may no longer be available for projects not in contract in the next parliamentary period meaning that the Kent funding allocation could be withdrawn.
- Utilising the BDUK framework significantly mitigates the risk of a 'no-bid scenario'. Should the procurement cycle need to be repeated, it is unlikely that a contract could be awarded ahead of the expiry of the UK's State Aid notification scheme.
- Our experience of running small scale broadband procurements indicates that it is highly unlikely that we could complete the necessary procurements and state aid sign off within the necessary timescale for a multiple-procurement option.
- An independent value for money review of the bid received for KCC's previous BDUK framework procurement concluded that the submission was within acceptable cost parameters.
- All of the existing BDUK Phase 1 projects in the UK have been awarded to BT, regardless of whether they were framework or non-framework procurements. This is due to a lack of competition in the rural infrastructure market for projects at this scale.

4.2.2 KCC is now working with BDUK to take forward the Phase 2 project as quickly as possible, given the growing importance of good broadband connectivity. As a result, we have already:

- Undertaken an Open Market Review with all broadband infrastructure providers to confirm those areas where there are no commercial plans to deploy either superfast or basic broadband services.
- Commenced the formal state aid notification process with BDUK.
- Reviewed the procurement options available to KCC.
- Agreed with BDUK a tentative slot in their project pipeline and launched the Invitation to Tender (ITT).

4.2.3 Whilst it is unfortunate that there still remains a lack of competition within the rural broadband infrastructure market for deploying projects at this scale, the following safeguards have been put in place to provide the necessary assurances that value for money is being achieved:

- An independent value for money review has been commissioned of the supplier response to the Kent ITT. This will compare the bid against anticipated modelled costs to ensure the proposed costs can be justified.
- The BDUK assurance team will also benchmark the costs of the Kent Phase 2 bid with financial data from the phase one and phase two bids. This will compare costs and red flag any cost differentials and local variations.

4.2.4 We are also working with the BDUK State Aid team and KCC Legal Services to ensure consistency with state aid legislation.

4.3 Timescales

4.3.1 The proposed key milestones for the procurement are:

- Receipt of bid – 9th January 2015
- Evaluation and clarification of bid – 9th- 31st January 2015
- Assurance and value for money appraisal – 9th-31st January 2015
- Submission and evaluation of local state aid application and completion of DCMS governance – February 2015
- Award of contract – March 2015

4.3.2 BDUK has a national ambition that the additional coverage will be completed by the end of 2017. It should be stressed, though, that the precise delivery timescales for the Kent Phase 2 project cannot be confirmed until the procurement has been completed and the contract finalised. Nevertheless, as for the current phase 1 project, KCC will seek to utilise every opportunity to accelerate the deployment plan wherever possible.

4.4 Addressing the final '5%'

4.4.1 Although the Kent phase 2 project will create another step change in the availability of superfast broadband services, it will not be possible to reach 100% properties in identified areas of 'market failure' with the current funding.

4.4.2 Whilst it will not be possible to confirm the additional uplift that will be achieved by the Phase 2 project until the procurement work has been completed, Kent County Council remains committed to working with BDUK in bringing forward solutions for, what is termed nationally, as the 'final 5% areas'.

4.4.3 The latter comprises of those areas which are the hardest to upgrade – both on cost and technological grounds – and are unlikely to benefit from the planned BDUK Phase 2 programme. For example, 'fibre to the cabinet' technologies will not provide a speed uplift to properties who are too far away from the cabinet. Similarly, 'line of sight' issues (e.g. tree coverage, nature of the local topography, nearby buildings) can prevent properties in areas served by wireless operators from being able to receive the service – unless specific adaptations have been made in the operator's local network design.

4.4.4 To help support the development of new and more affordable solutions, KCC is working with BDUK as a pilot location for their 'Innovation Market Testing' Scheme. This initiative involves 8 small-scale field trials across the UK of new technological approaches for delivering superfast broadband services in 'final 5% areas.' The findings of this work will subsequently inform the development of a new national BDUK Phase 3 programme to bring faster broadband to 'final 5%' areas.

5.0 Conclusion

5.1 Significant progress in delivering the Broadband Delivery UK (BDUK) Phase 1 Project across the County, since it began in March 2013. Over 55,000 homes and businesses have so far benefited from the BDUK Phase 1 Project who would otherwise have been left with no or slow broadband.

5.2 The BDUK phase two project creates an opportunity to further build upon this work and go beyond the current targets of bringing superfast broadband to 91% of premises in Kent and Medway.

5.3 Whilst it is unfortunate that there still remains a lack of competition within the rural broadband infrastructure market for deploying projects at this scale, a robust framework is in place to manage the Kent and Medway BDUK phase two procurement and ensure that value for money is achieved.

6.0 Recommendation

6.1 The Policy and Resources Cabinet Committee is asked to consider and endorse, or make recommendations to the Cabinet Members for Economic Development and Education and Health Reform on the proposed decision to:

- 1) enter into a contract to deliver the Kent and Medway BDUK Phase 2 project;
- 2) enter into a grant agreement with BDUK to draw down the £5.6 million of Government funding, subject to the Council approving match funding as part of the 2015-18 Capital Programme, on 12th February 2015.

Report Author:

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Background Documents: None

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

Gary Cooke, Cabinet Member for Corporate & Democratic Services

Brian Sweetland, Cabinet Member for Commercial & Traded Services

David Cockburn, Corporate Director for Strategic & Corporate Services

Andy Wood, Corporate Director for Finance & Procurement

To: Policy & Resources Cabinet Committee January 2015

Subject: Budget 2015/16 and Medium Term Financial Plan 2015/18

Classification: Unrestricted

Summary:

This report sets out the proposed draft budget 2015/16 and Medium Term Financial Plan (MTFP) 2015/18 as it affects the Policy & Resources Cabinet Committee. Appendices to the report includes extracts from the proposed final draft budget book and MTFP relating to the remit of this committee although (these appendices are exempt until the Budget and MTFP is published until 12 January). Members will be sent a full copy of final draft Budget Book and MTFP when these are published on 12 January. This report also includes information from the KCC budget consultation, Autumn Budget Statement and provisional Local Government Finance Settlement as they affect KCC as a whole as well as any specific issues of relevance to this committee.

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the draft Budget and MTFP (including responses to consultation and Government announcements) and make recommendations to the Cabinet Member for Finance and Procurement, Cabinet Member for Corporate & Democratic Services and Cabinet Member for Commercial & Traded Services on any other issues which should be reflected in the budget and MTFP prior to Cabinet on 28th January 2015 and County Council on 12th February 2015

1. Introduction

- 1.1 Setting the annual budget and three year MTFP remains one of the most important and challenging strategic decisions that the council has to make. Over recent years the council has to tackle the conflicting impact of reduced funding from central government as it seeks to eliminate the budget deficit, rising demand and cost of providing services, and a desire to keep Council Tax increases low. At the same time the Council has also had to respond to significant changes in responsibility passed down from central government and significant changes in the way local authorities are funded. This means the council has had to make unprecedented levels of year on year savings in order to balance the budget.
- 1.2 This challenge is unlikely to abate for the foreseeable future. When we set the 2014/15 budget and 2014/17 MTFP we anticipated there would be further significant reductions in Revenue Support Grant (RSG) for 2015/16 as a result of the Spending Round 2013 announcements. These reductions were anticipated to be on a similar scale to 2011/12 when the first round of reductions in public spending were front-loaded onto local government. The provisional Local Government Finance Settlement announced on 18th December confirmed that these reductions were as per the amounts we had anticipated (other than some minor technical adjustments which have no material impact).
- 1.3 The outlook beyond 2015/16 looks equally grim with predictions of further public spending reductions if the Government is to meet its deficit elimination targets, with commentators suggesting that these reductions would see public spending as a proportion of the overall economy reducing to levels not seen since the 1930s. We do not have any Government spending plans beyond 2015/16 so we have no detail where these reductions might be achieved, or if an incoming government may change its stance on levels of spending and taxation. However, whatever the outcome it is clear that any new government is highly unlikely to run a large deficit and that substantial savings will have to be delivered beyond 2015/16.
- 1.4 Section 2 of the published MTFP provides a much fuller analysis of the national financial and economic context.

2. Financial Implications

- 2.1 The initial draft budget was published for consultation on 9th October 2014. This set out our forecasts for the overall funding likely to be available for the next 3 financial years, estimated spending based on the current year's performance and future predictions for additional spending demands, and additional savings/income necessary to balance the budget. The funding estimates were unchanged from the 2014/17 MTFP (these were based on the indicative settlement for 2015/16 from central government published at the same time as the 2014/15 settlement) and KCC estimate for 2016/17. The consultation included a new estimate for 2017/18.

2.2 The financial equation presented in the consultation is set out in table 1 below. The consultation identified proposed savings of £85.8m leaving a gap of £7.4m still to be found before the budget is finalised.

Table 1	2015/16		3 years	
Grant Reductions	-£55.8 m	-15.40%	-£118.0 m	-32.60%
Council Tax/Business Rates	£11.5 m	1.99%	£42.0 m	7.20%
Spending Demands	£48.9 m	5.20%	£130.0 m	13.80%
Savings	-£93.2 m	-9.90%	-£206.0 m	-21.90%

2.3 As indicated in paragraph 1.2 the provisional Local Government Finance Settlement for 2015/16 was announced on 18th December and was largely unchanged from the previous indicative settlement. There were some minor technical adjustments and changes in business rates which affected both the RSG and business rate top-up, but these will be compensated by changes in other grants. At the time we published the MTFP we had no indicative figures for other grants outside the main settlement e.g. New Homes Bonus, Education Services Grant (ESG), etc., and thus included our best estimate. These estimates have now been updated from the provisional settlement although the amount for ESG is recalculated during the year to take account of academy transfers (and we have to estimate the impact) and the business rate compensation grant for the changes in business rates included in the Autumn Statement has not yet been announced.

2.4 As well as the provisional settlement, which includes un-ring-fenced grants where the council has complete discretion how the money is spent, there are still a number of ring-fenced grants allocated by government departments. These ring-fenced grants are announced both before and after the provisional settlement according to individual ministerial decisions. The County Council's financial strategy is that any reductions (or increases) in ring-fenced grants are matched by spending changes and therefore there is no overall impact on the net spending requirement. This means the County Council will not generally top-up ring-fenced grants from Council Tax or general grants.

2.5 We have had provisional notification of the Council Tax base from district councils. This is higher than the 0.5% estimate included in the budget consultation and is reflected in the final draft budget to be published on 12th January. We will receive final notification by the end of January together with any balances on this year's collection funds. The final draft budget also confirms the intention to increase the KCC precept for all Council Tax bands by 1.99%, increasing the County Council Band D rate from £1,068.66 to £1,089.99. We have had no provisional business rate tax base figures and at this stage are assuming no change from the baseline. Under the new funding arrangements introduced in 2013/14 the County Council receives 9% of any increase in the business rate base, and for budget planning purposes this is considered to be marginal and we assume no increase/decrease until we receive the final tax base at the end of January.

- 2.6 Appendix 1 sets out the high level picture of the revised funding, spending and savings assumptions which are proposed for 2015/16 and will be included in the draft MTFP to be published on 12th January, pending any final last minute changes. This appendix is exempt from publication until the final Budget and MTFP is published. There may be further changes to the final draft budget for 2015/16 following final notification of all Government grants and final tax bases (including collection fund balances). As in previous years any changes from the amounts published will be reported to County Council in February. At this stage we have not revised the assumptions for 2016/17 and beyond other than for the impact of revised Council Tax base and the technical changes in the provisional settlement (despite some very dire forecasts included in the Autumn Statement and accompanying outlook from the Office for Budget Responsibility) until we have more detail following the next spending review.
- 2.7 Appendix 2 sets out a more detailed extract from the MTFP setting out the main changes between 2014/15 and 2015/16 relating to the remit of Policy & Resources Cabinet Committee. This information will be included in the draft MTFP to be published on 12th January, pending any final last minute changes. This appendix is exempt from publication until the final Budget and MTFP is published. The council's budget and MTFP is structured according to directorate responsibilities. This means presenting information that is relevant to individual Cabinet Committees is not straight forward. We moved from publishing budget information on a Cabinet portfolio basis to a directorate basis for 2014/15 budget. This was introduced to enhance budget planning and control in the difficult financial climate. The information in appendix 2 is based on the following funding areas within Strategic and Corporate Services:
- Finance & Procurement
 - Human Resources
 - Governance & Law
 - Information & Communication Technology
 - Property & Infrastructure Support
 - Business Intelligence
 - Policy & Strategic Relationships
 - Consultation & Engagement
 - Customer Relationships
 - Strategic Management
- 2.8 Appendix 3 sets out an extract from the draft Budget Book setting out the relevant budgets for 2014/15 and 2015/16 for the A to Z entries relating to the remit of Policy & Resources Cabinet Committee. This information will be published on 12th January, pending any final last minute changes. This appendix is exempt from publication until the final Budget and MTFP is published.
- 2.9 Appendix 4 sets out the draft capital programme for the Strategic and Corporate Services Directorate. This appendix is exempt from publication until the final Budget and MTFP is published.

3. Budget Consultation

3.1 The consultation and engagement strategy for 2014 included the following aspects of KCC activity:

- Press launch on 9th October
- 3 questions seeking views on Council Tax, approach to savings and balancing the 2015/16 budget open from 9th October to 28th November
- On-line budget modelling tool comparing 22 areas of front line spending open from 9th October to 28th November
- A simple summary of 3 year budget published on KCC website
- Web-chat on 24th October with Cabinet and Deputy Cabinet members for Finance & Procurement
- Workshops with business and voluntary & community sectors on 27th November
- Staff workshops
- Presentation and discussion with Kent Youth County Council on 16th November

A full analysis of the responses to the consultation will be reported to Cabinet on 28th January and circulated to members of the Policy and Resources Cabinet Committee in advance. This will also be available as background material for the County Council meeting in February. This section of the report covers the main results from the 3 questions and on-line tool to assist Committees in scrutinising the budget proposals set out in the exempt appendices. The responses to the 3 questions and on-line tool are set out in appendices 5 and 6. These appendices are not exempt.

3.2 In addition the council employed market research experts to validate the responses with a representative sample of residents via more in depth research and analysis. This included an e-mail survey using the same on-line tool as the Kent.gov.uk website which enables a direct comparison of views between those responding on-line a survey with a representative sample. This analysis in appendix 6 does not highlight any marked differences. The full consultant's report is unlikely to be available in time for cabinet committees but will be available as background material for the full County Council budget meeting in February.

3.3 In total we have received 1,962 responses to the 3 questions and 853 responses to the on-line tool. Although responses to the individual questions were less than last year this is still a high level of engagement compared to previous years when more detailed questions were included. There is no evidence that asking an additional question compared to last year affected responses levels, and the evidence shows that we did not get the same surge of responses at particular times as we had last year. This indicates that we need to find more effective ways to promote awareness throughout the campaign in order to increase response levels. The responses to the on-line tool are higher than last year, which is encouraging. The responses to the 3 questions and the online tool via the Kent.gov.uk website include those from residents and staff. The more detailed analysis has not shown up any marked

differences between staff and residents at this stage although more work is needed on this analysis for the final reports.

- 3.4 The responses to the 3 questions clearly indicate support for a 1.99% Council Tax increase in order to preserve valued services as result of reduction in government funding. This conclusion is fully supported by the market research evidence. Although there is some support for higher increases there is not enough evidence that a referendum would be successful. This too was borne out by the market research and the more in depth analysis. Around ¼ of respondents would prefer a Council Tax freeze. These responses are remarkably consistent with last year's responses.
- 3.5 The responses to the question on the approach to making savings show support for a mixed approach, with the highest level of support for a transformation approach, but also significant support for efficiency savings and stopping/reducing the lesser valued services. This is similar to responses from last year although the question was phrased in better way to get a clearer picture. Support for restricting access to services continues to receive the lowest support as an approach to savings.
- 3.6 Responses to the options to close the unresolved gap in the 2015/16 budget showed clear for raising additional income either through increased charging or increasing the Council Tax base through tackling avoidance. We have placed a high priority on the latter and have recently had a successful bid to the Government's £16m anti-fraud fund. We will continue to work with district councils and other major precepting authorities to maximise the tax base. The next most popular option was to deliver further savings and options for higher Council tax increase (in excess of 1.99% already proposed), use of reserves and pay/price freeze were less popular.
- 3.7 All these results are consistent with the initial analysis from other engagement activities (particularly workshops and market research).
- 3.8 All of the responses above are supported by initial analysis from the market research and other KCC led activities.

4. Specific Issues for Policy & Resources Cabinet Committee

- 4.1 Appendices 2, 3 and 4 set out the main budget proposals relevant to Policy & Resources Cabinet Committee. These proposals need to be considered in light of the general financial outlook for the county council over the medium term, and in particular the need for significant savings in 2015/16 as a result of the 25% reduction in RSG within the provisional settlement (13% within overall settlement). Committees will also want to have regard to consultation responses in considering budget proposals.
- 4.2 Policy & Resources Cabinet Committee may wish to note that the Government has decided to identify an amount within the un-ring-fenced RSG for welfare provision, although this is not new money and is funded within the original RSG

settlement total. The grant previously provided by the Department for Work and Pensions for the Social Fund has been removed.

5. Conclusions

- 5.1 The financial outlook for the next 3 years continues to look challenging. The reductions in the provisional settlement for 2015/16 are as severe as we anticipated from the indicative settlement last year, and the only changes relate to marginal technical issues. These make the settlement look slightly better but are offset by changes in other grants outside the settlement which mean the effective reductions are around 13%. We continue to reject the Government's "change in spending power" figures within the settlement. These include some specific grant increases (which bring with them additional spending requirements) and ignore the impact of unfunded and unavoidable spending increases (see below).
- 5.2 At this stage we have not changed our forecasts for 2016/17 and 2017/18 even some commentators have expressed the view that meeting the deficit elimination objectives up to 2018/19 will require even greater spending reductions than 2010/11 to 2014/15. Nonetheless, committees should be aware of this potential, particularly when considering additional spending demands for 2015/16 which add to the council's base budget, and therefore, future spending levels.
- 5.3 Appendix 2 includes the latest estimates for unavoidable and other spending demands for 2015/16. These estimates are based on the latest budget monitoring and activity levels as reported to Cabinet in December (quarter 2). Committees no longer receive individual in-year monitoring reports and therefore members may wish to review the relevant appendices of the Cabinet report before the meeting.

6. Recommendation(s)

Recommendation(s):

The Policy & Resources Cabinet Committee is asked to note the draft Budget and MTFP (including responses to consultation and Government announcements) and make recommendations to the Cabinet Member for Finance and Procurement, Cabinet Member for Corporate & Democratic Services and Cabinet Member for Commercial & Traded Services on any other issues which should be reflected in the budget and MTFP prior to Cabinet on 28th January 2015 and County Council on 12th February 2015

7. Background Documents

- 7.1 Consultation materials published on KCC website
<http://www.kent.gov.uk/about-the-council/have-your-say/budget-consultation>
- 7.2 The Chancellor of the Exchequer's Autumn Statement on 3rd December 2014 and OBR report on the financial and economic climate
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382525/December_2014_EFO.pdf
- 7.3 The provisional Local Government Finance Settlement 2015/16 announced on 18th December 2014
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016>
- 7.4 Any individual departmental announcements affecting individual committees

8. Contact details

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Appendix A (i) - High Level 2015-18 Budget Summary

2014-15 (revised)			2015-16		2016-17		2017-18	
£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
	954,304	Revised Base Budget		940,313		905,648		887,206
		Additional Spending Pressures						
11,472		Pay & Prices	11,363		20,121		16,365	
10,487		Demand & Demographic	8,600		9,800		15,200	
14,369		Government & Legislative	26,813		10,785		0	
0		Base Budget pressures from previous year	9,819		195		0	
20,215		Service Strategies and Improvements	5,787		3,076		3,798	
0		Reduction in grants used for specific purposes	3,418		0		0	
	56,543	Total Additional Spending		65,799		43,976		35,363
	24,870	Replacement for use of One-Off Savings		12,557		12,379		2,700
	81,413	Total Pressures		78,356		56,355		38,063
		Savings & Income						
		<u>Transformation Savings</u>						
-13,050		Adults Transformation Programme	-14,725		-9,194		-5,088	
-10,622		Children's Transformation Programmes	-5,583		-11,700		-7,600	
-12,708		Other Transformation Programmes	-6,990		-3,922		-3,311	
-5,217		Income Generation	-5,816		-3,865		-3,631	
-14,001		Increases in Grants & Contributions	-23,235		-10,785		0	
		<u>Efficiency Savings</u>						
-9,800		Staffing	-9,512		-2,607		-1,030	
-422		Premises	-2,522		-956		-1,056	
-13,102		Contracts & Procurement	-16,316		-2,565		-4,040	
-3,000		Other	-1,004		-390		-50	
-8,861		Financing Savings	-21,052		-2,700		-1,700	
-4,621		Policy Savings	-6,266		-3,765		-4,535	
	-95,404	Total Savings & Income		-113,021		-52,449		-32,041
	0	Unidentified		0		-22,348		-21,704
	940,313	Net Budget Requirement		905,648		887,206		871,524
		<u>Funded by</u>						
529,125		Council Tax Yield	548,840		562,606		576,724	
4,018		Council Tax Collection Fund	0		0		0	
46,924		Local Share of Retained Business Rates	47,601		48,800		50,000	
-1,236		Business Rate Collection Fund						
		<u>Un-ring-fenced Grants</u>						
213,092		Revenue Support Grant	159,524		128,000		94,000	
120,634		Business Rate Top-Up Grant	122,939		126,000		129,000	
27,756		Other Un-Ring-Fenced Grant	26,744		21,800		21,800	
	940,313	Total Funding		905,648		887,206		871,524

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Appendix A (ii)
Detailed 2015-16 Budget Plan by Directorate

Heading	Description	Finance & Procurement	Human Resources	Information & Communication Technology	Property & Infrastructure Support	Governance & Law	Business Intelligence	Policy & Strategic Relationships	Consultation & Engagement	Strategic Management Controllable	Strategic Management Grant Income	Customer Relationships	Policy & Resources Total
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
2014-15 Base	Approved budget by County Council on 13th February 2014	14,149.6	9,316.9	17,260.3	26,470.0	4,400.9	1,696.2	2,167.0	2,915.8	1,149.6	-2,958.9	4,642.5	81,209.9
Base Adjustments (internal)	Approved changes to budgets which have nil overall affect on net budget requirement.	181.9	-21.8	342.5	-28.2	239.2	18.0	-212.1	68.4	-259.8	-63.5	-794.0	-529.4
Base Adjustments (external)	Approved changes to budgets from external factors e.g. grant changes and may affect net budget requirement.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revised 2014-15 Base		14,331.5	9,295.1	17,602.8	26,441.8	4,640.1	1,714.2	1,954.9	2,984.2	889.8	-3,022.4	3,848.5	80,680.5
Additional Spending Pressures													
<i>Pay and Prices</i>													
Pay and Reward	Additional contribution to performance reward pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Specific Price Increases:</i>													
Business Rates	Index linked uplift in NNDR multiplier for KCC premises				116.3								116.3
Energy	Price increases on energy contracts as notified by Commercial Services	0.0	0.0	0.0	213.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	213.7
Non specific price provision	Non specific provision for inflation on other negotiated contracts without indexation clauses	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Government & Legislative													
	Total Additional Spending Demands	0.0	0.0	0.0	430.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	430
<i>Savings and Income</i>													
<i>Transformation Savings</i>													
Support Services	Transfer of back-office support functions into integrated business service centre and planned creation of Property LATCO	-554.0	-160.0	-250.0	-911.9	0.0	0.0	0.0	-430.0	0.0	0.0	0.0	-2,305.9
<i>Income</i>													
Trading	Increased income from trading with schools, academies and other local authorities & public bodies	-40.0	-86.0	-500.0	0.0	-50.0	0.0	0.0	0.0	0.0	0.0	0.0	-676.0
Client Charges	Uplift in social care client contributions in line with benefit uplifts for 2015-16 and charges for other activity led services	-15.0	0.0	0.0	0.0	-113.7	0.0	0.0	0.0	0.0	0.0	0.0	-128.7
Property Rental	Review of charges for renting space in KCC buildings to ensure where appropriate external tenants pay a market rent	0.0	0.0	0.0	-376.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-376.6
Other Kent Authorities	Additional income from districts and Fire authority arising from local business rate pool	-900.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-900.0
<i>Efficiency Savings</i>													
<i>Staffing</i>													
Staff restructures	Reduction of approx. 250 to 400 fte following detailed consultation on revised staff structures to include service re-design, integration of services and more efficient ways of working.	-1,040.0	-506.0	-250.0	0.0	0.0	-442.0	-330.0	0.0	0.0	0.0	-449.0	-3,017.0
Staff training	Adjustment to staff training budget to align with strategic training priorities	0.0	-655.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-655.0

Appendix A (ii)
Detailed 2015-16 Budget Plan by Directorate

Heading	Description	Finance & Procurement	Human Resources	Information & Communication Technology	Property & Infrastructure Support	Governance & Law	Business Intelligence	Policy & Strategic Relationships	Consultation & Engagement	Strategic Management Controllable	Strategic Management Grant Income	Customer Relationships	Policy & Resources Total
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Property</u>													
Established Programmes	Existing savings plans arising from rationalisation of office accommodation (New Ways of Working), facilities management, utility contracts, asset rationalisation and dilapidations	0.0	0.0	0.0	-2,522.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,522.0
<u>Contracts & Procurement</u>													
Non front-line non staffing	Savings across a range of non staffing budgets including consultants, ICT infrastructure and contracts and other procured activities	-163.0	0.0	-1,700.0	0.0	-34.0	0.0	0.0	0.0	-79.0	0.0	0.0	-1,976.0
Procurement and commissioning efficiencies	Detail still to be confirmed	-2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,000.0
<u>Other</u>													
Gateways	Review of contributions to Borough & District Councils for Gateway services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-150.0	-150.0
Council Tax initiatives	Reduced activity as scope to increase Council Tax base is fully delivered with individual districts and underwriting of Council Tax Support schemes is unnecessary	-300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-300.0
Total savings and Income		-5,012.0	-1,407.0	-2,700.0	-3,810.5	-197.7	-442.0	-330.0	-430.0	-79.0	0.0	-599.0	-15,007.2
Proposed Budget		9,319.5	7,888.1	14,902.8	23,061.3	4,442.4	1,272.2	1,624.9	2,554.2	810.8	-3,022.4	3,249.5	66,103.3

Appendix 3 - Directorate specific A-Z Service Analysis

Strategic & Corporate Services

Row Ref	2014-15 Revised Base	Service	2015-16 Proposed Budget							Affordable Activity
	Net Cost		Staffing	Non staffing	Gross Expenditure	Internal Income	External Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Community Services										
1	2,045.3	Contact Centre & Citizens Advice Help Line	2,941.4	456.3	3,397.7	-295.3	-1,027.1	-89.0	1,986.3	Contact Point is the primary public telephone service for the County Council. The contact centre operates extended business hours and emergency contacts overnight throughout the year. Approx. 1million contacts are handled every year (860k telephone/150k e-mail) supporting more than 90 KCC services. Contact Point anticipates a contract extension in 2015 for the Citizens Advice Help Line (formerly Consumer Direct South East) - a commercial three year contract to deliver consumer advice to people resident in England and Wales.
2	1,803.2	Customer Relationship (including Gateways)	655.2	665.0	1,320.2	-17.8	-39.2	0.0	1,263.2	The Customer Relationship Team provides the Customer Service's 'intelligent client function' on behalf of KCC, and monitors the three primary contact channels, phone, face to face and digital. This team supports commissioning compliance to ensure the desired Policy and Strategic outcomes are delivered; and provides Quality Assurance (Complaints/ Ombudsman), Performance data, Customer Analysis and end-to-end service re-design to meet customer expectations for digital service options with increased convenience, and reducing cost and contact volumes across KCC. The Gateway programme will complete with the opening of Swanley and Herne Bay during 2015/16 bringing the total number of Gateways to 13 (including a mobile facility). The service model is undergoing re-design through active collaboration with internal/external partners (District Councils and third sector). The Gateway budget contributes to shared management, staffing and running costs for each Gateway which supports over 1 million customer visits per year.

Appendix 3 - Directorate specific A-Z Service Analysis

Strategic & Corporate Services

Row Ref	2014-15 Revised Base	Service	2015-16 Proposed Budget							Affordable Activity
	Net Cost		Staffing	Non staffing	Gross Expenditure	Internal Income	External Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	
3	575.5	Local Healthwatch & NHS Complaints Advocacy	71.8	1,066.6	1,138.4	0.0	0.0	-705.9	432.5	Local Healthwatch and NHS Complaints Advocacy are statutory services commissioned by KCC. Local Healthwatch will ensure that patients, users of social care services and their carers, and the public have a say in how these services are commissioned and delivered on their behalf. NHS Complaints Advocacy will support people who wish to complain about any NHS Health Service or Public Health Service.
		Local Democracy								
4	415.3	Community Engagement	353.5	61.8	415.3	0.0	0.0	0.0	415.3	Community Engagement Officers (CEOs) provide clear channels for services across KCC to hear the views and engage with service users and residents, as well as supporting effective consultation through engagement forums, social media and other channels. CEOs support the development of local strategic partnerships between KCC and other public, private and voluntary organisations. They also provide local support for all 84 Members.
5	570.0	County Council Elections	0.0	570.0	570.0	0.0	0.0	0.0	570.0	Annual contribution to a reserve to cover the costs of County Council Elections every four years and bi-elections as required.
6	2,100.0	Local Member Grants	0.0	2,100.0	2,100.0	0.0	0.0	0.0	2,100.0	Grants controlled by individual Members which are given to a wide range of community based groups, individuals and organisations.
7	2,463.2	Partnership arrangements with District Councils	0.0	2,163.2	2,163.2	0.0	-900.0	0.0	1,263.2	Payments made to district councils out of the County Council's share of Council Tax towards additional costs incurred in running local council tax support schemes and other initiatives to increase the Council Tax yield.
8	9,972.5	Total Direct Services to the Public	4,021.9	7,082.9	11,104.8	-313.1	-1,966.3	-794.9	8,030.5	

Appendix 3 - Directorate specific A-Z Service Analysis

Strategic & Corporate Services

Row Ref	2014-15 Revised Base	Service	2015-16 Proposed Budget							Affordable Activity
	Net Cost		Staffing	Non staffing	Gross Expenditure	Internal Income	External Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	
		Management, Support Services and Overheads								
		Directorate Management and Support for:								These budgets include the directorate centrally held costs, which include the budgets for, amongst other things, the strategic directors and heads of service.
9	-2,132.6	Strategic & Corporate Services (S&CS)	444.7	2,511.9	2,956.6	-648.2	-132.0	-4,388.0	-2,211.6	
		Support to Frontline Services:								
10	0.0	Business Services Centre	24,305.2	18,341.6	42,646.8	-37,619.4	-5,027.4	0.0	0.0	Provides transactional HR, ICT and Finance services together with traded services to external customers in these professions.
11	3,669.1	Business Strategy	3,012.1	-33.0	2,979.1	-40.0	-42.0	0.0	2,897.1	Supports the political and managerial leadership of KCC in a number of ways including strategic policy development across the whole council, effective performance management, research and business intelligence.
12	2,752.0	Communications & Consultation	2,229.4	366.6	2,596.0	-131.0	0.0	0.0	2,465.0	Responsible for the Council's public reputation, ensuring residents are informed about services and how to access them, and promoting and defending KCC's reputation in the public domain. Advises on and delivers consultations, which support robust decision making processes for the authority. Also responsible for ensuring all council decisions take into account the impact they will have on residents or service user groups.
13	3,706.4	Democratic and Members	1,461.0	2,340.1	3,801.1	0.0	-107.0	-71.7	3,622.4	The cost of supporting the 84 elected members of the County Council and the responsibility for the Council's Overview and Scrutiny function in accordance with the provisions of the Local Government Act 2000, the Health and Social Care Act 2001, as amended in 2012 for the transfer of Public Health responsibilities, and the Local Government and Public Involvement in Health Act 2007.

Appendix 3 - Directorate specific A-Z Service Analysis

Strategic & Corporate Services

Row Ref	2014-15 Revised Base	Service	2015-16 Proposed Budget							Affordable Activity
	Net Cost		Staffing	Non staffing	Gross Expenditure	Internal Income	External Income	Grants	Net Cost	
	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	
14	11,868.3	Finance and Procurement	13,494.0	2,190.4	15,684.4	-1,959.5	-3,446.1	-2,222.5	8,056.3	Responsible for planning, managing and reporting upon the Council's financial resources, in liaison with both Members and senior management, in accordance with the Council's Financial Regulations. Transactional services are commissioned from the Business Services Centre.
15	8,951.8	Human Resources	4,117.5	5,749.8	9,867.3	-1,693.5	-629.0	0.0	7,544.8	Responsible for delivering the strategic and operational HR requirement for KCC. The function has an advisory role to help ensure that KCC meets its statutory responsibility in terms of Health and Safety, Employment Law and Equality legislation in relation to employment. Transactional services are commissioned from the Business Services Centre.
16	17,602.8	Information, Communications and Technology (ICT)	1,412.6	14,933.8	16,346.4	-10.6	-1,288.8	-144.2	14,902.8	Intelligent client function to manage the service delivery of ICT services through contract arrangements with appropriate delivery vehicles. The Kent Public Services Network and other partnership arrangements are also included here. Transactional services are commissioned from the Business Services Centre.
17	-2,151.6	Legal Services and Information Governance	6,621.8	2,952.5	9,574.3	-11,006.3	-755.5	-77.8	-2,265.3	Provides legal advice and services to KCC, public bodies and other local authorities.
18	26,441.8	Property and Infrastructure Support	6,563.5	23,278.0	29,841.5	-3,694.4	-3,018.8	-67.0	23,061.3	Responsibility for the management of KCC's land and property portfolio. This involves strategic asset management across the estate (Corporate Landlord) and is supported by the provision of professional property services delivered in-house and via external consultants.
19	70,708.0	Total Management, Support Services and Overheads	63,661.8	72,631.7	136,293.5	-56,802.9	-14,446.6	-6,971.2	58,072.8	

20	80,680.5	TOTAL	67,683.7	79,714.6	147,398.3	-57,116.0	-16,412.9	-7,766.1	66,103.3	
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Row Ref	STRATEGIC & CORPORATE SERVICES						
SECTION 3 - CAPITAL INVESTMENT PLANS 2015-16 TO 2017-18 BY YEAR							
			Three Year Budget £'000	Cash Limits			
				2015-16 £'000	2016-17 £'000	2017-18 £'000	
	Rolling Programmes	Description of Project					
1	Corporate Property Strategic Capital	Costs associated with developing the capital programme	8,870	2,650	3,160	3,060	
2	Disposal Costs	Costs of disposing of surplus property	750	250	250	250	
3	<i>Modernisation of Assets</i>	Maintaining KCC estates	9,152	3,152	3,000	3,000	
4	Total Rolling Programmes		18,772	6,052	6,410	6,310	
			Total Cost of Scheme £'000	Previous Spend £'000	Cash Limits		
					2015-16 £'000	2016-17 £'000	2017-18 £'000
	Individual Projects	Description of Project					
5	Customer Relationship Management Solution	Solution to drive multi-channel, cross-organisation customer service design to support digital access and self-service efficiencies	885	43	842		
6	HR System Development	Self Service and one view system development	859	799	60		
7	Web Redevelopment Programme	Redesign of KCC's websites and enhancement of the user experience	1,526	1,206	320		
8	<i>Electronic Document & Records Management (EDRM)</i>	Adoption of a KCC wide formal document management system	1,600	324	1,276		
9	Building Information Modelling (BIM) Implementation	Implementation of software solutions to ensure KCC meets the Government mandate of all centrally funded Government projects to use BIM technologies by 2016	188	58	65	65	
10	Swanley Gateway	Provision of Swanley Gateway in partnership with Swanley Town Council and West Kent Housing Association; this gateway project utilises and maximises an existing building, and will define a sustainable operating model for shared services	1,098	790	308		

Row Ref	STRATEGIC & CORPORATE SERVICES							
	SECTION 3 - CAPITAL INVESTMENT PLANS 2015-16 TO 2017-18 BY YEAR							
		Total Cost of Scheme £'000	Previous Spend £'000	Cash Limits			Later Years £'000	
				2015-16 £'000	2016-17 £'000	2017-18 £'000		
	Individual Projects	Description of Project						
11	Herne Bay Gateway	In partnership with Canterbury City Council; this gateway project utilises and maximises an existing building, and will define a sustainable operating model for shared services	477	50	427			
12	<i>New Ways of Working</i>	Improving use of our technology and office accommodation to ensure a flexible solution in order to respond to Facing the Challenge	38,301	37,766	4,200		-3,665	
13	<i>Property Investment & Acquisition Fund</i>	Fund to enable strategic acquisition of land and property	10,000		3,000	4,000	3,000	
14	Total Individual Projects		54,934	41,036	10,498	4,065	3,000	-3,665
15	Directorate Total		73,706	41,036	16,550	10,475	9,310	-3,665

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

	Total Cost of Scheme £'000	Previous Spend £'000	Cash Limits			
			2015-16 £'000	2016-17 £'000	2017-18 £'000	Later Years £'000
Funded by:						
Borrowing	17,614	10,133	3,416	3,065	1,000	
Grants	9,063	193	2,650	3,160	3,060	
Developer Contributions	398	120	278			
Other External Funding	3,694	7,329	30			-3,665
Revenue and Renewals	4,044	4,044				
Capital Receipts	38,893	19,217	10,176	4,250	5,250	
PFI	0					
Total:	73,706	41,036	16,550	10,475	9,310	-3,665

Row Ref	STRATEGIC & CORPORATE SERVICES												
SECTION 3 - CAPITAL INVESTMENT PLANS 2015-16 TO 2017-18 BY FUNDING													
2015-18 Funded By:													
	Three year budget		Borrowing	PEF2	Grants	Dev Contrs	Other External Funding	Revenue & Renewals	Capital Receipts	PFI	Total 2015-18		
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ROLLING PROGRAMMES													
1	Corporate Property Strategic Capital	8,870			8,870							8,870	
2	Disposal Costs	750							750			750	
3	<i>Modernisation of Assets</i>	9,152	6,641						2,511			9,152	
4	Total Rolling Programmes	18,772	6,641	0	8,870	0	0	0	3,261	0	18,772		
	Total cost of scheme	Previous Spend	Borrowing	PEF2	Grants	Dev Contrs	Other External Funding	Revenue & Renewals	Capital Receipts	PFI	Total 2015-18	Later Years	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
INDIVIDUAL PROJECTS													
5	Customer Relationship Management Solution	885	43	842								842	
6	HR System Development	859	799						60			60	
7	Web Redevelopment Programme	1,526	1,206	266					54			320	
8	<i>Electronic Document & Records Management (EDRM)</i>	1,600	324						1,276			1,276	
9	Building Information Modelling (BIM) Implementation	188	58	130								130	
10	Swanley Gateway	1,098	790			278	30					308	
11	Herne Bay Gateway	477	50	427								427	
12	<i>New Ways of Working</i>	38,301	37,766	-825					5,025			4,200	-3,665
13	<i>Property Investment & Acquisition Fund</i>	10,000							10,000			10,000	
14	Total Individual Projects	54,934	41,036	840	0	0	278	30	0	16,415	0	17,563	-3,665
15	TOTAL CASH LIMIT	73,706	41,036	7,481	0	8,870	278	30	0	19,676	0	36,335	-3,665

Italic font: these are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved.

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Analysis of the responses to the 3 consultation questions

In total 1,979 responses were submitted. Generally the views expressed remained largely consistent throughout the 51 day consultation period

Question 1: Council Tax			
To preserve the most valued services (especially those we aren't required to provide by law) we are planning to raise additional income through council tax (note this would not entirely remove the need for savings as this would require a 19% increase in council tax). What would you prefer? Please select one option only:			
	Frequency	Percentage	Valid Percentage
a) I don't want an increase in council tax and the council should make more savings to balance the budget.	484	24%	25%
b) I'd accept a minimal increase of 1.99% (1.99% would increase band C charge by £19 a year –the maximum increase allowed without a referendum).	876	44%	44%
c) I'd accept a rise between 2% to 5% rise in order to protect more services from the reductions in funding (this would require a referendum and each 1% would increase band C charge by £9.50 a year).	450	23%	23%
d) I'd accept an increase in excess of 5% to provide greater protection for council services.	159	8%	8%
Left blank / No response	10	1%	
Total	1979	100%	100%

Question 2: Savings over the next three years			
What approaches should we adopt to making these savings? Please tick one or more options:			
	Frequency	Percentage	Valid Percentage
a) Find more efficient ways to deliver the same level of service at a lower cost e.g. by buying in more services from the private and voluntary sectors, sharing services with other public agencies, etc.	770	26%	26%
b) Transform services so they are delivered in a different way with the same or better outcomes at reduced cost e.g. rely more on digital services rather than telephone or face to face contact, support social care clients so they can avoid residential care.	998	34%	34%
c) Remove or stop services which are least valued by Kent residents as identified through evidence-based research.	759	26%	26%
d) Restrict access to services to only the most needy	254	9%	9%
e) None of the above	144	5%	5%
Left blank / No response	20	1%	
Total	2945	100%	100%

Note respondents could choose more than 1 option for this question hence the higher number of responses

Question 3: balance of savings for 2015/16			
We have yet to identify around £7.5m of the savings estimated to be needed to balance the 2015/16 budget. What approach do you think the council should take to close this gap? Please select one option only:			
	Frequency	Percentage	Valid Percentage
a) Increase council tax by a further 1.5% (in addition to the 1.99% already mentioned). Note – this would require a formal and binding referendum which could cost in the region of £1.5m.	176	9%	9%
b) Use money held in the council's reserves. Note – our level of reserves is low compared with other similar councils.	167	8%	9%
c) Raise additional income from other sources e.g. charges for services, tackling council tax avoidance, etc.	842	43%	43%
d) Deliver more savings from the areas identified in question 2.	365	18%	19%
e) Introduce a pay / price freeze for KCC staff / suppliers.	236	12%	12%
f) Other (please specify)	175	9%	9%
Left Blank / No response	18	1%	
Total	1979	100%	100%

Analysis from 853 responses to on-line budget tool and 514 responses to consultants e-mail survey using the same tool

		Overall Appeal
GROWTH, ENVIRONMENT & TRANSPORT	100 miles of road gritted in bad weather over the course of the winter	8.59%
ADULT SOCIAL CARE	2 ½ weeks of residential care for one older person whose needs are judged substantial or critical and who cannot meet the full costs themselves	8.40%
ADULT SOCIAL CARE	69 hours of home care for an older person whose needs are judged moderate or substantial and who cannot meet the full costs themselves	8.18%
SPECIALIST CHILDREN'S	2 weeks of foster care for a child who cannot live safely at home, provided by a KCC registered foster carer	7.66%
SPECIALIST CHILDREN'S	1 week of foster care for one child who cannot live safely at home and whose needs are greater than those that can be met by a KCC registered foster carer	7.19%
GROWTH, ENVIRONMENT & TRANSPORT	30 average sized potholes in the road repaired	6.61%
GROWTH, ENVIRONMENT & TRANSPORT	10 tonnes of waste disposed of, enough to support 17 average Kent Households	5.75%
ADULT SOCIAL CARE	4 days of residential care for one adult with learning disabilities whose needs cannot be met by family or other carers	5.42%
EDUCATION & YOUNG PEOPLE	1 week's support for 150 children in children's centres	5.32%
SOCIAL CARE	1 week of social worker time for the assessment of vulnerable adults or children	5.23%
ADULT SOCIAL CARE	100 hours of support and assistance for vulnerable people not assessed as needing formal care packages to help promote their independent living	5.06%

		Overall Appeal
ADULT SOCIAL CARE	4 weeks of Learning Disability Direct Payments to someone with learning disabilities to enable them to live more independently	3.96%
GROWTH, ENVIRONMENT & TRANSPORT	22 faulty street lights investigated and repaired	3.62%
GROWTH, ENVIRONMENT & TRANSPORT	Keeps a household waste recycling centre open for a day	2.72%
GROWTH, ENVIRONMENT & TRANSPORT	Approximately 500 fare paying journeys on subsidised bus routes which are considered "socially necessary but uneconomic routes"	2.58%
EDUCATION & YOUNG PEOPLE	2 days of specialist advisor support for a school identified as failing by Ofsted	2.72%
EDUCATION & YOUNG PEOPLE	4 children given free transport on buses or trains to and from their nearest secondary school for one term, where the school is more than three miles from their home	2.13%
EDUCATION & YOUNG PEOPLE	1 child with Special Educational Needs transported by taxi to and from school for 9 weeks	2.06%
EDUCATION & YOUNG PEOPLE	62 attendances by a young person at their local youth centre or interactions with a youth worker in their local community	1.95%
GROWTH, ENVIRONMENT & TRANSPORT	3 annual bus passes for young people aged 11 - 15 to access educational or recreational activities via free bus travel across Kent Monday to Friday	1.74%
CORPORATE	Responding to 280 email or telephone calls to the KCC Contact Centre	1.55%
GROWTH, ENVIRONMENT & TRANSPORT	430 separate library visits, enough for 16 regular library users over the course of a year	1.53%

From: Paul Carter, the Leader and David Cockburn, Corporate Director for Strategic and Corporate Services

To: Policy and Resources Cabinet Committee - Friday 16th January 2015

Subject: Welfare Reform Update

Classification: Unrestricted

Past Pathway of Paper: Corporate Directors – 5th January 2015

Summary: The Welfare Reform update was presented to the P&R Cabinet Committee on 17th January 2014. This report provides an update on the indicators detailed in that report.

Recommendation(s):

The P&R Cabinet Committee is asked to note and comment on the report.

The P&R Cabinet Committee is asked to agree the suggested way forward for monitoring the impact of welfare reforms.

1. Introduction

1.1 The Welfare Reform report was presented to the P&R Cabinet Committee on 17th January 2014. The Committee asked that an update report was provided to the committee.

2. Key findings since the last update

2.1 A range of indicators was agreed when the last report on the impact of welfare reform was presented to the P&R Committee and updates on these indicators have been included in the appendix. It is still difficult to establish whether indicators are changing as a result of the benefit changes themselves or the wider economic situation but the highlights since the last update are as follows:

2.2 Unemployment in Kent is decreasing; in October 2014 it fell by 3.7% (-590 claimants) since the previous month and by 31.3% (-7,089 claimants) since October 2013. The claimant count unemployment rate of 1.7% for Kent is below the national average (2.1%) and unemployment in Kent is at its lowest level since October 2008.

2.3 Employment in Kent has increased from 633,500 in the 12 months commencing October 2011 to 659,300 in the 12 months to June 2014.

- 2.4** The statistics suggest that there does not appear to have been a significant increase in net migration into Kent of households affected by the benefit changes. Since the introduction of the benefit cap there has been an increase in households in receipt of housing benefit moving out of London and into Kent but this has been largely offset by households in receipt of housing benefit moving out of Kent to other parts of the country. The total net increase to Kent between the benefit cap introduction (quarter 3 2013) and the end of September 2014, is approximately 280 households. The trend is slightly upwards during 2014 but it is only a very small percentage of the numbers of moves that some were predicting originally (9,000+) to Kent.
- 2.5** There are persistent delays in the processing of claimants' appeals against decisions finding them fit for work when they are re-assessed from Incapacity Benefit to Employment and Support Allowance. There are also delays in the processing of Personal Independent Payments, which result in many claimants suffering financial hardship and being unable to meet necessary disability-related expenditures.
- 2.6** The use of Trussell Trust food banks (the largest provider of food banks in the UK) has increased sharply in Kent. In the KCC administrative area, the number of times adults used these food banks in the financial year 2012-13 was 980, while in 2013-14 it was 5,901. The number of times families with children used them in 2012-13 was 705, while in 2013-14 it was 4,127. The increased use of food banks is a national issue.
Note: the recent growth in food banks in Kent should be taken into consideration when making a year on year comparisons.
- 2.7** The number of households accepted as homeless and in priority need in the second quarter of 2014 was higher than the same period in the previous year but the first two quarters of 2014 combined were lower than levels experienced prior to the recession.
- 2.8** The number of households in temporary accommodation has increased slightly in the first two quarters of 2014 compared with the same period a year ago but the overall numbers have been on a steady downward trend since 2007 and are now approximately half the number seen in 2007. Of those households in temporary accommodation, there are slightly fewer in bed and breakfast at the end of the second quarter 2014 compared to the same figure in the previous year. However, the numbers in B&B have increased since 2011.
- 2.9** The number of applications to the Kent Support and Assistance Service (in operation since April 2013) has increased. In April-June 2014 there were 2,774 applications compared with 2,032 in the same quarter last year and in July-September 2014 the respective figures were 2,930 this year compared with 2,288 last year.
- 2.10** Roughly half of all advice given by the Citizens Advice Bureau between April and September 2014 was on benefits & tax credits and debt.
- 2.11** There is positive news from the Troubled Families programme, with over 280 families now having someone who has returned to work (the third best result nationally for return to work claims).

2.12 The initial view is that Council Tax Support collection rates for 2014/15 have only decreased marginally and that actual collection rates are higher than original estimates before the introduction of the new arrangements.

3. Policy Changes to Welfare Reform

Key changes to policy in the period since the last report to Committee are provided below.

3.1 Changes to Benefits for EEA nationals

A number of changes came in to affect during 2014 for European Economic Area (EEA) residents seeking work in the UK:

- From 1st January, EEA nationals cannot claim Job Seekers' Allowance (JSA) until they can prove they have been resident in the UK for three months. This includes UK nationals and Irish citizens who are coming or returning to the 'Common Travel Area' of UK, Republic of Ireland, Isle of Man and the Channel Islands.
- An EEA national's entitlement to JSA is now limited to six months with 'limited extensions' only if they can demonstrate a genuine prospect of work.
- From 1st April, EEA nationals will not be able to access Housing Benefit if they are making a new claim to JSA.

A recent ruling from the European Court of Justice has further strengthened the UK's position regarding EU residents accessing benefits, as it states "Economically inactive EU citizens who go to another Member State solely in order to obtain social assistance may be excluded from certain social benefits".¹ The Court of Justice highlights that the EU's Directive on free movement for EU citizens "seeks to prevent economically inactive Union citizens from using the host Member State's welfare system to fund their means of subsistence" and that those citizens must have sufficient resources of their own in order to meet the Directive's condition for right of residence. Furthermore, the ruling points out that the free movement Directive does not prevent domestic legislation from excluding EU residents from 'certain special non-contributory cash benefits' if they are unable to meet the conditions for right of residence in the host Member State.

3.2 Universal Credit

Expansion - Universal Credit (UC) has expanded to a number of areas over the last eleven months, including the rest of the North West of England and in addition to individuals and couples has now also been made available to new claims from couples and families in those areas where UC is operating.

¹ European Court of Justice Press release 146/14, 11th November 2014

Timescales - Timings for the remainder of roll-out across the country and to claimants other than those who are single and childless are still ambiguous. Acutely aware of this, the DWP's report 'Universal Credit at Work' defended the continually changing deadlines claiming that unlike previous programmes, "Universal Credit has been progressively extended, and at a pace determined by what's sensible, not an arbitrary timeline."² However, the only timescale provided is for when legacy benefits will close to new applications (from 2016), and there is no indication of when existing claimants will be moved onto UC, simply stating that 'migration will follow thereafter'.³

Concerns have also been raised, notably by the Work and Pensions Committee as to how the volumes of claimants to be transferred can be achieved in the current timetable. This is borne out by the DWP's recent estimations of claimants receiving UC from 2015⁴:

Current Caseload (as of 11th Sept '14)	14,170
Projection May 2015	0.1 million recipients
Projection May 2016	0.5 million recipients
Long term once fully rolled out	7.7 million recipients

Only 100,000 claimants will be on UC by May 2015, and only 500,000 by May 2016 with an eventual target of 7.7 million to be reached by an unspecified completion date. The report also estimates that the total lifetime implementation costs will be £1.8 billion, revised down from £2.4 billion in the previous 2011 business case.

UC roll-out for Kent - From February 2015, tranche one of the national roll-out will begin and will include Ashford, Maidstone and Swale. However, this will only apply to new single, childless claimants. No details have been disclosed on timescales for following tranches, when more complex clients will be transferred or when remaining Kent districts will roll out. DWP colleagues plan to work with Local Authorities to develop roll-out schedules for the remaining three tranches.

Progress – The DWP's 'Universal Credit at Work' report, published in October 2014 sought to explain the success of the programme so far, claiming that the transformational reform is being 'safely delivered' with encouraging signs that UC claimants are already beginning to change their behaviours and respond positively to the new system and expectations.

However, the various scrutiny bodies within Government are not so confident. Earlier this summer, the Public Accounts Committee expressed concern that the decision to 'reset' the UC programme last September "was an attempt to keep information secret and prevent scrutiny"⁵. This echoed the Work and Pensions Committee's criticism earlier in the year that DWP had failed to provide the Committee with 'accurate, timely and detailed information' on UC

² 'Universal Credit at Work', p.4, DWP October 2014

³ DWP: Our Reform Story, September 2014

⁴ 'Universal Credit at Work', DWP October 2014, page 30

⁵ 'Major Projects Authority, Tenth Report of Session 29014-15', Public Accounts Committee, July 2014

implementation in order to facilitate effective scrutiny⁶. It also commented on the fact that the Government has taken so long to openly acknowledge the problems with UC's IT systems (having to write off £40 million of redundant software) and to make the switch to a different approach.

The most recent concerns have been flagged by the National Audit Office's progress update published in November 2014. It paints a picture of a programme that, despite making some progress since the NAO's last report a year ago, is still beset by a lack of strategic and operational planning and significant delays that means full roll-out of UC will not be completed within the decade.

3.3 Local Welfare Provision

The Local Welfare Assistance Fund was created under the 2012 Welfare Reform Act to replace the Social Fund Community Care Grants and Crisis Loans, with funding devolved from DWP to Local Authorities. In February 2014 the government announced it would discontinue payment of this provision through a specific fund, and instead it would be funded from general grant to Local Authorities.

This announcement was then subject to a legal challenge and Government therefore announced in September that it would commit to making a fresh decision as to how local welfare provision should be funded in 2015-16, and launched a consultation in October to this effect. Following this further consultation, the government has now identified a separate sum of money in the 2015-16 Revenue Support Grant (RSG) provisional settlement for welfare provision. However, this is not the re-instatement or transfer of this grant, as it has been created by removing a corresponding amount from the remaining value of RSG. This means that effectively the welfare provision grant has still been removed and adds to the funding reduction for upper tier authorities compared to 2014-15.

Local Welfare Provision Review - Complementing this consultation, in November 2014 the DWP published the Local Welfare Provision Review which looked at how local authorities have been delivering their Local Welfare Assistance Funds. The report⁷ concludes that LAs:

- Have a good understanding of their local community, demography and support required
- Have good partnership arrangements for delivery.
- Are better placed to provide a 'timely and better targeted service' for vulnerable people than the previous remote telephone service.

⁶ 'Universal Credit implementation: monitoring DWP's performance in 2012-13' Work and Pensions Committee, Fifth Report of Session 2013-14, April 2014

⁷ 'Local Welfare Provision Review', DWP November 2014, p 2.

Review's key findings

- The report describes wide ranging services across those LAs that participated, with a mixture of access by telephone, face to face and online. The majority of expenditure from LAs was for goods (42%) and 'other' (33%) which included debt advice, community projects and grants to local charities. Only 10% was used for cash. Common themes included food, utilities, travel, clothes and white goods. The majority of LAs participating in the review (75%) mentioned food support, mainly through partnerships with food banks via direct grants or vouchers.
- Almost all of the LAs did not spend all of the funds for 2013/14, citing reasons such as removal of the cash element, being cautious with the allocation and setting up the process. However over half of the LAs forecast that they will spend all of their funding for 2014/15; the expected increase has been attributed to relaxing the eligibility criteria, the public becoming more aware of the scheme and external factors such as local employment issues or events e.g. flooding.
- About a third of LAs in the review contracted out their provision either through new or existing contracts, although some have decided not to re-contract and will bring delivery back in-house for 2014/15.

3.4 Disability Benefits

Personal Independent Payments (PIP) - Reassessments of existing Disability Living Allowance (DLA) claimants for PIP are currently taking place across East and West Midlands, parts of East Anglia and Wales. For the rest of the country (including Kent), full roll-out of reassessment will take place from October 2015. All existing DLA claimants will have been invited to claim PIP by 2017.

The Public Accounts Committee published a report in June 2014⁸ criticising a number of aspects of the implementation of PIP, and made recommendations that new systems should be fully tested before national implementation, the process should be made easier and more accessible for claimants with faster decisions, that the DWP and contractors should provide an acceptable level of service to claimants and the DWP should have a more robust approach to assessing contract bids. In its response⁹ the Government agreed with all of the recommendations and provided information on steps it was taking to improve PIP, including piloting paper-based applications with Macmillan, introducing a dedicated service to fast track claims for terminally ill claimants, and by the autumn no one claiming PIP under 'normal rules' will be waiting for an assessment for more than 26 weeks, which will reduce down to 16 weeks by the end of the year. Both PIP contractors (Atos and Capita) are increasing capacity by recruitment of staff and numbers of assessment centres, which will allow the home visit policy to be fully implemented.

⁸ 'Personal Independence Payment: First Report of Session 2014-15', House of Commons Committee of Public Accounts, June 2014

⁹ Treasury Minutes: Government responses on the Sixty First report (Session 2013-14) and the First to the Seventh reports from the Committee of Public Accounts: Session 2014-15, September 2014

Employment Support Allowance and Work Capability Assessment - Following a prolonged period of concerns about Atos' provision of Work Capability Assessments (WCA), raised not only by the Work and Pensions Committee but by the DWP themselves, in March 2014 the DWP announced that it had reached a settlement with Atos to exit its WCA contract early. The new provider, Maximus was announced at the end of October, with the contract to run from March 2015 initially for three years.

Government Response to Select Committee - At the end of November 2014, the Government published its response to the Work and Pensions Select Committee's report on ESA and WCA¹⁰. In addition to addressing each of the report's recommendations, the response announced a package of measures to be introduced in early 2015 to create a more 'active regime' for ESA claimants to move back into work: piloting increased provision of Work Coaches for those coming off the Work Programme, providing occupational health advice and trialling the Claimant Commitment for ESA claimants at various stages of the claimant journey (although this is only to be trialled in a single district, initially). From April 2015, a measure will also be introduced to extend the permissible period of sickness on Job Seeker's Allowance, to prevent claimants switching to ESA. Other key points within the response include:

- DWP will assume responsibility for issuing the ESA paperwork and deciding whether face-to-face assessment or further evidence is required, (this currently sits with the provider), when the new WCA contract comes into effect.
- DWP decision-makers are to proactively seek additional evidence rather than placing the onus on claimants to do this.
- DWP stands by its practice of using paper-based assessments to place ESA claimants into the 'Work Related Activity Group' where they have sufficient evidence and can deliver faster and less stressful outcomes.
- DWP stands by its commitment to help claimants with progressive conditions to return to some sort of work, as experiencing a number of years of inactivity may have a detrimental effect.
- DWP is planning a 'refreshed training programme' for claim decision-makers and assessors during the transition from Atos to Maximus. Most of the Atos staff, including assessors will transfer to the new provider under TUPE. Maximus will also recruit additional assessors and increase the number who specialise in mental health.
- The DWP will not bring assessments back in-house, believing that its current approach of using 'independent medically-trained advice provided to the Department's decision-makers' is the right approach.

¹⁰ 'Government Response to the House of Commons Work and Pensions Select Committee's Report on Employment and Support Allowance and Work Capability Assessment, First Report of Session 2014-15', Nov 2014

- The policy of ceasing ESA payments and moving claimants onto JSA while a pre-appeal process takes place ('Mandatory Reconsideration') will continue, although once an appeal is lodged ESA can then be reinstated and back-dated.
- The DWP rejects the recommendations to undertake a fundamental redesign of ESA and WCA, feeling that the focus on ensuring a smooth transition to the new WCA contract and implementing the majority of four independent reviews' recommendations reflect the 'significant commitment' DWP has made to improving both the WCA and the experience of the claimants going through the process.

3.5 Job Seeker's Allowance and Employment Support Allowance

At the end of October, Government extended the waiting period at the start of a new claim for JSA and ESA from three to seven days. During this period the claimant will not receive JSA or ESA. This was enacted in law following proposals to the Social Security Advisory Committee and consultation earlier this year.

3.6 High-Cost Short-Term Credit provision

In April 2014, Financial Conduct Authority (FCA) began to regulate the high-cost short-term credit industry, in a transfer of responsibility from the Office of Fair Trading. In November 2014, the FCA published the price caps they will impose on high-cost short-term credit¹¹, which they have consulted on since July 2014 and will come into effect in January 2015. They will include:

1. An initial cost cap of 0.8% per day on interest and fee charges
2. Firms can continue to charge interest at the initial cost cap rate.
3. A total cost cap of 100%: borrowers must never have to pay back more than twice what they have borrowed.

The FCA gave the following rationale for their approach¹²:

- The level of the price cap discourages from lending to borrowers who will be harmed by taking out high-cost short-term credit.
- It is simple to understand for consistency in application of the cap and for consumers to identify infringements and if they have been charged more than twice their borrowed amount.
- The initial cost cap protects borrowers from excessive charges if they pay back on time.
- The default cap limits costs for borrowers who pay back late.
- The total cost cap limits escalating interest, fees and charges, mitigating debt spirals.

¹¹ <http://www.fca.org.uk/news/ps14-16-detailed-rules-on-the-price-cap-on-high-cost-short-term-credit>

¹² 'Proposals for a price cap on high-cost short-term credit' FCA CP14/10, July 2014

3.7 The Benefit Cap

On 15th December, the DWP published a review on the impact of the benefit cap a year since implementation, during which time over 50,000 households had their benefits capped to a rate of no more than £500 for couples or families and £350 for single claimants. This review was supported by suite of analytical reports.¹³ They concluded that the cap “is working as intended” to meet the key aims of providing *incentives to work* and *fairness in the system* with strong public support, and offered the following findings from their analysis as demonstration of the cap’s effect¹⁴:

- The benefit cap has increased the proportion of households moving into employment
- Evidence suggests that over time short-term budgeting gives way to increased job search and intention to move into work
- Barriers to work include childcare, language skills and qualifications, although a ‘sizeable minority’ had taken some actions to overcome these barriers
- Evidence suggests the benefit cap has not led to significant increases in the proportion of capped households moving house
- The majority of households were up-to-date with rent and had not built up rent arrears
- Most households are responding to the benefit cap, by taking some form of action

The DWP also estimates that the benefit cap is producing financial savings of £85m in 2013/14 and £140m in 2014/15¹⁵. This does not include any additional savings generated from a result in behavioural change, such as households moving into work or downsizing their accommodation. For affected households in the November 2013 cohort, the mean average loss of benefits was approximately £70 (£80 in London and £62 for the rest of the country). These losses were reduced where Discretionary Housing payments were made as support during the period of adjustment¹⁶.

The Institute of Fiscal Studies (IFS) peer-reviewed the DWP’s analysis and separately provided their interpretation of the key findings¹⁷. It states that although the majority of benefits claimants were not affected by the cap, a small number of affected families ‘can lose substantial amounts.’ Furthermore, the IFS points out that the DWP’s quantitative analysis indicates that despite some behavioural change, the large majority of affected claimants did not move into work or move house as a response to the cap, and therefore it is still unclear

¹³ In terms of scope, in addition to the DWP’s qualitative analysis across households in scope for the cap, the DWP drew on qualitative research undertaken by Ipsos MORI with 1200 affected claimants, Cambridge Centre for Housing and Planning Research’s (CCHPR) in-depth interviews with 50 households (46% within London) and CCHPR’s research into the impact on LAs, local services and social landlords which covered ten case study local authorities.

¹⁴ The benefit cap: a review of the first year’, DWP December 2014, p.18-26

¹⁵ The benefit cap: a review of the first year’, DWP December 2014, p.24

¹⁶ ‘Benefit Cap: Analysis of outcomes of capped claimants’, DWP December 2014, p.4

¹⁷ <http://www.ifs.org.uk/publications/7482>

how they adjusted to the considerable reductions in their income. Having looked at the evidence, it concludes that any future lowering of the cap would result in a possible increase in claimants moving into work but few moving house.

3.8 Food Poverty

The All-Party Parliamentary Inquiry published its report into hunger in the UK on December 2014¹⁸. It described reasons for the increasing use of food banks, particularly focusing on delays and errors in processing benefits payments, the 'sometimes heavy-handed' issuing of sanctions by Jobcentre Plus (JCP), sudden loss of earnings through reduced hours or unemployment, absence of free school meals (FSM) and accumulation of problem debt. The report also highlights that out of the advanced Western economies, Britain has experienced the highest rates of inflation for food, fuel and housing while wages have failed to keep up for a workforce that has a large amount of low paid employees. In addition, the combined proportion of household incomes spent on food, housing and utilities has increased between 2003 and 2011, most affecting those in the poorest households. The report cautions that food banks will continue to run while deep-seated economic forces causing disadvantage take time to turn around, and lists three key themes that guided the Inquiry's recommendations:

1. The need to minimise emergency food provision, caused by delays and timing issues for benefits payments or insufficient National Minimum Wage
2. The need to develop a 'food bank plus' model that focuses on supporting individuals experiencing longer-term deep-seated problems through advice, skills and advocacy
3. The issue of destroying hundreds of tonnes of surplus food that could be better used.

The report sets out its strategy for a 'Zero Hunger Britain' that aims to "reverse the rising demand for emergency food assistance" thereby enabling food assistance resources to focus on those requiring more intensive long-term help. Its 77 recommendations take a wide-ranging approach to reduce the likelihood of food poverty occurring in low income households, and include:

- **Feeding Britain:** the chief recommendation is to create a new national network called 'Feeding Britain' composed of the food bank movement, voluntary sector, food industry and representatives from all eight government departments. It would foster collaboration between partners to build food policy around complex needs of individuals facing long term hunger and its remit would include developing the 'food bank plus' model, providing local points of contact, working on food waste prevention/surplus redistribution and maximising take-up of free school meals.
- **Waste and surplus food:** Calls on the food retail industry to change its business models regarding surplus food, for example, divert more to food banks.

¹⁸ 'Feeding Britain': The report of the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, December 2014

- **Utilities:** Asks Ofgem to review a number of practices, for example introduce fixed pre-payment tariffs and examine the impact of standing charges on prepayment meters, calls to extend the criteria for Warm Homes Discount and for water companies to transfer low income customers to unmeasured tariffs.
- **Mobile and internet access:** calls for the phasing out of high rate telephone numbers by government departments, local authorities, utilities companies and financial services sector.
- **Resilience:** embed budgeting and parenting skills in the National Curriculum; provide food skills training for food bank recipients; link the receipt of housing benefit for landlords to the provision of basic cooking facilities; include children from working families in FSM criteria and government to cost the extension of FSM to school holidays.
- **Low pay:** increase the National Minimum Wage rate to Living Wage rates in those sectors that can afford the increase, for example, finance and banking; government and local authorities to employ staff on the Living Wage and build this into their procurement policies.
- **Benefits administration:** calls for a single system that enables processing of claims and payments within five working days; food banks to more accurately record the benefits problems leading to referrals; GPs to provide evidence for benefit claims as part of their role and to make it unlawful for the NHS to charge for providing medical documents in a benefits claim.
- **Hardship Payments and Short Term Benefits Advances:** simplify and clearly publicise the process and speed up payments.
- **Mandatory Reconsideration:** calls for a time limit on the Mandatory Reconsideration Period for Employment Support Allowance and that the claimant continues to receive ESA (at the lower assessment rate if necessary). This echoes the recommendation from the Work and Pensions Select Committee, which was rejected by government.
- **Sanctions:** introduce a yellow card warning system for claimants; JCP and local authorities to communicate with each other to prevent disruption to sanctioned claimants' other benefits and JCP should communicate more clearly about sanctions and provide links to support.
- **Claimant Commitment:** asks DWP to consider paying Flexible Support Fund moneys upfront to cover claimants' travelling expenses; suggests introducing public transport concessions for claimants; improve accessibility for claimants in rural areas or with caring responsibilities by signing on remotely; DWP to monitor accessibility of computer facilities across JCP network.
- **Local Welfare Assistance:** The report recommends that government should protect the Local Welfare Assistance Fund and that DCLG should monitor take-up and work with local authorities where registration is 'uncharacteristically' low.

3.9 Welfare Reform and Public Spending:

In addition to challenges faced by Government in implementing its welfare reforms, questions over the impact of the reforms on savings to the public purse are also being raised. The Institute for Fiscal Studies (IFS) produced recent analysis¹⁹ that highlighted spending on welfare reforms is off-setting the anticipated savings, with the headline that real spending will only be £2.5 billion lower in 2014-15 than it was in 2010-11, despite an expectation to reduce spending in 2014-15 by £19 billion.

The IFS gives two key examples for the unanticipated spending gap:

- Housing benefit will be nearly £1 billion higher in real terms for 2014-15 than 2010-11, despite announced cuts of over £2 billion. This unanticipated increase has been attributed to a faster than expected growth in the private rented sector coupled with slower than expected growth in earnings.
- The £1.2 billion cut to Disability Living Allowance has been countered by the £1.6 billion increase in spending due to the significant delays caused by the replacement of DLA with the Personal Independence Payment.

The IFS warns that slow earnings growth has the potential to push up social spending due to rapid growth in housing benefit and tax credits and so further reductions in social security spending will be needed “just to stay on track”.

4. Conclusion

4.1 While there are undoubtedly many instances of financial hardship among Kent's residents, borne out by the increase in the use of food banks, the nature of the Citizens Advice being sought and the increase in applications to the Kent Support and Assistance Service, the extent to which these are caused by welfare reform changes, remains unclear. The difficult economic situation continues to put pressure on all Kent's residents, particularly the poorest but unemployment is falling and there has not been the level to date of the expected number of vulnerable families moving out of London as a result of the benefit changes.

4.2 Therefore, although KCC continues to be under pressure through reductions to its budget and increased demand for services, specific welfare reforms at this stage, do not appear to have had a significant impact on demand for the services that KCC provides. We are therefore suggesting that further monitoring of the indicators will be published on Kent's website through Business Intelligence updates. Further reports to P&R will be available on request or if evidence becomes clear that welfare reform is starting to impact on demand for KCC services more significantly.

¹⁹ <http://www.ifs.org.uk/publications/7447>

5. Recommendation(s):

- The P&R Cabinet Committee is asked to note and comment on the report.
- The P&R Cabinet Committee is asked to agree the suggested way forward for monitoring the impact of the welfare reforms

6. Background Documents

Previous Welfare Reform Report, taken to P&R May 2014

7. Contact details

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Appendices:

Appendix 1 – Sections 1, 2, and 3. **Appendix 2** – References

Appendix 1

A number of key areas were agreed as part of the update report; these are listed below with the relevant reference numbers

Section 1 – Welfare indicators

Figure number	Item
1.1	Job Seekers Allowance
1.1	Employment Support Allowance and legacy incapacity-based benefits
1.1	General benefit claim levels
1.1	Disability Living Allowance 16-64
1.2	Personal Independence Payments
Not available	Carers Allowance
1.3	Demand for Kent Support and Assistance Service (KSAS) – i.e. number of applications
1.4	Details of approved applications for KSAS i.e. total numbers and breakdown into categories – e.g. food, energy, furniture, household items, clothing etc.
1.5	Food banks
Not available	Number of social housing tenants in rent arrears in Kent
1.6	Social housing landlord possession claims 2004-14
1.7	Social housing landlords possessions per quarter in Kent 2004 –14
1.8	Council Tax arrears
1.9	Number of households in Kent accepted as homeless and in priority need
1.10	Total households in temporary accommodation
1.11	Annual percentage change in number of households in Kent living in temporary accommodation
1.12	Number of households in Kent living in temporary accommodation by type
1.13	Number of households in temporary accommodation living in B&B
1.14	Housing Benefit claimants
1.15	Cumulative total of households subject to a housing benefit cap
1.16	Households with Housing Benefit capped by amount in Kent

1.17	Total number of households with housing benefits cap by the number of children per household (April 2013 – August 2014)
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Section 2 - Employment

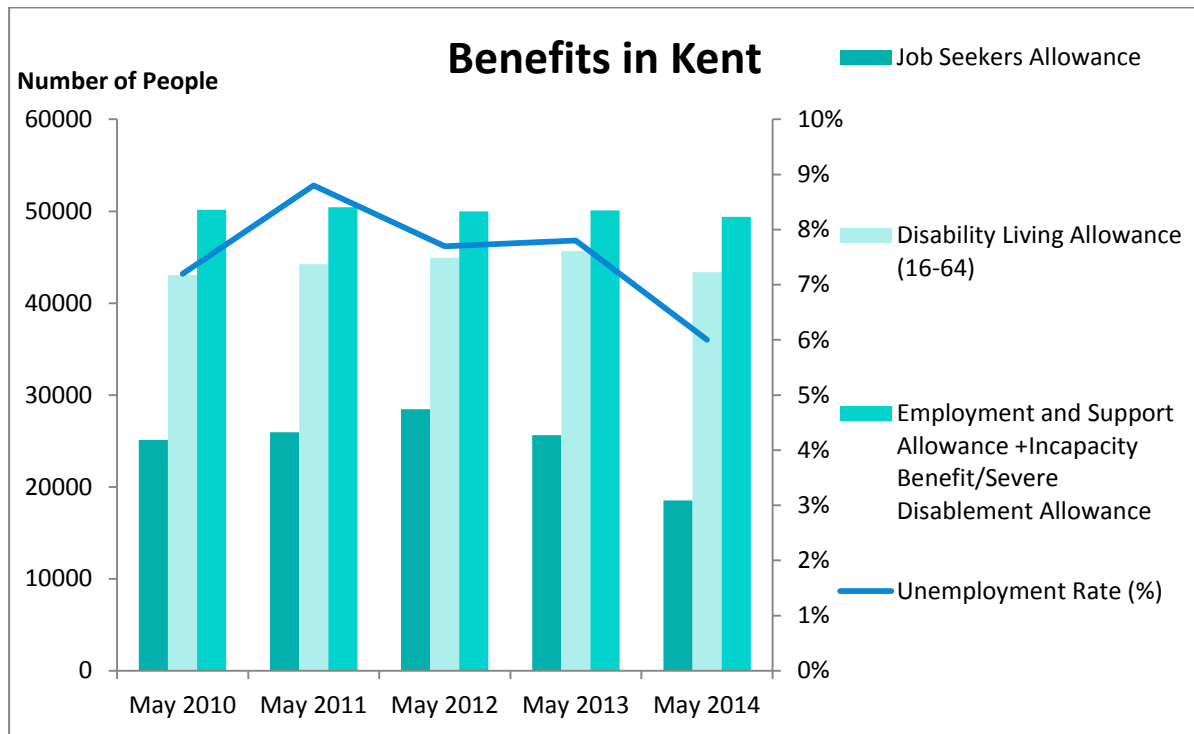
Figure number	Item
Not available	Number of people subject to the Benefit Cap who subsequently found employment (hence became exempt)
2.1	Number of people aged 16-64 who are claiming JSA in Kent districts, the South East and Great Britain, October 2014
2.2	Number unemployed
2.3	Total number of claimants of each of the individual benefits in Kent
2.4	Number of benefits claimants by statistical group
2.5	Number of people aged 16-64 in employment in Kent
Page 26	Number of individuals in Troubled Families moving from unemployment into employment
2.6	Housing Benefit claimant net migration into Kent
2.7	Volume of inward Housing Benefit claimant migration by District
2.8	In year school moves, pupils moving to Kent 2011 to 2014
2.9	In year school moves to Kent from London Boroughs with the greatest number of moves 2011-14
2.10	Children in Care placements
2.11	Children in Care placements by other LA's
2.12	Child Protection transfers to Kent

Section 3 - Demand for information, advice and guidance

Figure number	Item
3.1	All enquiries to the Citizen Advice Bureau (CAB)
3.2	CAB enquiries
Page 30	Kent Gateways

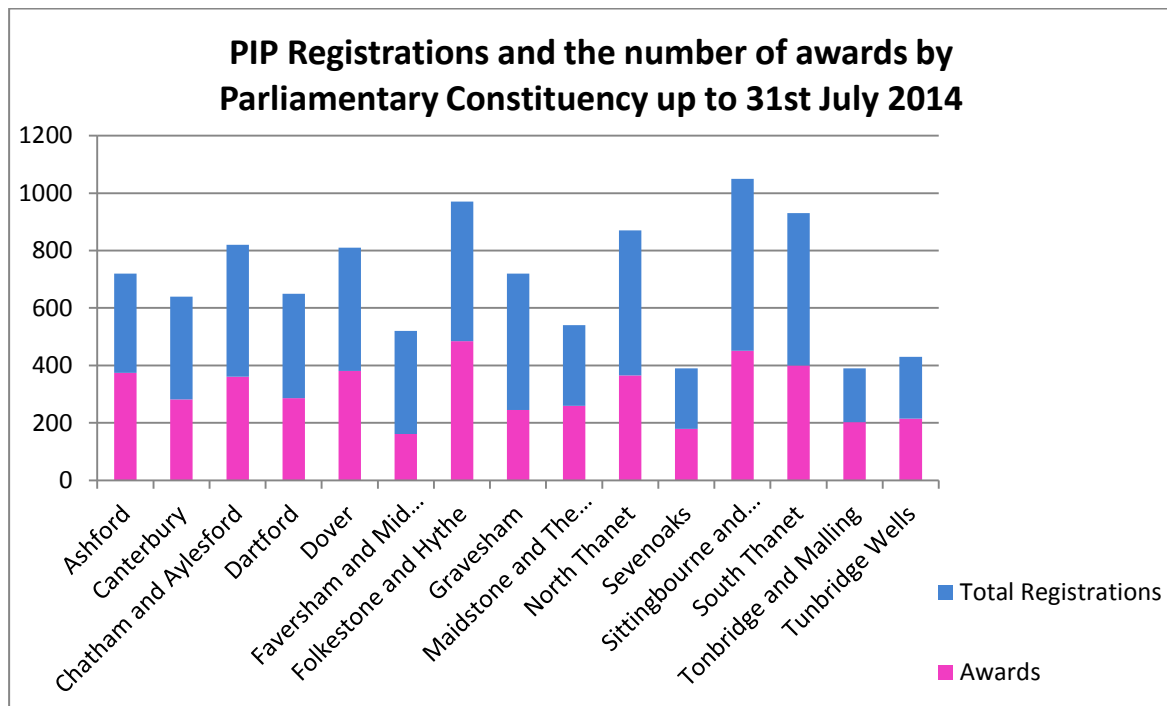
Section 1 – Welfare indicators

Figure 1.1 - General benefit claim levels



Source: DWP Longitudinal Study

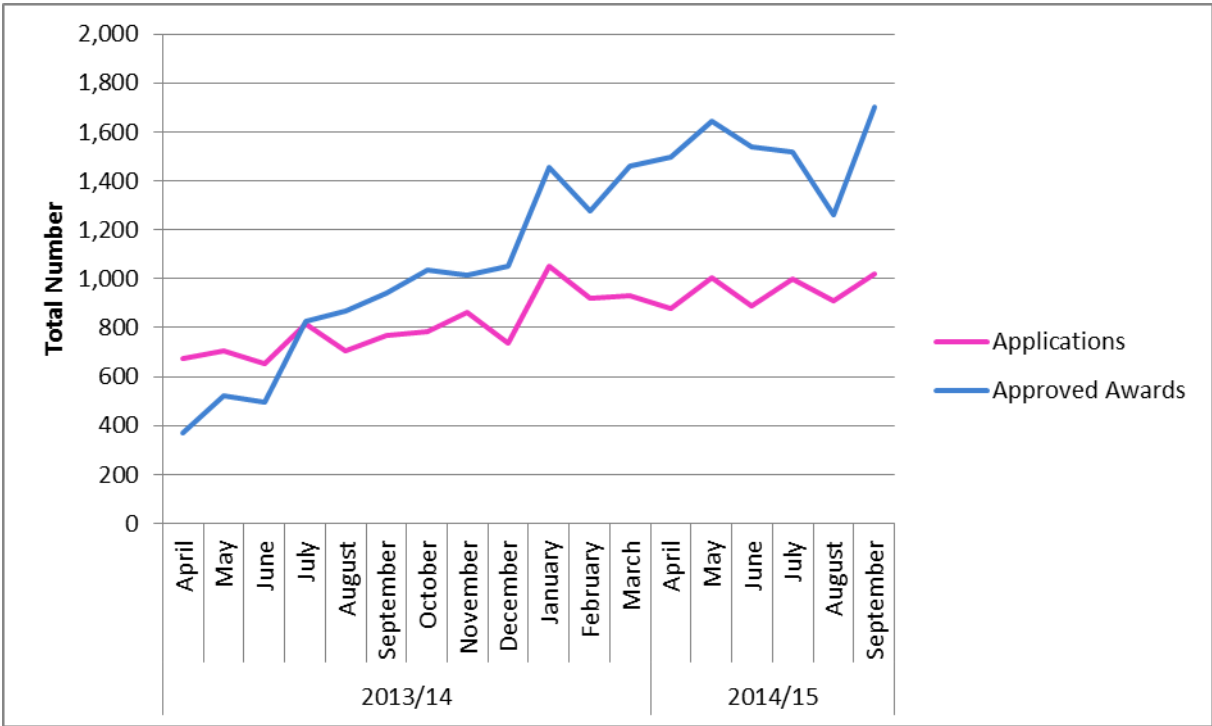
Figure 1.2 - Personal Independence Payments



Source: DWP Longitudinal Study

Figure 1.2 shows the total PIP registrations (excluding those made under “special rules for the terminally ill”) and of those registrations, the number who have received an award.

Figure 1.3 – Demand for Kent Support and Assistance Service (KSAS) – i.e. number of applications



Source: Kent Support and Assistance Service

The total number of awards exceeds the total number of applications each month. This is because each application on average receives 2.2 awards.

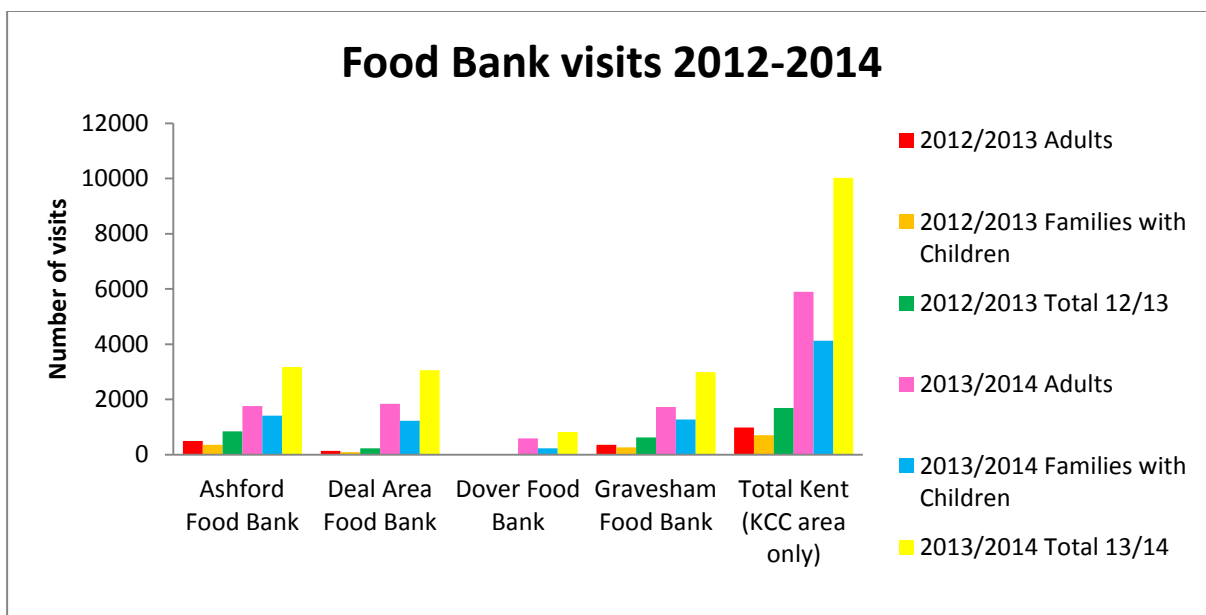
Figure 1.4 - Details of approved applications for KSAS i.e. total numbers and breakdown into categories – e.g. food, energy, furniture, household items, clothing etc.

Month	Total applications	Actual numbers of awards					Total number of awards
		Cash	Energy	Equipment & Cookers	Food & clothes	Travel	
Apr-14	880	10	342	600	540	4	1496
May-14	1003	12	413	581	634	4	1644
Jun-14	891	7	332	640	562	0	1541
Jul-14	1001	2	379	512	625	2	1520
Aug-14	911	8	282	491	479	1	1261
Sep-14	1018	2	383	685	629	2	1701
Total	5704	41	2131	3509	3469	13	9163

Source: Kent Support and Assistance Service

Figure 1.5 - Food Banks

Use of Trussell Trust food banks has increased sharply in Kent. In the KCC administrative area, the number of visits by adults to food banks managed by the Trussell Trust in the financial year 2012-13 was 980, while in 2013-14 it was 5,901. The number of families with children visiting them in 2012-13 was 705, while in 2013-14 it was 4,127. The total number of visits in 2012-13 was 1,685, while in 2013-14 it was 10,028.

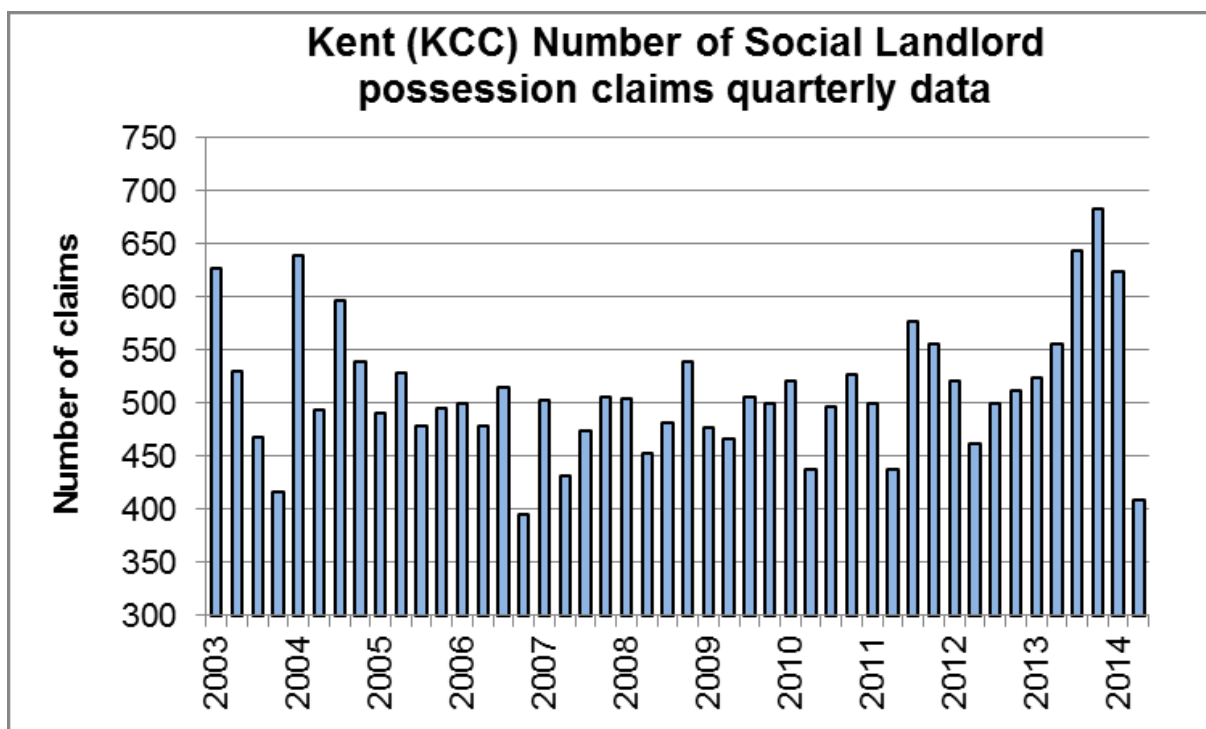


Source: Trussell Trust

Note: data for Faversham and Folkestone food banks is unavailable for this report

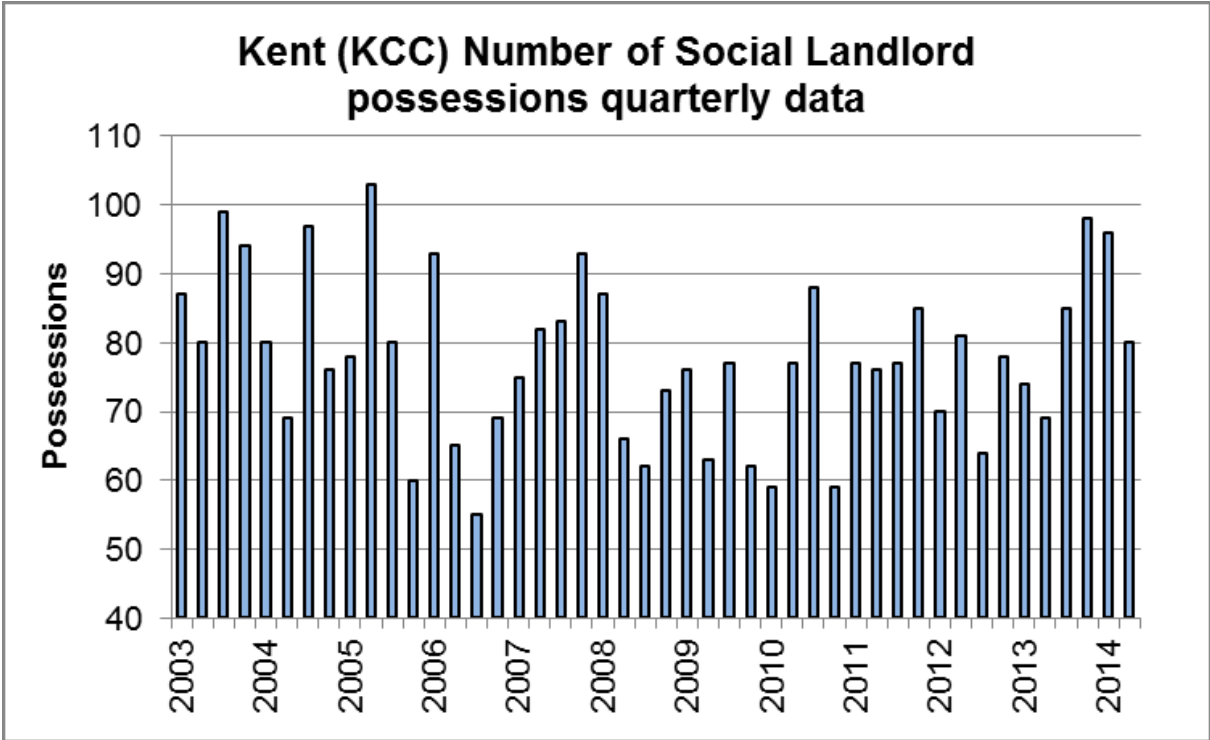
The latest report on advice trends by Citizens Advice (2014) shows that preliminary research indicates the main immediate causes of food need are the delays in benefit payments which leave clients with significant gaps in income, and the sanctioning of benefits. The use of food support in Kent is understated in figure 1.5 above, as there are other charities and independent providers operating in Kent. The Trussell Trust is the biggest of these providers.

Figure 1.6 – Social housing possession claims 2004-14



Source: KCC Business Intelligence, Mortgage and Landlord possessions 2014, Qu2

Figure 1.7 – Social housing possessions per quarter in Kent 2004 - 2014



Source: KCC Business Intelligence, Mortgage and Landlord possessions 2014, Qu2

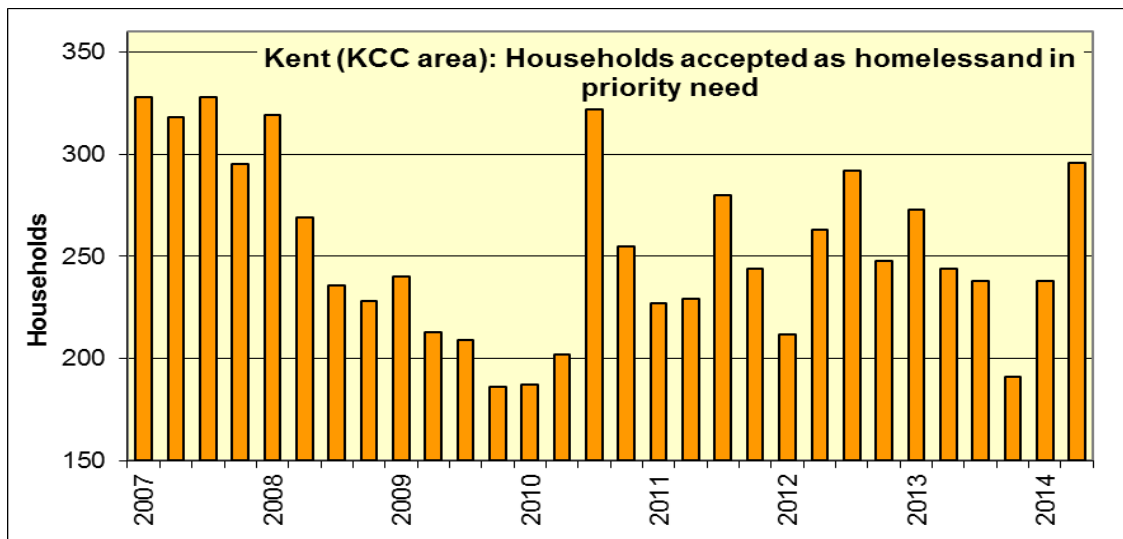
1.8 – Council Tax arrears

Only limited statistics are collected/ published by DCLG and CIPFA and it is very difficult to make any firm conclusions from what little information is available. Districts in Kent have previously reported that Council Tax collection in 2013/14 was better than they had feared when Council Tax Support schemes came in, and this has been borne out by the collection fund balances and tax base for 2014/15. However, all districts in Kent took up the transitional grant which limited reductions to 8.5% for 2013/14 compared to the previous Council Tax Benefit arrangements and most made further reductions to Council Tax Support discounts in 2014/15 as the transitional grant was one-off. Finance is undertaking more detailed work about the impact on collection rates in 2014/15 as part of a review of the current arrangements under the 3 year agreement with districts which finishes at the end of 2015/16. This information is expected to be available by the end of the current financial year.

Figure 1.9 - Number of households in Kent accepted as homeless and in priority need

The levels of homelessness in relation to households at the end of June 2014 in Kent (KCC area) had a homelessness rate of 5.1 households in priority need per 10,000. This is lower than the national average of 5.8. 296 households were accepted as homeless and in priority need, which represents an increase of 26% compared to one year ago but is now lower than 2007.

Priority need is defined as: Households with dependent children or Households where someone is pregnant, Households where someone is elderly, Households where someone has a disability or has a mental illness, Households where the applicant is a young person Households where someone is suffering domestic violence



Source: P1E return and published by DCLG

Figure 1.10 – Total households in temporary accommodation

Total households living in all types of temporary accommodation at the end of the quarter

(Accommodated in Bed & Breakfast, Hostels, LA/HA stock, leased and other stock)

Source: DCLG P1E returns

	Number of Households															
	Ashford	Canterbury**	Dartford	Dover	Gravesham	Maidstone	Sevenoaks	Shepway	Swale	Thanet	Tonbridge & Malling	Tunbridge Wells	KCC	Medway	South East Region	England
2007 q1	167	228	193	83	44	77	76	107	75	69	79	46	1,244	485	8,440	87,120
2007 q2	153	200	168	81	49	68	69	104	69	66	69	44	1,140	432	7,860	84,900
2007 q3	133	172	135	74	52	66	61	102	69	65	75	50	1,054	na	7,400	82,750
2007 q4	129	148	99	83	28	47	50	101	68	61	64	57	935	347	6,750	79,500
2008 q1	115	144	96	79	27	55	59	99	77	50	76	48	925	319	6,320	77,510
2008 q2	109	119	91	78	28	47	58	97	78	66	60	47	878	295	5,890	74,690
2008 q3	107	108	95	72	25	42	55	85	73	47	41	46	796	269	5,650	72,130
2008 q4	106	119	85	69	20	29	47	92	76	32	39	43	757	178	5,050	67,480
2009 q1	98	110	84	65	15	46	32	83	76	35	39	37	720	151	4,610	64,000
2009 q2	95	108	73	63	12	43	25	86	68	25	31	32	661	142	4,140	60,230
2009 q3	103	110	51	68	15	40	26	81	57	34	20	38	643	132	3,900	56,920
2009 q4	104	115	59	62	15	37	23	69	64	25	20	33	626	141	3,620	53,370
2010 q1	99	110	61	49	16	38	15	76	73	18	19	26	600	120	3,520	51,310
2010 q2	99	140	50	48	16	33	15	67	72	15	17	27	599	101	3,510	50,400
2010 q3	99	68	54	35	9	32	20	55	63	19	21	29	504	127	3,550	49,680
2010 q4	106	71	57	38	15	35	15	57	55	19	11	26	505	115	3,530	48,010
2011 q1	105	72	46	41	22	36	8	43	65	17	10	21	486	102	3,660	48,240
2011 q2	109	66	57	33	20	34	12	49	59	14	7	19	479	85	3,790	48,330
2011 q3	109	51	74	40	37	44	20	51	52	26	9	27	540	99	4,130	49,100
2011 q4	108	39	71	34	22	46	27	37	47	32	12	25	500	92	4,050	48,920
2012 q1	102	44	82	29	39	49	17	38	51	44	13	30	538	109	4,280	50,430
2012 q2	110	51	94	34	38	38	28	45	68	32	10	29	577	118	4,570	51,640
2012 q3	124	43	75	37	42	27	17	51	59	28	11	33	547	101	na	52,960
2012 q4	137	55	63	35	41	37	17	33	67	25	10	38	558	107	na	53,130
2013 q1	104	64	38	37	44	36	19	43	72	27	16	36	536	120	na	55,300
2013 q2	108	54	29	42	49	40	21	44	77	18	5	42	529	128	na	56,210
2013 q3	130	56	31	35	52	47	13	44	75	20	9	38	550	169	na	57,350
2013 q4	110	41	38	39	59	31	15	28	75	21	6	38	501	144	na	56,930
2014 q1	113	44	39	37	62	41	16	22	73	28	12	36	523	148	na	58,590
2014 q2	121	46	53	53	73	49	15	23	59	29	10	37	568	176	na	59,710

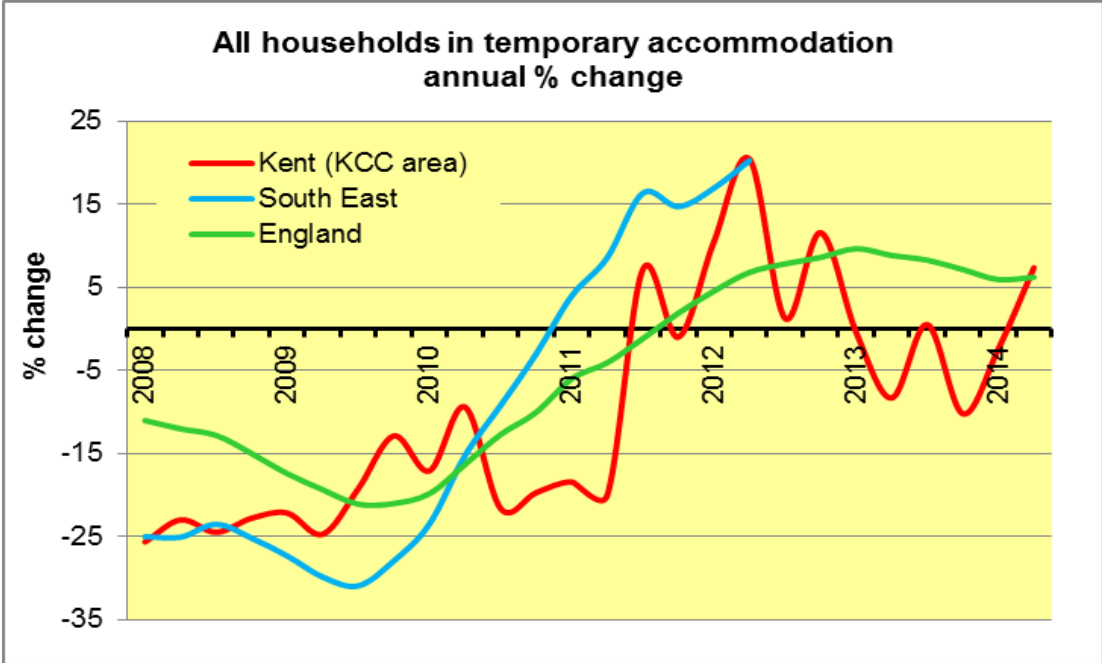
** Methodology review during 2010

Figures may not sum due to rounding and estimated totals

Source: P1E return and published by DCLG

At the end of the 2nd quarter 2014 there were 568 households in Kent (KCC area) living in all types of temporary accommodation. This is 39 households (7%) more than the same period one year ago when there were 529; this has decreased significantly since 2007.

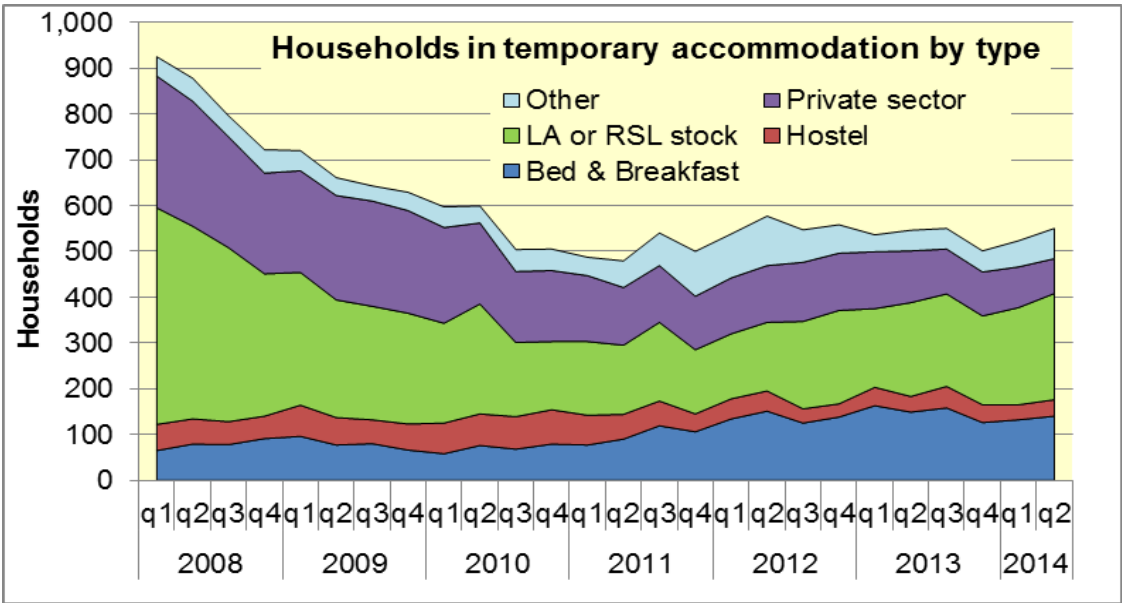
Figure 1.11 – Annual percentage change in number of households in Kent living in temporary accommodation



Source: P1E return and published by DCLG

Figure 1.12 - Number of households in Kent living in temporary accommodation by type

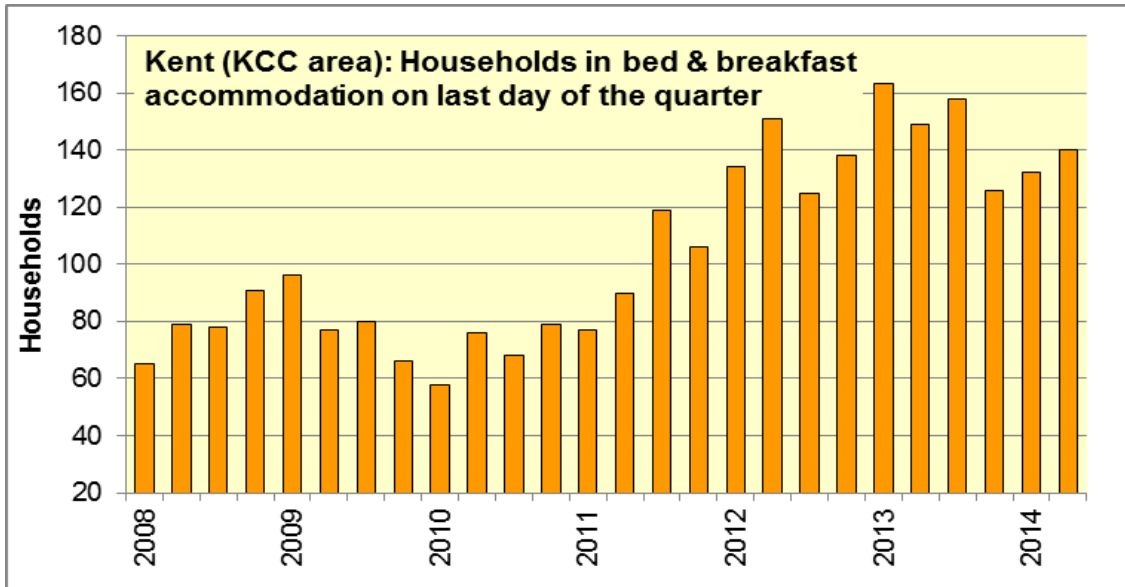
Of the Kent households in all types of temporary accommodation at the end of June, approximately 25% were in Bed and Breakfast accommodation, 7% in Hostels, 42% in Local Authority or Registered Social Landlord (RSL) dwellings, 14% were in leased private sector dwellings with a further 14% of households in other types of accommodation such as private landlords.



Source: DCLG

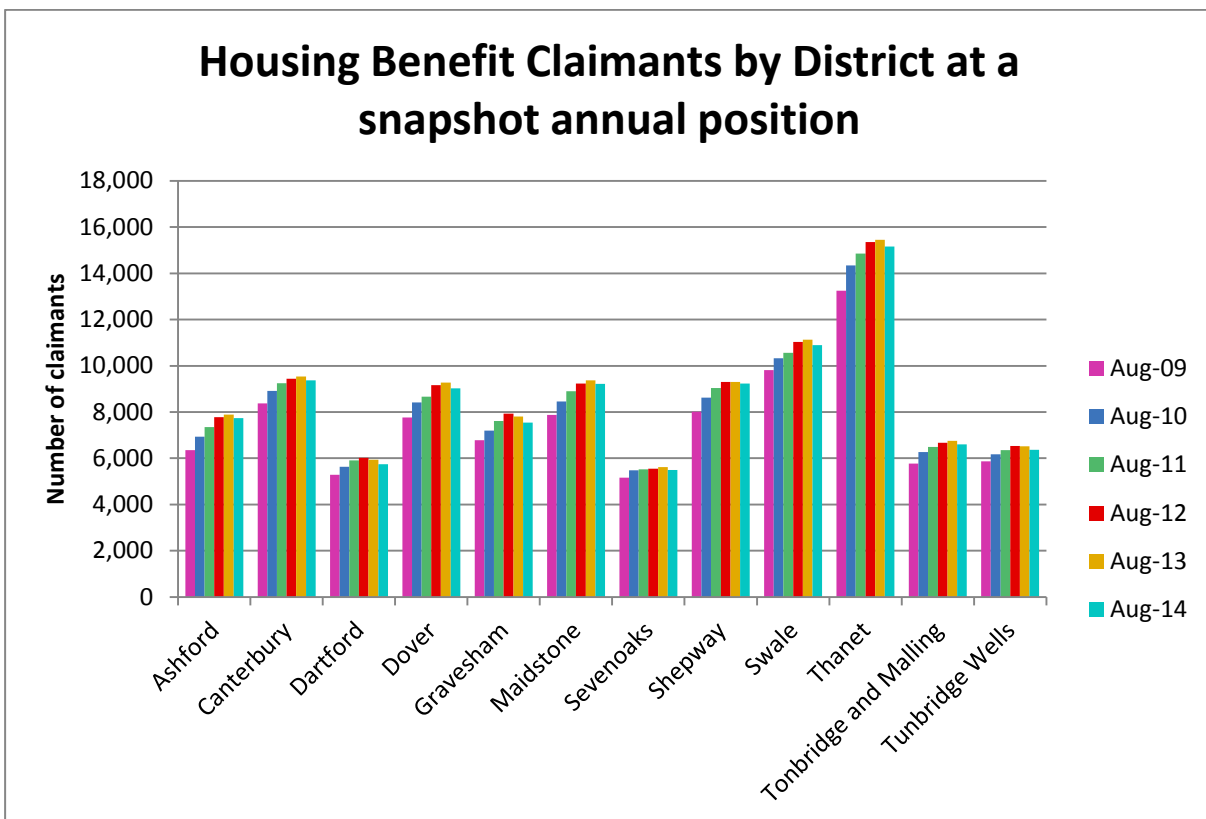
Figure 1.13 - Number of households in temporary accommodation living in B&B

In Kent (KCC area) 140 households were in bed and breakfast accommodation at the end of June, nine fewer compared to one year ago when there were 149. Maidstone, Dover and Swale districts had the highest number of households in bed and breakfast accommodation with 26, 25 and 18 households respectively; these three districts accounting for 32% of the Kent (KCC area) B&B total.



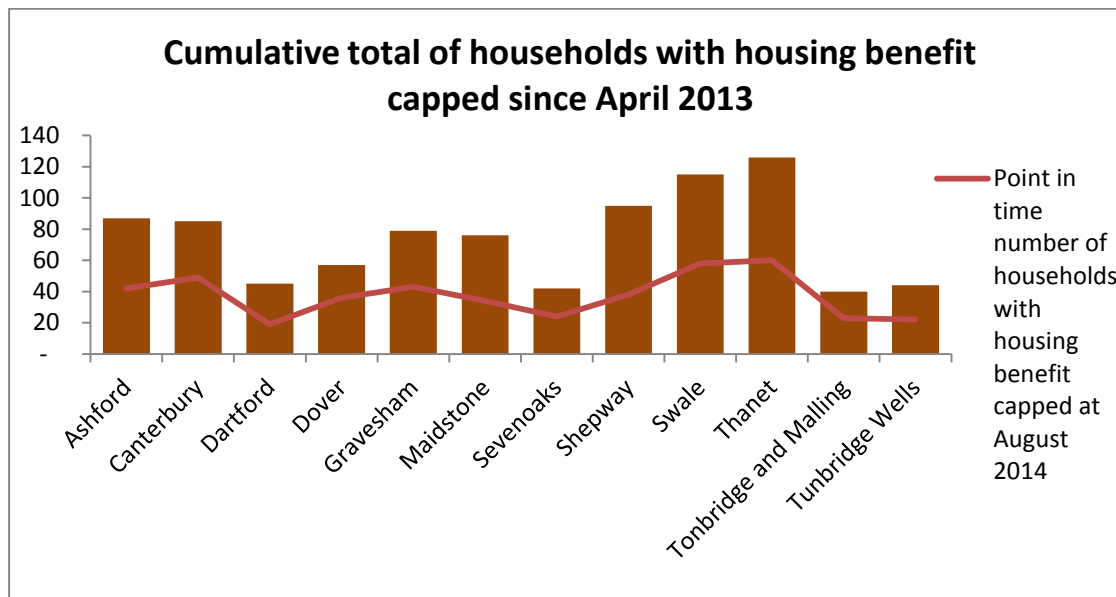
Source: DCLG

Figure 1.14 - Housing benefit claimants



Source: DCLG

Figure 1.15 – Cumulative total of households subject to a housing benefit cap



Source: CTB Local council tax support data

The benefits cap statistics relate to the total amount of benefit that working-age households can receive so that, broadly, households on out-of-work benefits will no longer receive more in welfare payments than the average weekly wage for working households. If affected, a household’s Housing Benefit entitlement will be reduced so that the total amount of benefit received is no longer higher than the cap level.

The financial impact of the cap is shown in amount per week in the table below.

Figure 1.16 - Households with Housing Benefit capped by amount in Kent

	Total	Amount Capped (£ per week)				
		Up to £50	£50.01 to £100	£100.01 to £150	£150.01 to £200	£200.01 to £250
Ashford	87	46	21	13	-	-
Canterbury	85	50	24	10	-	5
Dartford	45	28	12	-	-	-
Dover	57	36	17	-	-	-
Gravesham	79	46	17	10	-	-
Maidstone	76	50	15	11	-	-
Sevenoaks	42	25	10	5	-	-
Shepway	95	42	28	17	5	-
Swale	115	63	27	21	5	-
Thanet	126	62	42	13	12	-
Tonbridge	40	17	12	5	-	-
Tunbridge	44	20	12	6	6	-
KCC Total	891	485	237	111	28	5

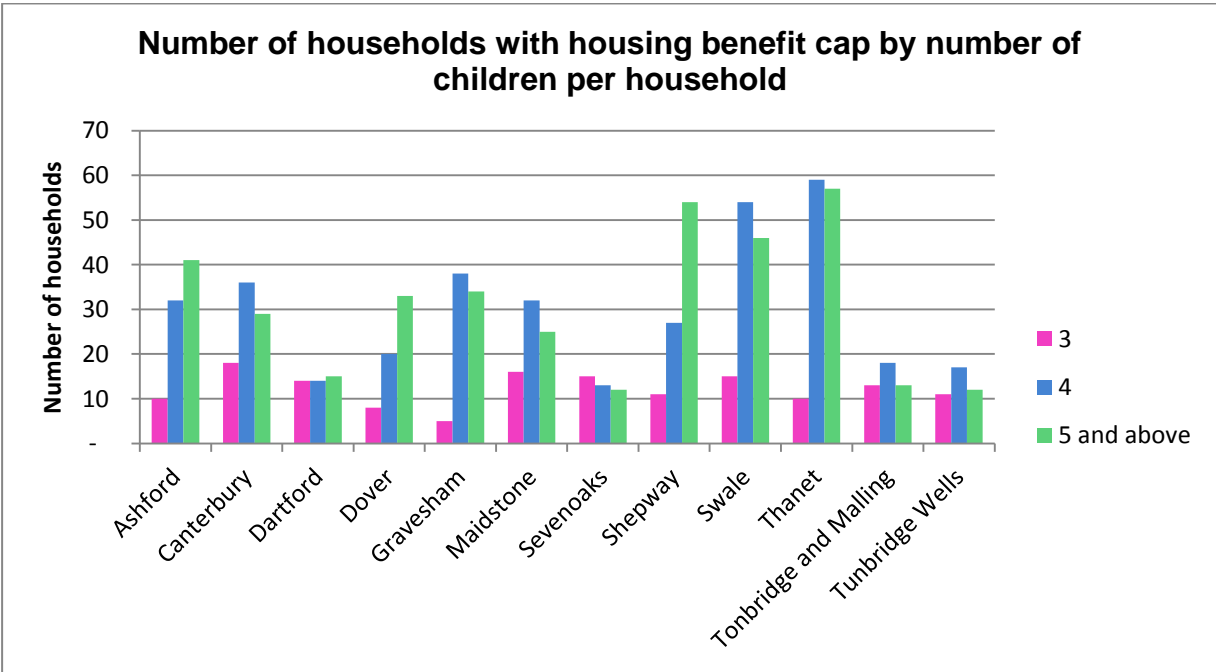
Source: DCLG

When considering which population groups appear to be most affected, national level evidence on the impacts of the Benefit Cap suggests that many of the households affected are those with dependent children, in particular larger families and households consisting of single parents. According to the recent DWP report “Benefit Cap: GB Households Capped to August 2014” (November 2014), in August 2014 in the UK 27,200 households had their housing benefit capped (51,200 from the introduction of the Cap on 15 April 2013 to August 2014).

- 59% of capped households had between 1 and 4 children, and 36% had 5 or more children
- 61% of capped households consisted of a single parent with child dependents
- 80% of capped households were capped by £100 or less a week.

In Kent the majority of the households affected by the Cap are also larger families and those consisting of single parents with dependent children. In Kent the number of households with housing benefits capped from the introduction of the Cap to August 2014 was 891. The districts with the highest number of housing benefits capped were Thanet (126), Swale (115), Shepway (95), Ashford (87) and Canterbury (85). Almost all households capped were those with dependent children (888 out of 891), and more than half consisted of single parent households (478). The vast majority of households affected had four or more children (731 out of a total of 888).

Figure 1.17 – Total number of households with housing benefits cap by the number of children per household (April 2013 – August 2014)



Source: DCLG

In terms of the number of Housing Benefit claimants in Kent who have been affected by the Removal of the Spare Room Subsidy, the evidence suggests that it decreased gradually in the last year before levelling out. In June 2013 the number of people in Kent affected by the reform was 7,310. The figure fell gradually until February 2014 (6,339) before remaining generally stable until May 2014 (6,411). The Kent district with the highest number of people affected by the removal of the Subsidy was Swale (719), followed by Gravesham (663), Thanet (605) and Maidstone (602). The district with the lowest number of people affected was Dartford (334), followed by Tunbridge (407).

Section 2 - Employment

Recent data indicates that people claiming unemployment benefits (JSA) in Kent is decreasing; in October 2014 it fell by 3.7% (-590 claimants) since the previous month and by 31.3% (-7,089 claimants) since October 2013. The claimant count unemployment rate of 1.7% for Kent is below the national average of 2.1%. Recent data indicates that people claiming unemployment benefits in Kent is decreasing; in October 2014 it fell by 3.7% (-590 claimants) since the previous month and by 31.3% (-7,089 claimants) since October 2013. The claimant count unemployment rate of 1.7% for Kent is below the national average of 2.1%. Unemployment in Kent is at its lowest level since October 2008, with 6.0% of the Kent workforce now unemployed (GB 7.0%).

All Kent districts saw a reduction in unemployment claimants from September to October 2014. Thanet district saw the biggest fall in the number of JSA claimants with 138 fewer claimants. Thanet has the highest unemployment claimant rate in the county at 3.8% and Tunbridge Wells the lowest at 0.7%.

Figure 2.1 - Number of people aged 16-64 who are claiming JSA in Kent districts, the South East and Great Britain, October 2014

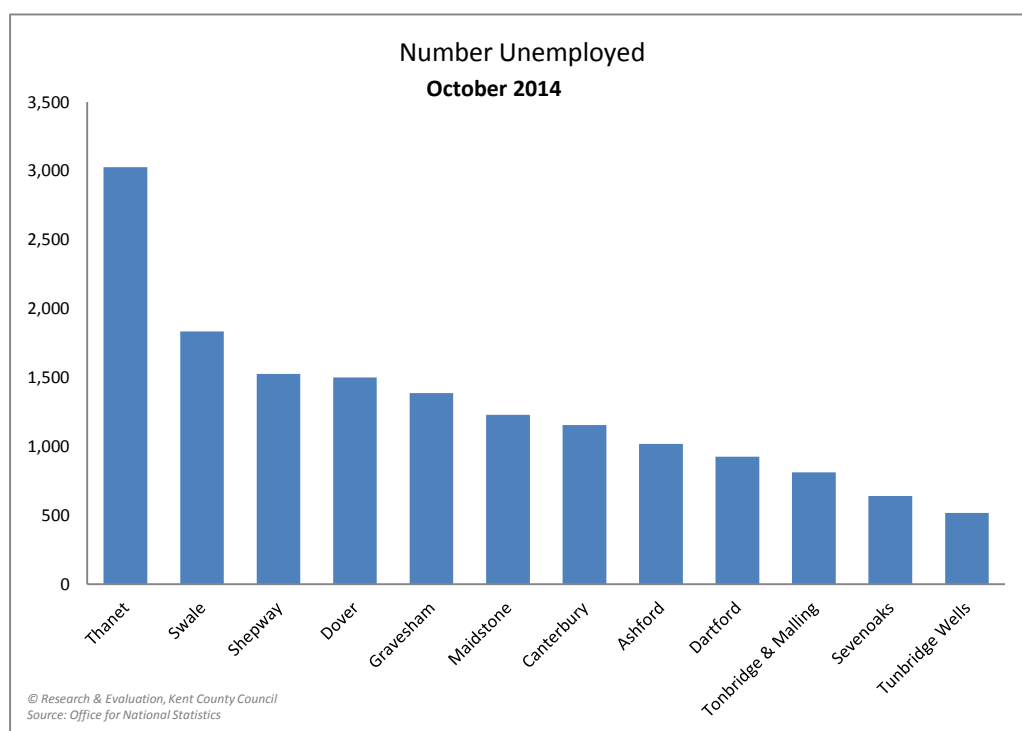
Monthly Summary of Unemployment in Kent Districts							October 2014
Districts	Number Unemployed October 2014	Unemployment rate %	Change Since Last Month Number	%	Change Since Last Year Number	%	
Ashford	1,018	1.4%	-44	-4.1%	-543	-34.8%	
Canterbury	1,156	1.2%	-50	-4.1%	-735	-38.9%	
Dartford	925	1.4%	-49	-5.0%	-486	-34.4%	
Dover	1,500	2.2%	-22	-1.4%	-487	-24.5%	
Gravesham	1,387	2.1%	-103	-6.9%	-651	-31.9%	
Maidstone	1,229	1.2%	-28	-2.2%	-672	-35.3%	
Sevenoaks	640	0.9%	-18	-2.7%	-249	-28.0%	
Shepway	1,526	2.3%	-17	-1.1%	-610	-28.6%	
Swale	1,834	2.1%	-50	-2.7%	-898	-32.9%	
Thanet	3,027	3.8%	-138	-4.4%	-1,249	-29.2%	
Tonbridge & Malling	812	1.1%	-26	-3.1%	-322	-28.4%	
Tunbridge Wells	518	0.7%	-45	-8.0%	-187	-26.5%	
Kent	15,572	1.7%	-590	-3.7%	-7,089	-31.3%	
Medway Council	4,100	2.3%	-137	-3.2%	-1,364	-25.0%	
Kent + Medway	19,672	1.8%	-727	-3.6%	-8,453	-30.1%	
National/Regional							
GoSE	68,884	1.2%	-2,045	-2.9%	-35,501	-34.0%	
Great Britain	836,373	2.1%	-34,490	-4.0%	-372,259	-30.8%	
Seasonally Adjusted	GOSE	72,900	1.3%	-2,000	-2.7%	-35,700	-32.9%
	G.B.	879,600	2.2%	-20,300	-2.3%	-365,800	-29.4%

Figures coloured red show an increase in claimants.

Source: NOMIS Claimant Count

Table prepared by: Research & Evaluation, Kent County Council

Figure 2.2 - Number of people claiming unemployment benefits in Kent Districts, October 2014



Source: Annual Population Survey

Figure 2.3 – Total number of claimants of each of the individual benefits in Kent, February 2014

Total Claimants		Feb 2014					
Quarterly Summary of Benefit Claims in Kent							
Kent			Change Since Previous Quarter		Change Since Last Year		
	Number	% Rate	Number	%	Number	%	
Carers Allowance	15,950	1.3%	180	1.1%	640	4.2%	
Disability Living Allowance - Claiming	72,300	4.9%	-360	-0.5%	-450	-0.6%	
Income Support	19,460	2.3%	-690	-3.4%	-4,270	-18.0%	
Job Seekers Allowance	22,160	2.5%	430	2.0%	-6,900	-23.7%	
Incapacity Benefit/Severe Disablement Allowance - Claiming	10,280	1.2%	-1,760	-14.6%	-8,900	-46.4%	
Incapacity Benefit/Severe Disablement Allowance - Receiving	7,850	0.9%	-1,400	-15.1%	-5,700	-42.1%	
Pension Credits - Claiming	50,850	13.9%	-750	-1.5%	-2,700	-5.0%	
Pension Credits - Beneficiaries	61,980	16.9%	-960	-1.5%	-3,600	-5.5%	
State Pension	307,590	95.2%	-70	0.0%	2,590	0.8%	
Attendance Allowance	38,200	13.8%	-300	-0.8%	-1,140	-2.9%	
Employment and Support Allowance	39,060	4.5%	1,510	4.0%	8,000	25.8%	

Source: NOMIS - DWP Work & Pensions Longitudinal Study

Figure 2.4 - Number of benefit claimants by statistical group, Kent, February 2014

Working Age Benefit Claimants by Statistical Group		February 2014					
Quarterly Summary of Benefit Claims in Kent							
Kent	Number		Change Since Previous Quarter		Change Since Last Year		
	February 2014	% Rate	Number	%	Number	%	
Any Benefits	111,570	12.1%	200	0.2%	-7,500	-6.3%	
Job seekers	22,160	2.4%	430	2.0%	-6,900	-23.7%	
ESA & Incapacity Benefits	48,620	5.3%	-240	-0.5%	-800	-1.6%	
Lone Parents	11,000	1.2%	-120	-1.1%	-420	-3.7%	
Carers	13,140	1.4%	190	1.5%	660	5.3%	
Others on income related benefits	2,850	0.3%	-120	-4.0%	-380	-11.8%	
Disabled	12,000	1.3%	70	0.6%	360	3.1%	
Bereaved	1,810	0.2%	20	1.1%	-10	-0.5%	
Out of work benefits	84,620	9.2%	-70	-0.1%	-8,510	-9.1%	

Source: NOMIS - DWP Work & Pensions Longitudinal Study

In terms of employment, the number of people aged 16-64 in employment in Kent has steadily increased from 633,500 in the 12 month period commencing October 2011 to 659,300 in the 12 month period ending June 2014.

Figure 2.5 - the number of people aged 16-64 in employment in Kent

Oct 11- Sep 12	Jan 12- Dec 12	Apr 12- Mar 13	Jul 12- Jun 13	Oct 12- Sep 13	Jan 13- Dec 13	Apr 13- Mar 14	Jul 13- Jun 14
633,500	634,800	637,300	639,100	640,100	648,600	648,900	659,300

Source: Annual Population Survey

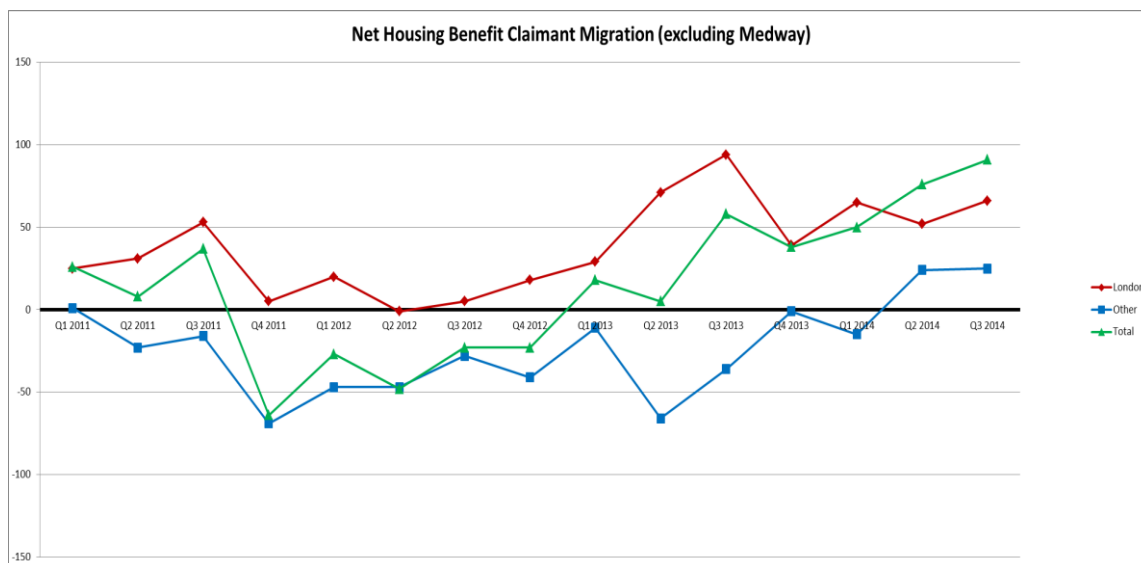
Troubled Families

Some evidence from the Kent Troubled Families Programme shows that the percentage of families where at least one member has returned to work has also increased recently. As of August 2014, 12.1% of troubled families in Kent had at least one member of the family return to work or go onto the ESF/Work Programme. This equates to 286 families where someone has returned to work and 25 families where a member has been on the ESF or the Work Programme. In the previous quarter (May 2014) the figure was 9.1%. Kent remains third nationally for return to work claims.

Sample evidence from the Troubled Families Programme shows that Income Support (IS) and ESA are the most frequently claimed benefits. IS accounts for 32.9% of the benefit claimants and ESA for 32.7%. JSA is the third largest claim made (25.2% of the cohort). Carer's Allowance is the smallest group, with 9.1% claiming this benefit. The sample shows that Swale, Maidstone and Thanet have the largest numbers of benefit claimants. Sevenoaks, Tunbridge Wells and Tonbridge and Malling have the smallest numbers. The sample also shows that Maidstone, Tonbridge and Malling and Tunbridge Wells have the

largest proportions of their benefit claimants claiming ESA. Canterbury, Dartford and Tunbridge Wells have the largest proportions of claims for IS.

Figure 2.6 – Housing Benefit claimant net migration into Kent



Source: KCC business Intelligence, Migration 2014

The net migration for KCC had previously been negative between quarter 4 in 2011 and quarter 4 in 2012. The year leading up to the introduction of the Benefit Cap saw the net movement turning positive, with a rise of housing benefit migrants from the London boroughs. This was however offset by a loss of housing benefit claimants from Kent to other (non-London) authorities. Overall, since the introduction of the Benefit Cap there has been a net gain in housing benefit claimants in Kent, which appears to be gradually increasing each quarter, although the number are very low compared to initial estimates.

Figure 2.7 - Volume of inward Housing Benefit claimant migration by District

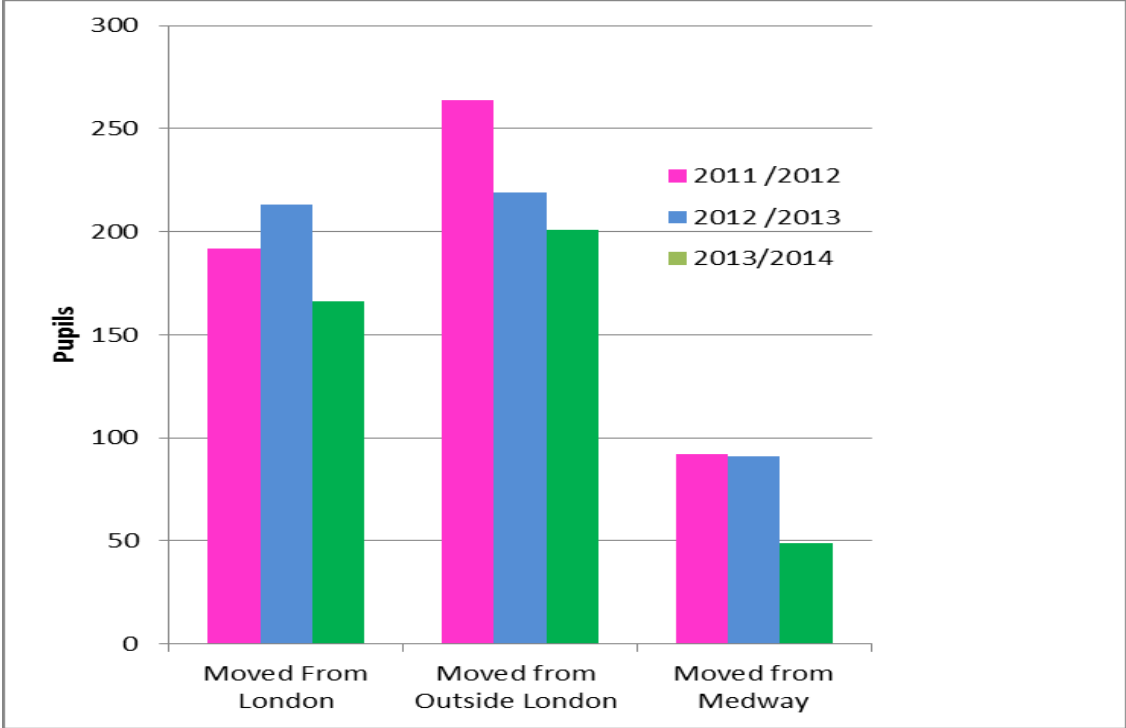
	2011	2012	2013	2014 *
Ashford	16	11	57	33
Canterbury	34	23	63	49
Dartford	61	74	99	81
Dover	50	49	84	33
Gravesham	25	25	83	46
Maidstone	31	49	48	46
Sevenoaks	42	50	64	46
Shepway	36	35	110	56
Swale	69	67	96	59
Thanet	157	173	155	81
Tonbridge and Malling	7	12	40	39
Tunbridge Wells	45	45	55	47
Kent County Council	573	613	954	616

Source: KCC business Intelligence, Migration 2014

*2014 shows part year, does not include quarter 4.

Figure 2.8 - In year school moves, pupils moving to Kent 2011 to 2014

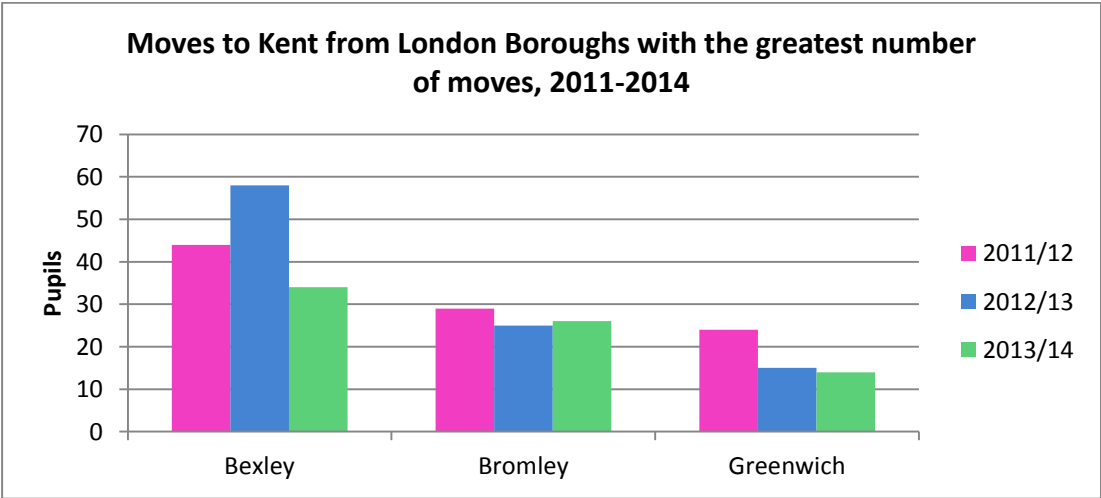
Overall, for in-year school moves, there was a slight increase in the number of pupils moving from London to Kent schools between 2011/12 and 2012/13, followed by a decrease in 2013/14 (note: not all schools provided information for 2013/14) . During this period there has been a drop in the number of pupils moving to Kent schools from outside London. The movement from Medway schools has also declined



Source: SC Specialist Children’s Services

Most districts have seen a decline in the number of pupils moving in-year to schools in their areas, with the exception of Sevenoaks and Tunbridge Wells where some increases have occurred. However, these school moves may not reflect families moving house in response to changing economic circumstances, but rather changes in attitudes to particular schools

Figure 2.9 – Moves to Kent from London Boroughs with the greatest number of moves, 2011-14



Source: SC Specialist Children’s Services

Figure 2.10 - Children in Care placements - April 14 to September 14

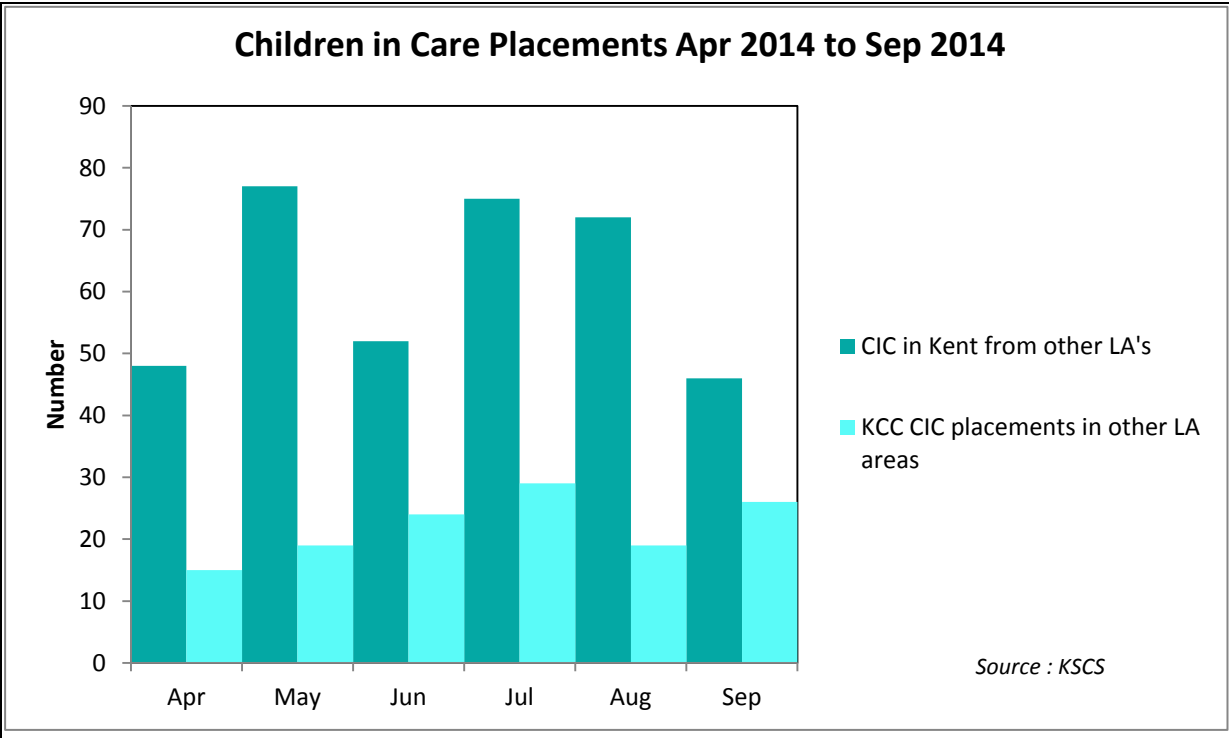
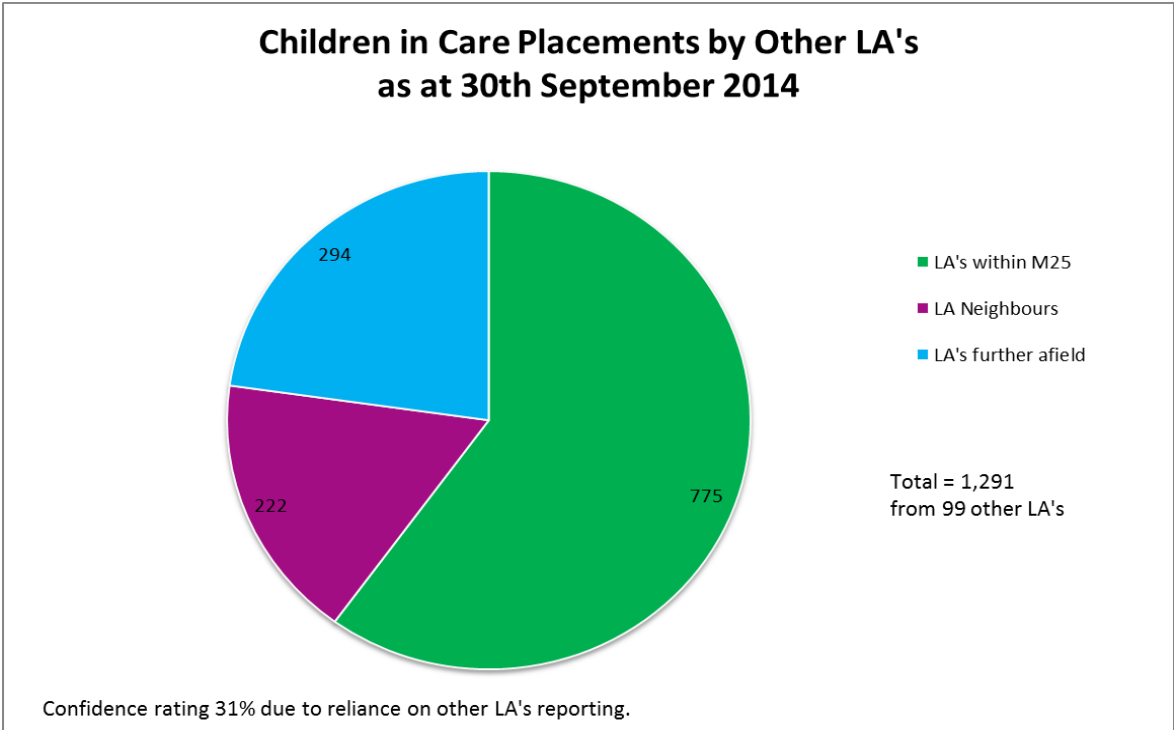


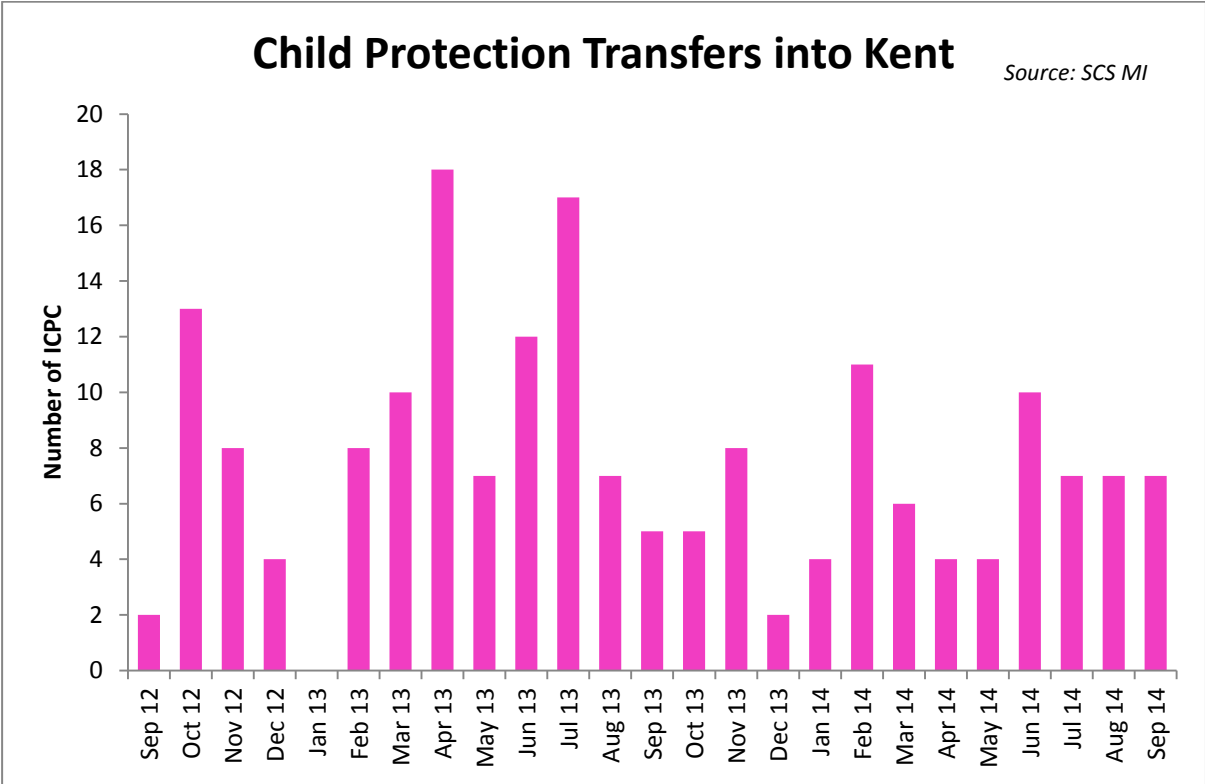
Figure 2.11 – Children in Care Placements to Kent by other LA's



Source: KCSC

The number of placements of Children in Care from other local authorities to Kent has increased. In September 2013 the total number of placements in Kent was 1,182, while in September 2014 it was 1,291. The districts with the highest number of placements were Thanet (240), Swale (224), Canterbury (130) and Ashford (125). Those with the lowest intake were Tunbridge Wells (31), Tonbridge and Malling (47) and Gravesham (70). The highest increases between the two periods occurred in Maidstone (from 52 to 71, that is 26.7%) and in Dover (from 59 to 78, that is 24.3%).

Figure 2.12 – Child Protection transfers into Kent



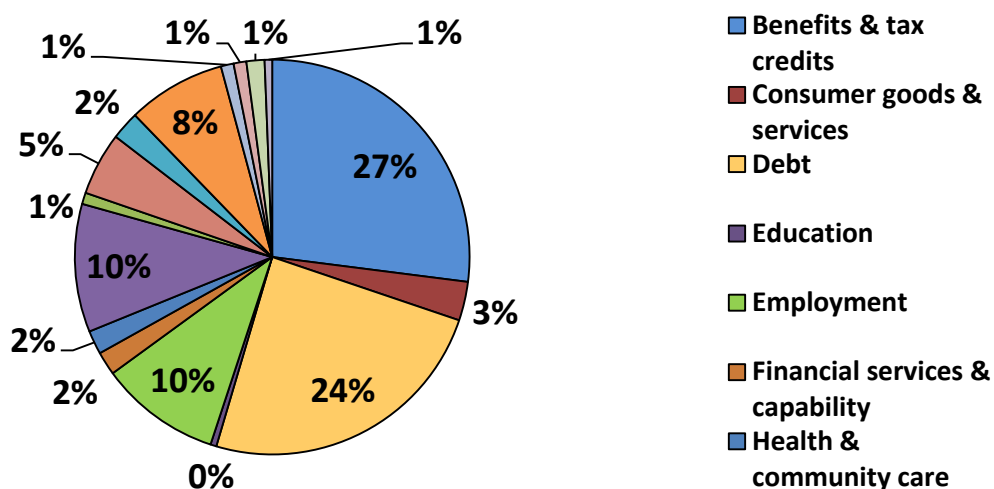
Section 3 – Demand for Information, advice and guidance

Figure 3.1 – All enquiries at the Citizen Advice Bureau (CAB) in Kent (April – September 2014)

Part 1	Number of Advice Events	% Issues	Unique Client Count	Ratio of issues per client
Benefits & tax credits	23,107	27.0%	8,506	2.7
Consumer goods & services	2,722	3.2%	1,612	1.7
Debt	20,853	24.4%	5,432	3.8
Education	416	0.5%	285	1.5
Employment	8,485	9.9%	3,642	2.3
Financial services & capability	1,648	1.9%	973	1.7
Health & community care	1,660	1.9%	867	1.9
Housing	8,981	10.5%	4,735	1.9
Immigration & asylum	797	0.9%	474	1.7
Legal	4,412	5.2%	2,640	1.7
Other	1,992	2.3%	996	2.0
Relationships & family	6,887	8.1%	3,905	1.8
Tax	892	1.0%	592	1.5
Travel & transport	897	1.0%	576	1.6
Utilities & communications	1,265	1.5%	647	2.0
Discrimination	526	0.6%	330	1.6
Grand Total	85,540	100%	26,564	3.2

Source: Citizens Advice Bureau

Figure 3.2 - CAB enquiries in Kent, April-September 2014



Source: Citizens Advice Bureau

Data from local CABs shows that in the first two quarters of 2014-15 the number of debt-related enquiries in Kent was 20,853, or 24% of all enquiries (the total number of enquiries in the two quarters was 85,540). Debt enquiries were the second category in terms of the number of enquiries after Benefits and Tax Credits (23,107 enquiries or 27% of all enquiries).

Statistics from Kent Gateways show that the number of housing-related enquiries, after increasing from 8,435 in October-December 2013 to 10,394 in January-March 2014, fell to 7,984 in July-September 2014

Appendix 2

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From: David Cockburn, Corporate Director of Strategic and Corporate Services
 Mike Hill, Cabinet Member for Community Services

To: **Policy and Resources Cabinet Committee- 16 January 2015**

Subject: **Draft KCC VCS Policy for Consultation**

Classification: **Unclassified**

Past Pathway of Paper: CMM/CMT

Future Pathway of Paper: Policy and Resources Cabinet Committee

Electoral Division: Countywide- all divisions affected

Summary:

The LGA Peer Challenge recommended that KCC develop a VCS (Voluntary and Community sector) Policy or Strategy. Following agreement from CMT and CMM a small cross directorate officer working group convened by Corporate Policy, have been developing the policy.

It was agreed in June 2014 that Mike Hill, supported by Graham Gibbens and Mark Dance would be the lead Cabinet Member for the development of the policy and that the Cabinet Members would report back on progress.

A draft of the policy has now been written (Appendix 1) and is brought to Committee for discussion as part of the open engagement process. If agreed it is proposed that there is now a period of formal public consultation on the draft.

Recommendation(s):

Policy and Resources Cabinet Committee is asked to:

1. Comment on the draft VCS policy
2. Agree to public consultation on the draft, with a focus on the proposed consultation questions.

1. Introduction

1.1 National Context:

- 1.1.1 This policy has been developed within the context of unprecedented financial challenge and a dramatically changing public sector landscape. It recognises the shift in relationship between the VCS and statutory bodies and the changing funding environment.

1.1.2 The policy recognises that the sector has been responding to the challenges it faces by diversifying and re-evaluating the support it needs, to adapt to its new environment. For some organisations this has meant exploring social investment as an alternative funding stream, for others they have rebooted their fundraising strategies and indeed a proportion of the sector have developed their business model and successfully entered the competitive market.

1.1.3 It is this backdrop of change which makes it ever more important for KCC to re-evaluate its future relationship and support to the sector and it is this which has driven the development of the policy.

1.2 Local context:

1.2.1 The LGA Peer review recommended that KCC develop a VCS strategy or policy. It was agreed that the development of a policy would support our move to become a strategic commissioning authority, establishing the principles of our future relationship with the sector and ensuring consistency in our approach. This policy will be a key strategic document within KCC's Policy Framework.

1.2.2 Given the breadth of KCC's relationship with the VCS, a cross directorate working group has developed the policy consisting of representatives from Adult Social Care, Growth, Environment & Transport, Children's Strategic Commissioning and Public Health. A member-working group has also supported the development of this policy led by Mike Hill supported by Graham Gibbens and Mark Dance.

1.3 Scope of the policy

As set out in *Facing the Challenge* and recognised through the work of the Select Committee on Commissioning, the VCS in Kent plays an important role not only in the delivery of services but within local communities, providing resilience to families and individuals. The VCS policy therefore encompasses the entire sector and describes a relationship and offer of support that recognises this diversity.

1.2.4 However, what binds these different relationships is our grant funding framework, which we recognise has a role to play in both supporting small organisations within the community in pursuit of their aims, as a lifeline for new organisations and for funding services, where appropriate.

1.2.5 Similarly, social value is not only considered in our relationship with the sector as a provider, in response to the Social Value Act but our offer of support to the entire sector is underpinned by an understanding of the inherent social value of the VCS.

2 Policy approach

2.1 A vibrant Civil Society in Kent

2.1.1 The majority of the VCS in Kent have no financial relationship with the local authority. Nationally only a quarter of voluntary organisations have a direct

relationship¹ with the state and Kent is no exception. However, our policy recognises that the wider VCS is rooted in the local community, at the heart of civil society and that these organisations play a vital role in the resilience of communities, supporting people and building community capacity. In this context KCC values the wider VCS and whilst it may not have a direct relationship with a large proportion of the sector it has an interest in ensuring the sector is sustainable and continues to thrive. However, there is a fine balance to be struck between ensuring the sustainability of the sector and interfering in a way that is detrimental to the sector achieving its own outcomes and objectives

2.1.2 Currently KCC supports the wider VCS through the infrastructure organisations that are funded by Adult Social Care. They deliver a range of support services to the voluntary sector and a general offer of support, which includes:

- Signposting to funding opportunities
- support with fundraising
- governance and policy development
- information and legal structures
- networking
- community development
- accountancy and secretarial support
- room hire

2.1.3 KCC also provides information to the sector such as Inside Track, which highlights a range of different fundraising opportunities. We also work with the sector through partnerships and consider the advice, support and information sharing driven through these as an important part of our infrastructure offer. There is also financial support to Volunteer Centres through Adult Social Care in recognition of the role of volunteers and its positive impact.

2.1.4 However, nationally there has been much debate about the type of support the sector needs in the future and NAVCA (national association for voluntary and community action) have launched a survey to find out about the help charities need and announced an Independent Commission to look at the future of local infrastructure, with a final report launched in early 2015. Locally we have recognised that as the sector's needs evolve, we should review our infrastructure support to ensure that it continues to be fit-for-purpose.

2.1.5 Whilst the policy sets out our commitment to providing infrastructure support to the wider sector we propose to consult on the sectors future support needs through our engagement on the draft policy and to review our infrastructure support on an on-going basis.

2.1.6 Proposed Consultation Questions:

1) What are the future support needs of the wider VCS in Kent?

2) What is the best way of meeting these needs?

¹ NCVO The UK Civil Society Almanac 2014

2.2 Our strategic relationship with the Sector

- 2.2.1 The policy recognises the important role that a proportion of the VCS play in delivering services to both vulnerable client groups and the wider population. In this context KCC has a direct financial relationship with a proportion of the VCS who help us to achieve our strategic outcomes and objectives.
- 2.2.2 The VCS therefore has a key role to play within the commissioning approach and our strategic relationship with the sector will need to reflect this. In this way the commissioning framework is inherently linked to the VCS policy. However, the VCS also hold a huge amount of intelligence about the way our services operate and about our communities and residents and therefore the policy sets out our expectation that commissioners engage the sector within the commissioning cycle.
- 2.2.3 Perhaps more importantly whilst the sector is well placed to deliver services the policy recognises the challenges facing the VCS within an increasingly competitive market of public service delivery. Our duties under the Care Act; to promote diversity and quality in the market of care and support providers, has led to the development of the STAMP programme (Sector Training and Mentoring Programme), which offers support to the sector to help grow the VCS market. However, this is currently restricted to social care and public health services. We have therefore set out in the policy our commitment to market development support but through the draft policy consultation we will consider what this looks like post STAMP, which is funded for 18months.

2.2.5 Proposed consultation question

3) What are the sector's support needs in terms of market development post the current arrangement?

2.3 Grant Framework

- 2.3.1 The policy recognises that grants still have a place within a commissioning model. However, the absence of a standardised approach to grant funding has created confusion across the sector and inconsistent practice across the authority. Under *The Local Authorities (Data Transparency Code)* KCC is required to publish annually (from February 2015) the details of all its grants, and therefore ensuring we have robust internal processes in place is ever more important in enabling us to track our investment.
- 2.3.2 The policy therefore sets out the principles from which commissioners across KCC will award grants, to ensure that there is consistency and equity in our grant funding and that we are not funding the same need twice.
- 2.3.3 The grant framework provides a bridge between the different parts of the VCS, recognising that both innovation and strategic grants can support different parts of the sector in different ways.

2.3.4 Proposed consultation questions:

4) Will the proposed grant definitions be useful for allocating grant funding in the future?

5) Does the proposed grant framework ensure grants are accessible and transparent?

3. Early engagement with the sector:

3.1 At the request of the Member working group, officers have undertaken some early and informal engagement with a small number of VCS organisations.

3.2 Predominantly this engagement was around our grant framework proposals but discussions have also helped shape our proposals around both infrastructure and market development. Importantly those organisations that have been engaged gave positive and informative feedback around the grant proposals and did not raise any significant risks.

4. Next Steps:

4.1 It is proposed that we carry out public consultation on the draft policy, targeted at the VCS and particularly focused on the consultation questions set out. This will inform the development of the final policy, which will go to County Council for approval as part of KCC's policy framework.

5. Recommendations:

Policy and Resources Cabinet Committee is asked to:

1. Comment on the draft VCS policy

2. Agree to public consultation on the draft, with a focus on the proposed consultation questions.

6. Appendices: Appendix 1 Draft VCS Policy for consultation

7. Contact details

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Kent County Council

DRAFT for Consultation: Voluntary and Community Sector Policy

Version	Author	Date	Comment
V0.1	L Jackson & Judy Doherty	5.8.14	Circulated to officer working group for comment
V0.2	L Jackson	6.10.14	
V0.3	L Jackson	26.11.14	
V0.4	L Jackson	5.12.14	Circulated for feedback on draft
V 0.5	L Jackson	9.12.14	CMT and Cabinet Members for comment

Jackson, Lydia - BSS SC
8/5/2014

DRAFT

Introduction

KCC is an organisation in transition, with an unparalleled degree of change taking place across the authority. This policy is intended to offer some clarity amongst all this change and set out our future relationship with the Voluntary and Community Sector (VCS) in Kent.

We recognise that the VCS in Kent is diverse and does not simply exist to provide services on behalf of the Council. Its role is deeply embedded in the heart of civil society in Kent and we recognise that the majority of organisations within the VCS have no direct relationship with the state; nationally only a quarter of voluntary organisations have a direct relationship¹. Our future relationship with the sector will therefore, encompass the sectors role as both a provider of services and its wider role in supporting individuals and communities in Kent. These roles are of equal importance to us and we want to ensure that the sector is sustainable in the future and can continue to flourish; a healthy VCS is at the heart of a vibrant civil society in Kent.

Our support to the sector both financial and non-financial will therefore reflect this diversity. We will support the sector to achieve its aims and objectives as we recognise this is good for the communities and people of Kent and builds resilience in our communities but we will also support the sector so that it can successfully compete in an increasingly competitive market of public service delivery.

As set out in *Facing the Challenge*, KCC is moving to become a strategic commissioning authority. This does not mean we are outsourcing all services but that we are committed to commissioning as an approach. However we acknowledge that commissioning may feel very different to some of our local providers such as the voluntary and community sector (VCS) and we will need to support them to adapt to this change.

Our grant funding framework brings this policy together, providing a bridge between the different parts of the sector. We hope the framework will ensure that our grant funding is accessible to a range of organisations and affirms our commitment to grants within a commissioning approach.

The *KCC VCS policy* is therefore a key document for the authority reflecting the crucial part the sector plays in achieving strong and resilient communities and in supporting KCC to achieve its outcomes for the residents of Kent.

Principles underpinning this policy

1. Recognition of the contribution of the VCS in Kent, not only those that provide services on our behalf but also the vital role they play in building capacity and resilience within our communities

¹ NCVO The UK Civil Society Almanac 2014

2. Our grant funding is accessible to organisations across the sector supporting innovation and projects, that help us to deliver our strategic outcomes
3. Our grant process is clear and transparent which allows us to monitor the impact of our funding and the innovation within the sector
4. The VCS in Kent is supported to be sustainable and not overly dependent on local authority funding
5. To build the capacity of the sector to support KCC to achieve the outcomes it wants for the residents of Kent
6. To safeguard sector independence

How will the Policy be used?

- To provide a framework to guide the Council's engagement and relationship with the VCS.
- To underpin KCC's engagement with the sector
- To provide consistency in our approach to funding the VCS particularly in relation to grants
- To clarify our offer of support to the sector
- To strengthen and widen KCC's engagement with the sector
- To enhance our commitment to volunteering

Background:

National Context

This policy is set within the context of unprecedented financial challenge and a dramatically changing public sector landscape. This has seen a shift in relationship between the VCS and statutory bodies and a changing funding environment. Whilst the valuable role the sector plays continues to be held in high regard, the sector has had to contend with a reduction in its overall income. This is not wholly surprising given the financial pressures being felt across the board.

Between 2010/11 and 2011/12, total income from government to voluntary sector organisations fell by £1.3 billion in real terms. The sector's income from grants nationally has fallen considerably in recent years, with 80% of government funding to charities now received through contracts for delivering services rather than grants to support their work. However individuals still remain the sector's main source of income. For smaller organisations this is particularly true as they receive very little statutory funding, relying on individual donations and fundraising.

This is not however meant to be a tale of woe; as public sector funding is increasingly under strain the sector itself has been responding to these challenges by diversifying and re-evaluating the support it needs to adapt to its new environment. For some organisations this has meant exploring social investment as an alternative funding stream, for others they have rebooted their fundraising strategies and indeed a proportion of the sector have developed their business model and successfully entered the competitive market.

What is clear is that this has been a time of great change and reflection for the sector and it is this backdrop, which has driven the development of KCC's VCS policy.

Local Context:

There are approximately 4,622 registered charities active in Kent, of which, 3,647 operate at a local level². 43% of these charities have an income under £10K.

In 2012/13 KCC's total spend with Kent based VCS organisations for the provision of services was just over £110m. Whilst KCC is a significant funder of the VCS in Kent alongside statutory partners its contribution to the sectors income as a whole should not be overestimated. The sector brings in significant investment to Kent; research by NCVO and Big Society Web found that the 3142 charities in Kent³ have an income of £383.9m⁴. We should also not underestimate the sector as a significant employer, as well as the significant social and economic value of the many volunteers who provide the backbone to a range of VCS organisations. In 2012-13 the largest charities in Kent (those with an income greater than £500,000) employed 6489 staff (FTE)⁵. In the same year these charities also had 11,386 volunteers within their organisations⁶.

Legislative framework:

KCC values the unique contribution of the sector in Kent and is committed to supporting its growth and sustainability. The Best Value Duty sets out reasonable expectations of the way authorities should work with the VCS and small businesses when facing difficult funding decisions but is intended to be flexible. However, there are two primary pieces of legislation which give the local authority power to fund the VCS:

1. The **Health services and Public Health Act 1968** provides a legal framework for the local authority to give grants to the VCS where it is providing services which the Local Authority has a statutory duty to provide.

"A local authority may give assistance by way of grant or by way of loan, or partly in the one way and partly in the other, to a voluntary organisation whose activities consist in, or include, the provision of a service similar to a relevant service, the promotion of the provision of a relevant service or a similar one, the publicising of a relevant service or a similar one or the giving of advice with respect to the manner in which a relevant service or a similar one can best be provided" (Section 65).

² NCVO and Big Society Data based on UK Civil Society Almanac definitions <http://data.ncvo-vol.org.uk/areas/kent>

³ This is based on the "general charities" definition. This definition takes all registered charities as a base, but excludes certain categories of charity to produce a tighter definition. The general charities definition excludes independent schools, faith charities, those controlled by government and others.

⁴ This total income figure is based on the latest income of charities in the population, so does not reflect the total income in one financial year <http://data.ncvo-vol.org.uk/areas/kent/income>

⁵ <http://data.ncvo-vol.org.uk/areas/kent/workforce> Figures based on 103 charities who returned data

⁶ <http://data.ncvo-vol.org.uk/areas/kent/workforce>. Charities are not required to record this, and measurement can be inconsistent, results should be treated with caution. Only 65 charities returned data on volunteers.

2. **Section 2 of the Local Government Act 2000** gives the local authority the power to give support to organisation(s) which promote the economic, environmental and social wellbeing of their area, which includes incurring expenditure.

Social Value

We recognise the inherent social value of the VCS, not simply in terms of commissioning services but also the sectors contribution to the social, economic and environmental wellbeing of Kent. Social Value is therefore not simply a duty under the Social Value Act in relation to public services but is about recognising the contribution of the wider VCS and the role it plays in Kent and this underpins our wider offer of support to the sector.

In relation to the Social Value Act and in terms of commissioning services we have set out our commitment to social value within our Commissioning Framework:

We will consider economic, social and environmental well-being **within all the commissioning that we undertake regardless of the financial threshold, this will apply when procuring goods as well as services.**

The way in which we apply these considerations will differ from case to case, however the commitment to improve the economic, social and environmental well-being of Kent will be consistent.

We will consider and act to ensure that social value can be enhanced and equality can be advanced **both a) through the delivery of a service itself as well as b) through additional value that a provider might offer in addition to the core requirements of a contract.**

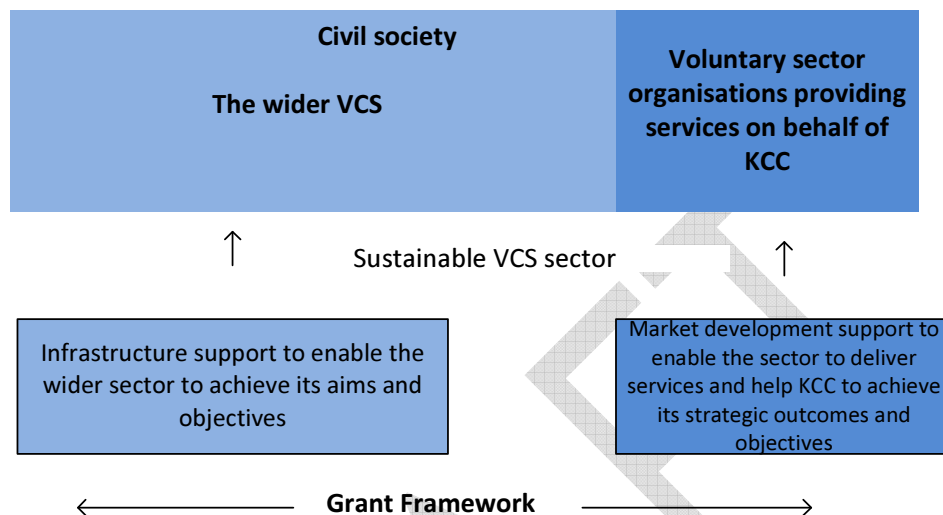
We recognise that this commitment does present a challenge to us all; KCC must become more sophisticated at determining the outcomes we wish to achieve and our priorities in relation to social value but providers must also get better at proving their social value contribution. The VCS and social enterprises are well placed to deliver social value but articulating this presents a challenge, however over time measures will mature as good practice is shared.

We have begun to clarify through our commissioning framework the social value priorities that are most relevant to KCC:

- **Local Employment:** creation of local employment and training opportunities
- **Buy Kent First:** buying locally where possible to reduce employment and raise local skills (within the funding available and whilst minimising risk to KCC)
- **Community development:** development of resilient local community and community support organisations, especially, in those areas and communities with the greatest need
- **Good employer:** support for staff development and welfare within providers' own organisation and within their supply chain
- **Green and sustainable:** protecting the environment, minimising waste and energy consumption and using other resources efficiently, within providers' own organisations and within their supply chain.

KCC's future relationship with the VCS

KCC's future relationship with the VCS



1. A vibrant civil society in Kent

KCC recognises that the role of the VCS in Kent is diverse and extends far beyond those organisations which have a direct relationship with the local authority. The majority of the VCS in Kent has no financial relationship with the local authority, is rooted in the local community, at the heart of civil society. However we know that these organisations play a vital role in the resilience of communities and building community capacity. By this we mean that the support they offer to communities and individuals plays a vital role in keeping people active, connected, less isolated; generally increasing well-being. This is not driven by the local authority but the sector itself, operating outside of the public sector sphere. We value this and want to ensure that the wider VCS in Kent are sustainable and continue to thrive, supporting the sector where necessary to achieve its own aims and objectives. However, we recognise that there is a fine balance to be struck between supporting the wider sector and interfering in a way that is detrimental to the sector achieving its own outcomes and objectives.

Currently KCC supports the wider VCS through the infrastructure organisations that are funded by Adult Social Care. They deliver a range of support services to the voluntary sector and a general offer of support which includes:

- Signposting to funding opportunities
- support with fundraising
- governance and policy development
- information and legal structures
- networking
- community development

- accountancy and secretarial support
- room hire

Adult Social Care also funds Volunteer centres in Kent and is committed to supporting and growing volunteering, recognising the significant contribution of volunteers to their local communities, the significant role they play in the voluntary sector and the positive impact volunteering can have on individual health and wellbeing. We are committed to Kent's [Volunteering Charter](#) and recognise that there is always more we can do to promote volunteering in Kent, leading by example as one of the largest local employers.

KCC also provides information to the sector such as Inside Track, which highlights a range of different fundraising opportunities. We also work with the sector through partnerships and consider the advice, support and information sharing driven through these as an important part of our infrastructure offer.

However we recognise that the challenges facing the sector are constantly changing and the sector is continually adapting to meet new demands. The sector itself is looking for opportunities to come together and work collaboratively to co-produce ideas and innovations. Nationally there has also been much debate about the type of support the sector needs in the future and NAVCA (national association for voluntary and community action) have launched a survey to find out more about the help charities need and announced an Independent Commission to look at the future of local infrastructure with a final report launched in early 2015.

We are therefore committed to reviewing our future infrastructure support so that we can ensure it continues to meet the needs of the wider VCS in Kent and ensures that civil society in Kent continues to thrive.

Consultation Questions:

1) What are the future support needs of the wider VCS in Kent?

2) What is the best way of meeting these needs?

2. Our strategic relationship with the sector

KCC views the VCS as a key partner in the delivery of services to both vulnerable client groups and the wider population. We recognise the sectors ability to provide flexible services, which respond to and meet the needs of local people. In this context KCC has a direct financial relationship with a proportion of the VCS who help us to achieve our strategic outcomes and objectives.

KCC is moving to become a strategic commissioning authority, this means that we want to ensure that we use our resources in a more joined up way, that our services make the greatest difference to Kent residents and that our decisions are informed by evidence and when our services are not working well for residents we take tough decisions. The VCS has a key role to play within this approach and our strategic relationship with the sector will need to reflect this.

As we move to become a strategic commissioning authority we recognise that we need consistency in how we commission our services and KCC's Commissioning framework will ensure that all commissioners are commissioning services to the same high standard, will enable providers to understand the process KCC uses to commission services, will ensure that providers are held to account in a consistent way and that outcomes are delivered. The VCS policy is therefore inherently linked to our commissioning framework. [Link when published](#)

We are undertaking significant transformation activity across service directorates to ensure that services are responsive to need, delivering the desired outcomes, offer value for money and are supporting a diverse market in Kent. In some cases this will mean services, which were previously delivered under grant, will be delivered under contract; the best funding mechanism will be determined through the commissioning process.

However, central to the success of a strategic commissioning authority is that it understands and develops the market. An important part of the commissioning cycle therefore is engaging potential providers to understand the innovation within the market and involving providers and residents in the design and review of services. We recognise that the VCS holds a huge amount of intelligence about the way our services operate but also about our communities and residents and we will expect our commissioners to engage the VCS throughout the commissioning cycle both as a service provider but also in its capacity as a voice for the communities, for example, through forums and interest groups.

Our engagement with the sector will be underpinned by our commitment to the [Kent Compact](#).

Whilst the sector is well placed to deliver services we recognise the challenges facing the VCS within an increasingly competitive market of public service delivery. This has led to a number of government initiatives and consultations looking at the support the sector needs to be sustainable and self-sufficient within a different funding environment. We want to ensure that the VCS in Kent is sustainable, not overly reliant on one funding source and can access a range of funding streams, including contracts. We believe that financial sustainability plays an important part in sector independence.

In addition the Care Act places a general duty on the local authority to promote diversity and quality in the market of care and support providers and our Adult Social care and public health (along with Kent CCG's) commissioners have commissioned additional support for the sector to develop the business skills that will enable them to thrive in an increasingly competitive market.

Sector Training and Mentoring Programme (STAMP)

STAMP works to support the sector through a variety of mechanisms:

An audit tool prompts organisations to think about different areas of their business and to develop a personal organisational development plan which can be met through the following support:

- Kent Commissioning Network: a series of events aimed at the whole sector with key note speakers. The focus is to provide information, advice and guidance to the sector on areas such as public sector commissioning, Social Value Act, consortium working, fundraising and business sustainability
- Small group workshops which focus on similar themes and allow organisations to work in smaller groups to discuss issues in more detail and develop skills alongside qualified trainers
- One to one support: providing ongoing support to an organisation to implement the organisational development plan –
- Mentoring: provided by experienced professionals who mentor and support the general development of an individual within the organisation, helping them to develop the skills to lead their organisation

This support is time limited for up to 18months in recognition that over time needs may change as the sector develops.

This support has been put in place in response to the Care Act and therefore is concentrated on health, social care and public health services. Whilst this is the majority of the Councils commissioned spend, we are committed to reviewing our business support to the sector post the STAMP programme, to ensure that the sector can build its capacity to deliver services and support KCC to achieve the outcomes it wants for the residents of Kent.

Consultation Question:

3) What are the sector's support needs in terms of market development post the current arrangement?

3. Grant funding framework

Our grant funding framework provides a bridge between the different parts of the VCS in Kent. Grants play an important role in both supporting small organisations within the community in pursuit of their aims, as a lifeline for new organisations and for funding services where appropriate.

Whilst we recognise that we need flexibility in how we fund the VCS in the most appropriate and efficient way the absence of a standardised approach to grant funding within the local authority we believe has created confusion across the sector and has made it difficult for us to effectively monitor the impact of our funding.

Under *The Local Authorities (Data Transparency Code)* KCC is required to publish annually (from February 2015) the details of all its grants, and therefore ensuring we have robust internal processes in place is ever more important in enabling us to track our investment.

We have therefore developed a set of principles from which commissioners across KCC will award grants, to ensure that there is consistency and equity in our grant funding and that we are not funding the same need twice.

Principle of grant funding endorsed by KCC:

Grants should not be confused with contracts. A public sector organisation funds by grant as a matter of policy, not in return for services provided under contract.

Edited from Managing Public Money (HM Treasury 2013):

a) KCC's criteria for awarding grants:

Grants awarded should meet one of the following criteria (*this does not include Combined Member Grants*):

i. Innovation Grants (one off):

- a. payment for innovations/ pilots
- b. payment to help develop new organisations which will contribute to the Council's strategic outcomes

All innovation grants will not normally exceed a 12 month period and will not normally be recurring except in exceptional circumstances.

ii. Strategic Grants:

- a. Payments to organisations of strategic importance given under the Local authority's wellbeing power (as provided in Section 2 the Local Government Act 2000)
- b. To fund a service for a time limited period, where it is appropriate to do so. E.g. where the market is underdeveloped.

Strategic grants will not normally exceed 3 years and will usually be subject to an open application.

It is not proposed that either Innovation or Strategic grants should have a financial limit but would not normally be over OJEU limits

State Aid: *When awarding grants officers must consider state aid rules and seek advice where necessary.*

b) Applying for grants

There are common overarching risks to the local authority when awarding grants and therefore there is a need to apply a common policy around the process of grant funding. Furthermore a standardised application will offer clarity and consistency for organisations applying for funding.

We will therefore use a standardised application form for any KCC grant funding, which will be applied proportionately by commissioners.

All of our grant funding will need to align to our three strategic outcomes:

- 1. Children and young people in Kent get the best start in life**
- 2. Kent communities benefit from increasing prosperity by being in-work, healthy and enjoying a high quality of life**
- 3. Older and vulnerable residents are safe, supported to live well and independently**

The grant application process will be underpinned by the following principles and conditions:

- **Transparency:**
 - All KCC grants will be advertised as opportunities on the kent.gov website. Strategic grants subject to an open application process may be applied for via the Kent Business portal.
 - Applicants will have to declare any potential conflict of interests to protect both the organisation and KCC from challenge e.g. elected members or senior officers on their governing boards.
 - All grant funding which is used to fund the provision of specific services should be treated as 'restricted funds' in an organisations account in accordance with guidance from the National Audit Office.
 - KCC will expect organisations to declare financial information as part of their application and a copy of the organisations reserves policy will be requested where appropriate. This will be in line with Charity Commission guidance.

- **Sustainability:**
 - Grants should not be considered an ongoing funding stream. Arrangements should therefore be put in place when awarding a grant to manage the closure or alternative funding of the project/service once the grant funding has ceased.
 - When applying for strategic grants (not innovation grants) organisations will be asked (at the discretion of the commissioning officer) to outline their risk mitigation in the event that KCC's funding is withdrawn.
 - Any strategic grant funding which exceeds 25% of an organisations annualised income will trigger a risk assessment on financial sustainability to be carried out by the commissioning officer.

c) Monitoring grants:

Grants should be monitored proportionately however arrangements for monitoring should be made at the time the grant is awarded, in discussion with the applicant. Any changes to monitoring during the life of the grant should allow for a reasonable lead in time.

Innovations funded by grant will usually include arrangements for full evaluation of impact and value, which should be agreed during the application process. KCC may wish to support the evaluation process. This will enable us to properly monitor the effectiveness of investment in innovation and facilitate access to external funding for roll-out or extension.

Consultation Questions:

4) Will the proposed grant definitions be useful for allocating grant funding in the future?

5) Does the proposed grant framework ensure grants are accessible and transparent?

4. Monitoring the Policy

KCC will carry out an annual audit of this policy and any grants awarded in the previous financial year to ensure compliance and progress; this will be carried out by the KCC Audit team.

It is recognised that grants already awarded may not meet the requirements of this policy and therefore transitional arrangements will be put in place. The new policy will become effective when an existing grant reaches its end date.

DRAFT

By: Bryan Sweetland – Cabinet Member for
Commercial & Traded Services

David Cockburn – Corporate Director Strategic
and Corporate Services

To: Policy & Resources Cabinet Committee

Date: 16 January 2015

Subject: KCC Customer Services Policy

Classification: Unrestricted

Summary

This paper provides an update on the development of a Customer Services Policy, aligned to the development of KCC as a strategic commissioning authority.

Recommendation(s)

Members are asked to note progress on the development of the Customer Services Policy and to offer comments on the work to date ahead of finalisation.

1. Background & Context

- 1.1 Facing the Challenge places a heavy importance on the role of the customer in a commissioning authority: “By 2020, all KCC services will have a greater customer focus with services organised around the needs of service users and residents”.
- 1.2 Facing the Challenge also sets out the direction of travel for our changing relationship with the customer in a commissioning authority, and shifts the focus from improving our services through our historic understanding of customers experience, to a more fundamental understanding of service user needs, and engaging them in design and delivery of services.
- 1.3 This will be facilitated by KCC through the recently approved Commissioning Framework, enabling KCC to hold to account all service providers (both internal and external) for the customer service they provide on behalf of the Council, acting as a guarantor of customer service principles and standards.
- 1.4 In order to facilitate this approach, the Council must firstly define and agree the core customer service values and principles that it will require all commissioners and providers to uphold.
- 1.5 The development and agreement of the corporate Customer Services Policy will provide this, forming a keystone document (alongside the Commissioning and Outcomes Frameworks) towards the delivery of effective and agile commissioning, and the customer centric service approach outlined in Facing the Challenge.

2. Discussion

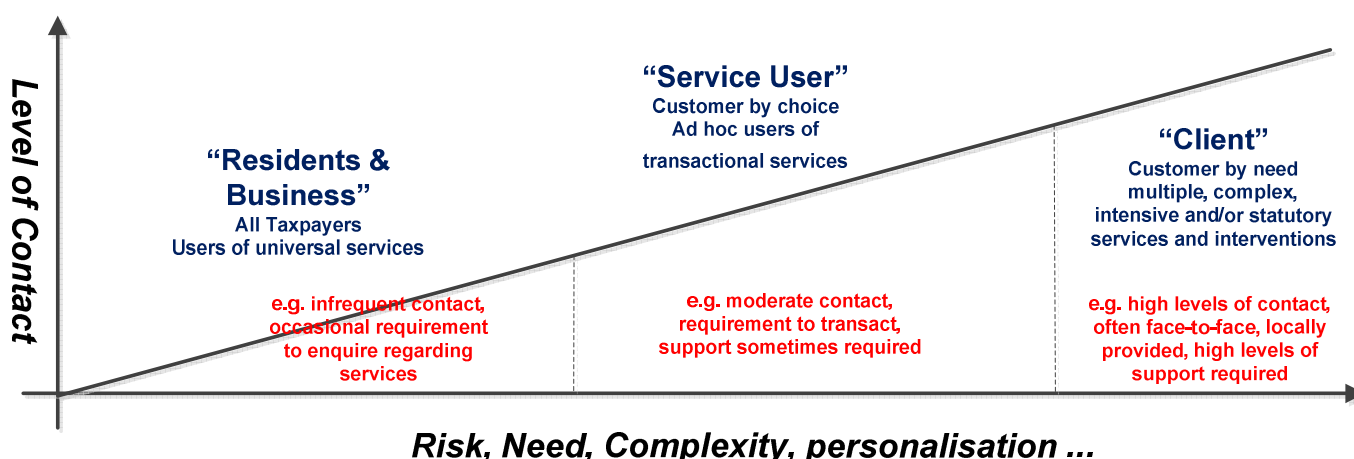
2.1 Defining our approach to customer service is an essential component of becoming a successful strategic commissioning authority. The starting point is to develop a deep understanding of our customers, their needs and preferences, and the way they live their lives so that we can identify outcomes that our services need to achieve.

We can then design and commission services in a way that places the customer at the centre, leading to different ways of working and delivering our services. This will also help us to understand and manage demand, preventing future needs and empowering our customers to live as independently as possible.

2.2 As other organisations start to deliver on our behalf more frequently, we also need to ensure that our customers receive a consistent level of service. This should apply regardless of how the customer chooses to make contact with us. To provide a seamless experience for our customers and remove costly duplication and inconsistency, we need to develop and implement universal principles for customer service. Anyone who uses our services is a customer of the council, not just the individual service or services that they interact with. The wider customer experience and how well KCC meets customers' needs across all of its services will ultimately determine customers' views of how KCC is performing as an organisation.

2.3 Who are our customers ? KCC provides a wide range of services to a diverse range of people. The relationship we have with customers varies greatly depending on a number of factors, and individuals will very often have different relationships with different services. Often there are varying levels of need, complexity, risk, and need for personalisation, alongside varying levels of contact with KCC.

2.4 Various terms and language can be used to describe our customers. One size does not fit all – however it is possible to describe our customers in three broad groupings as below



2.5 Delivery strategies for each of these groups may by necessity differ and will require differing approaches and commissioning strategies. People may move between these groups at different points in their lives, depending on a range of factors and influences. The Customer Services Policy will provide the overarching core principles around which commissioners can shape services to (and with) these groups whilst maintaining the core values of KCC.

- 2.6 Cost is an increasingly significant factor in the customer service equation. With the Council facing unprecedented financial pressure over coming years there is a need to ensure every penny is used to maximum effect. All of our principles and values will need to be underpinned with a sound understanding of cost and effectiveness, and this will form an integral part of the commissioning regime.
- 2.7 Moving to 'digital by default' delivery will assist in this regard, however it will be important to ensure that every service fully understands its 'cost to serve' – including direct costs to the service (e.g. staff, premises, systems etc.) and those costs accrued elsewhere as a result of the service (e.g. Contact Point, Website, corporate support etc.)
- 2.8 Service design solutions to be brought forward must incorporate a full 'cost to serve' analysis and demonstrate how all elements of service delivery will be funded and made more efficient and effective through new arrangements. Alterations to service delivery or policy amendments that generate customer contact must also be considered carefully in terms of cost and volume in order to ensure they are affordable, and customer service policy principles are not compromised.

3. Benefits

3.1 The adoption of a Customer Services Policy for KCC will provide a range of benefits for customers, commissioners and providers of service, and importantly to Members responsible for KCC provision.

3.2 Headline benefits are summarised in the following table

	BENEFITS OF CUSTOMER SERVICE POLICY
KCC Members	<ul style="list-style-type: none"> • Provide control and ownership of the customer service delivered by all services that KCC is responsible for, regardless of who is providing them • Allow Members to more easily hold providers to account on service delivery for residents and quickly resolve customer service problems • Support Members to manage reputational and financial risk • Support Members to ensure KCC is getting value for money from every service
Customers	<ul style="list-style-type: none"> • Clarifies and reinforces KCC's customer service values and principles • Provides consistency in customer service received, irrespective of provider or channel - people know what to expect • Gives confidence that services will be delivered in a way that is customer centric • Ensures that customer data and intelligence is used to shape our services for customers throughout the commissioning cycle • Ensures customers are involved and listened to in service design and operation.
Commissioners of KCC services	<ul style="list-style-type: none"> • Provides a clear expectation and framework for commissioners to utilise when specifying services • Ensures a deep, shared understanding of customers is

	<p>developed across the board to support effective commissioning and to inform future service design</p> <ul style="list-style-type: none"> • Helps commissioners to manage the delivery of services against predetermined principles • Support commissioners to ensure KCC is getting value for money from every service
--	---

4. Customer Service Priorities and Principles

The Customer Service Policy describes KCC's fundamental priorities and principles which should be applied across the board when delivering services to its customers, regardless of customer group and regardless of chosen provider. These can be summarised as: -

4.1 Delivering Quality

As KCC moves to become a strategic commissioner of services, there will increasingly be a mixed economy of service providers. Providers will be required to meet prescribed levels of service across various channels with consistent quality and standards.

- a set of minimum operational service standards will be developed for each service in line with the customer groupings described and the principles within this policy
- customer service expectations and mechanisms by which these will be monitored and upheld must be 'front and centre' in all commissioning activity
- commissioners will be required to ensure adherence to the customer service policy throughout the supply chain

4.2 Customer Focused Services

KCC will ensure that its customers can access its services in the way they require and in the most flexible form so that convenience is maximised and efficiency and best value driven through on behalf of Kent's taxpayers.

- services will be 'digital by design'
- service provision will be inclusive and responsive to customer need
- commissioners and providers will be expected to demonstrate how digital delivery is incorporated into service design, and how other channels will be used in support of the service and in line with this policy

4.3 Intelligent Commissioning

KCC requires all services to collect and feed back a range of customer data and intelligence in order to inform its commissioning and to ensure that all services are fully aligned to customer needs.

- we will develop a deep understanding of our customers, their needs and how and why they access our services
- commissioners and service providers will be required to collect qualitative and quantitative information about our customers and use this intelligently to improve services

- customers must be involved in service design and operation. We will require all commissioners and providers to demonstrate how this is being achieved

5. Alignment with Commissioning and Outcomes Framework

- 5.1 The Customer Service Policy is designed to sit alongside a set of key policy documents within the KCC Policy Framework which will together drive the organisations behaviour as a strategic commissioning authority.
- 5.2 The Outcomes Framework will determine the outcomes we are seeking as an authority over coming years, and fundamental shift of commissioning for these outcomes, rather than specifying inputs.
- 5.3 The Commissioning Framework outlines the strategic approach to be taken to the delivery of services and the commissioning cycle to be followed in analysing demand, reviewing, implementing and managing service provision towards the prescribed outcomes.
- 5.4 The Customer Service Policy describes the principles of customer service that along with the Outcomes Framework defines the organisations service delivery moving forwards (the 'what') and this will be underpinned by an effective and empowered delivery strategy (the 'how') in order to ensure that the policy principles described are effectively and consistently applied.

7. Recommendation

Members are asked to note the developments around the Customer Service Policy and to offer comments on the attached draft ahead of finalisation.

Responsible Officers:

David Whittle – Head of Policy & Strategic Relationships

Jane Kendal – Head of Customer Services

Attached – Draft Customer Service Policy – Appendix 1

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Customer Service Policy

2014-2017

DRAFT 2.9

Version control:

Version	Date	Author(s)	Comment
1	03/07/14 - 10/07/14	Jenny Dixon-Sherreard	Initial draft based on discussion slides (pre CMM and CD Group meetings)
2	29/09/14	Paul Kennedy	Redraft - simplify and refocus around policy principles
2.3	30/10/14	Peter Brook	Addition of corporate standards and minor amends for clarity
2.4	07/11/14	Peter Brook, Jane Kendal	Minor amends for clarity
2.5	10/11/14	Paul Kennedy	Minor amends & formatting
2.7	24/11/14	Paul Kennedy	Re-formatting & suggested recast of standards
2.8	26/11/14	Paul Kennedy / Peter Brook	Further redrafting
2.9	11/12/14	Paul Kennedy	Incorporation of CMT & CMM comments

Who are our customers?

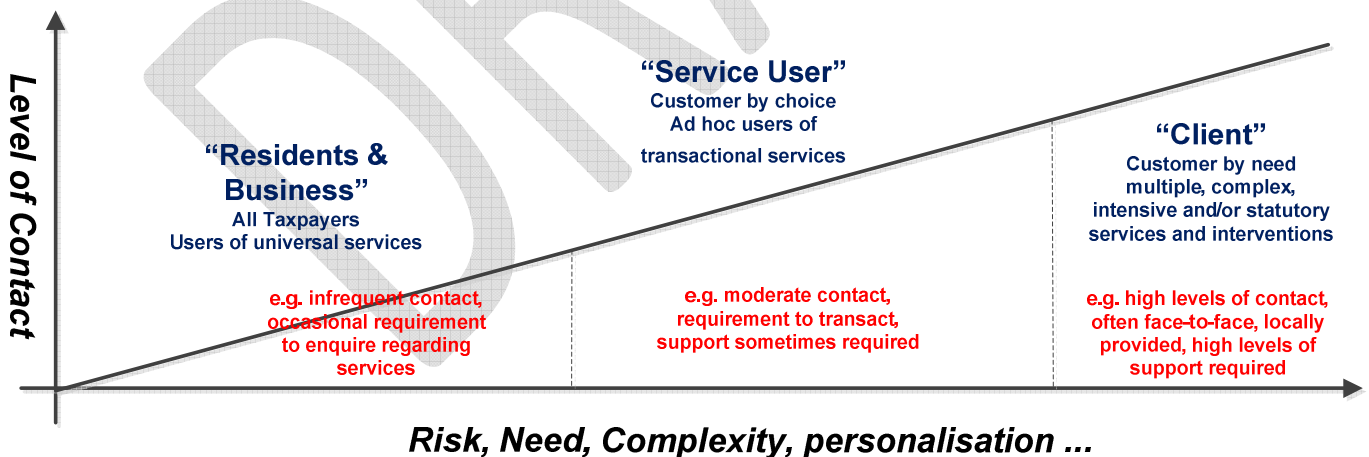
KCC’s holistic transformation plan ‘Facing the Challenge’ places a heavy importance on the role of the customer as we move towards a commissioning authority delivery model: -

“By 2020, all KCC services will have a greater customer focus with services organised around the needs of service users and residents”.

Facing the Challenge also sets out the direction of travel for our changing relationship with the customer in a commissioning authority. A clear shift of focus is described, from improving our services through our historic understanding of customer experience to a more fundamental understanding of service user needs, and actively engaging customers in design and delivery of services.

KCC provides a wide range of essential public services to a diverse range of people. The relationship we have with customers varies greatly depending on a number of factors, and individuals will very often have different relationships with different services. Often there are varying levels of need, complexity, risk, and need for personalisation, alongside varying levels of contact with KCC and its service providers.

Various terms and language are used to describe our customers. One size does not fit all – however it is possible to describe three broad groupings as below



The term ‘customer’ is used as a generic description for all, however it is recognised that delivery strategies for each of these customer groups may by necessity differ and will require differing commissioning approaches. People may also move between these groups at different points in their lives, depending on a range of factors and influences.

The customer service policy describes KCC's overarching commitment to customers, and is underpinned by three core principles which should be applied across the board when delivering services to customers. Commissioners must ensure that this policy and its embedded principles are adopted throughout the supply chain and across the differing customer groups described.

This Policy will be facilitated through the Commissioning Framework, enabling KCC to hold to account all service providers for meeting customer service expectations whilst acting as a guarantor of standards for customers and acting on their behalf where customer service principles and standards are not met.

Principle 1: Delivering Quality

As KCC moves to become a strategic commissioner of services, there will increasingly be a mixed economy of service providers. Providers will be required to meet prescribed levels of service across various channels with consistent quality and standards.

- a set of minimum operational service standards will be developed for each service in line with the customer groupings described and the principles within this policy
- customer service expectations and mechanisms by which these will be monitored and upheld must be 'front and centre' in all commissioning activity
- commissioners will be required to ensure adherence to the customer service policy throughout the supply chain

Principle 2: Customer Focused Services

KCC will ensure that its customers can access its services in the way they require and in the most flexible form so that convenience is maximised and efficiency and best value driven through on behalf of Kent's taxpayers.

- services will be 'digital by design'
- service provision will be inclusive and responsive to customer need
- commissioners and providers will be expected to demonstrate how digital delivery is incorporated into service design, and how other channels will be used in support of the service and in line with this policy

Principle 3: Intelligent Commissioning

KCC requires all services to collect and feed back a range of customer data and intelligence in order to inform its commissioning and to ensure that all services are fully aligned to customer needs.

- we will develop a deep understanding of our customers, their needs and how and why they access our services

- commissioners and service providers will be required to collect qualitative and quantitative information about our customers and use this intelligently to improve services
- customers must be involved in service design and operation. We will require all commissioners and providers to demonstrate how this is being achieved

DRAFT

KCC's Commitment to Customers

1. We will always be welcoming and deal with customers politely and professionally in accordance with our Customer Service Policy.

This will be achieved by ensuring that the customer service policy is continuously reviewed and monitored to ensure commissioners and service providers are adhering to the principles described.

2. We will treat all our customers equally, fairly and respectfully, and do all we can to ensure that you are able to access our services when you need to do so

This will be achieved by listening to customers feedback and ensuring active engagement with customers contact preferences, underpinned by planning in and ensuring adequate capacity across all channels to ensure customer service

3. We will deal openly and honestly with our customers, we will always take time to explain why we are taking a particular course of action and what the timescales are likely to be.

This will be achieved by ensuring we have systems in place to monitor response times and aligning these with customer expectation

4. We will try to get things right first time, and put things right as a matter of priority if they do go wrong

We will actively monitor first time resolution to customer contact and require commissioners to set standards for services to rectify issues should they arise

5. We will listen to your ideas, and use your feedback to improve our services

We will achieve this through a range of techniques including listening to your feedback through workshops and other face to face forums as well as monitoring comments and complaints

6. We will always strive to communicate clearly with our customers (and provide alternative formats where required)

We will achieve this through involving customers in the design and production of communications material and publications

Principle 1: Delivering Quality

KCC values and owns the customer relationship regardless of how services are delivered.

We will

- Ensure consistent quality and experience regardless of provider or channel
- Hold service providers to account for delivery to our customers
- Produce and incorporate a minimum set of operating standards into all commissioning stages, describing customer service expectations and the mechanisms by which these will be monitored and upheld
- Provide a direct route to service commissioners for customer service complaints or comments which cannot be resolved by the provider
- Retain ownership of all customer data related to our services, so that customers can be confident that their information is used to underpin our commissioning and service delivery across the Council and that data is managed safely and securely
- Require customer service intelligence and feedback to be a pre-requisite of all service design and specification



SO THAT

Customers know what to expect from KCC services irrespective of provider or contact channel

Customers can be confident that KCC is putting them first

KCC can take an informed view of how services are aligned to customer needs and requirements

Customers have a clear escalation path for any comments or complaints that cannot be easily resolved by service providers

All comments and complaints are captured and used to improve services

Principle 2: Customer Focused Services

KCC will ensure that customers can access its services in a range of ways, ensuring that value for money and flexibility are prioritised across all services

We will

- Ensure that services are accessible and flexible according to customer needs and driven by best value.
- Ensure KCC services are 'digital by design' and the ability to access services through digital self-service is the default expectation
- Incentivise digital access by improving customer outcomes and experience through this channel, providing a step change in customer experience through speed, convenience and personalisation
- Ensure the full cost of delivering services is understood and factored into commissioning decisions at all times to ensure best value is achieved for customers and to avoid hidden or unintentional cost pressures or performance issues.
- Review and reduce our service offer across more expensive channels as digital service grows and take-up is evidenced, helping to achieve best value for our customers whilst ensuring service access and continuity of support to those customers with complex needs or who cannot access the digital service offer.
- Ensure that services are always designed to be inclusive, with access based on evidence of customer need, ability and circumstance.
- Listen to our customers and continue to develop new ways in which services can be tailored to suit their needs



SO THAT

Services provided by KCC are flexible and responsive to customers, and can be accessed in a range of ways according to need.

The majority of customers can self-serve via responsive and reliable digital platforms at times that suit them

Customers can be assured that KCC is commissioning effective and efficient services on their behalf

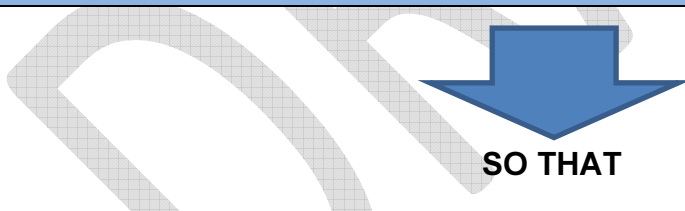
Those that require extra help or who have multiple or complex needs will be provided with the help they require

Principle 3: Intelligent Commissioning

KCC will strive to continuously improve services through engaging and learning from our customers

We will

- Develop a deep understanding of our customers, their needs and how and why they access our services
- Require commissioners and service providers to collect a range of qualitative and quantitative information about our customers and use this intelligently to shape service delivery
- Actively promote the sharing of relevant data (as appropriate) to drive improvement in customer service.
- Require commissioners and service providers to involve customers in service design and delivery
- Meet customer requirements at first contact wherever possible, minimising the need for repeat contact and ensuring that services are designed and delivered with customer contact at the fore
- Ensure contact demand is fully managed and appropriately channelled for all services, including peaks of activity where known.



Customer information and intelligence is designed in from the outset and on an ongoing basis

Customers are involved and engaged in shaping services that best meet their needs

Customers can have confidence that their needs are placed at the heart of everything we do (or others do on our behalf).

Customers do not have to chase or remind us

From: Gary Cooke, Cabinet Member for Corporate and Democratic Services

David Cockburn, Corporate Director of Strategic and Corporate Services and Head of Paid Service

To: Policy and Resources Cabinet Committee

16 January 2015

Subject: Technology Strategy

Classification: Unrestricted

Electoral Division: Not Applicable

Summary: The attached strategy outlines the future use of technology in support of council services, the proposed technology roadmap and sourcing approach to achieve maximum return on investment.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and note the 2015-2018 Technology Strategy

1. Introduction

- 1.1 Technology strategy was last updated in 2012 to align with the review of the customer services strategy. Changes in the technology market and the progress towards implementing 'Facing the Challenge' provide the context for the revised strategy attached.
- 1.2 As the council's core technologies continue to offer an effective return on investment and the cost and disruption of transition to alternative solutions would be significant, no major changes in technology infrastructure are proposed.
- 1.3 Development of 'Cloud' solutions that meet the security standards acceptable to UK government has increasingly become available. This method of accessing technology on demand is outlined in the strategy and has been the main driver of the technology roadmap for the medium term.

2. Financial Implications

- 2.1 The medium term financial plan proposes efficiency targets for the ICT Division of the order of £4.3M. Ambitions to maximise income generation through trading will be sustained and continue to be explored through Facing the Challenge activity. The objective of updating the technology strategy is to ensure that in parallel the most cost effective technology solutions are utilised while maintaining service levels and security standards.

3. The Report

- 3.1 Service and financial pressures on the council are anticipated to increase in the medium term. This will be accompanied by a corresponding growth in demand for technology at a time when the cost of support services needs to be managed downwards. This sets the parameters that have to be addressed by the ICT strategy.
- 3.2 With the increased use of technology it is essential that this is resilient and that high levels of availability are maintained. The technologies must also be easily configured and updated to reflect the requirements of the council through a period of extensive change. The trend for reducing unit cost of technology overheads must continue.
- 3.3 The updated strategy focuses on these concerns by placing emphasis on the need to move to more cost effective methods of accessing technologies, rather than any significant change in technology platform. By reducing infrastructure costs, investment can be prioritised on the systems supporting direct services and transformation.
- 3.4 Within the period covered by the strategy the systems supporting social care will need to be upgraded to meet the requirements of the Care Act. For services for younger people associated systems require far higher levels of integration with greater focus on prevention. The improvements in systems supporting specialist children's service need to continue and support for higher levels of mobility and remote access are required across all business systems.
- 3.5 In implementing the technology strategy support for strategic outcomes will continue to be maintained. This will be delivered by assessing and prioritising solutions that support the Kent economy and the growth of the commercial technology sector in the county. The focus on public sector partnerships that drive economies of scale will also be maintained and build on the strong track record of success reflected in the Kent Public Services Network and Regional Data Centre.

4 Conclusions

- 4.1 Technology Strategy has been updated to align with the objectives and priorities of the council over the medium term. It reflects the finite resources available and balances the demand for technology against the requirement to reduce support overheads.

5. Recommendation(s)

Recommendation(s): The Policy and Resources Cabinet Committee is asked to consider and note the 2015-2018 Technology Strategy

6. Background Documents

KCC Technology Strategy 2015-18

7. Contact details

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KCC Technology Strategy 2015-2018

Version 1.0

January 2015

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Appendix A - Elements of Technical Architecture

Appendix B - Target Architecture

Appendix C - Technology Demand

1 Foreword

As all services across the council respond to 'Facing the Challenge', it is critical that our support infrastructure is appropriate and fit for purpose to support our service provider's contribution to that transformation process.

This strategy document outlines our approach to the technology that will be required between 2015 and 2018 and illustrates how this will support the Authority's key outcomes. It recognises that this needs to be achieved at a time of increased financial pressures for local government and across all public services. Core principles of the strategy are therefore resilience and security balanced by the requirement to deliver value for money on behalf of the residents of Kent.

No major change in technology platform is proposed, thus avoiding any unacceptably high cost of technology change. The technology roadmap remains as before, ensuring a continuing return on existing investment and maintaining consistency with the previous strategy. There will however be a significant shift in how technology is sourced, with a move away from on premise solutions to 'cloud' based solutions following security accreditation of these services.

The intention of this version of the council's technology strategy is to provide solutions designed to meet increasing demand while maintaining service levels. Our intention will always be to develop income opportunities that enable the cost of technology to our service providers to be minimised and thus offer best value.

Gary Cooke

Cabinet Member for Corporate and Democratic Services

2 Executive Summary

The next few years will see significant changes across the entire public sector. The shape and size of the council will change but the need to provide high levels of service to our citizens will remain, and be set against a backdrop of financial austerity. With these challenges will come new opportunities; information and communications technology (ICT) will be able to help the Council to achieve efficiencies, providing the mechanism to support shared services and most importantly, keeping pace with citizens' changing needs and expectations.

During the timeframe of this strategy, ICT will contribute to achieving the strategic objectives of the Council in its mission to deliver high quality services to the people of Kent.

ICT is no longer just back office automation; it has become a critical service. If it is unavailable, the organisation cannot deliver services to our service users. ICT has the capability to contribute during the service redesign that is needed to address the challenges facing the Council. ICT has a pivotal role to play in improving efficiency, reducing cost across the organisation and supporting the organisation as it moves away from direct service provision into a commissioning model.

We will continue the process of standardisation and simplification based on the premise of a common technical architecture designed to enable local delivery suited to local needs. Delivery will increasingly be through partnerships and service provider organisations in the public, private and third sectors and this strategy enables greater interoperability to underpin this model.

Demand for public services from our populace and their expectations of levels of service are ever increasing. Citizens and businesses expect the same levels of access and availability that they receive online from large private sector organisations. People expect to be able to access their services from anywhere they can get onto the internet and in a manner that suits them. Our Strategy will place a strong emphasis on providing choice in the way people access services while encouraging them to use the most efficient channel. This will ensure services are delivered to suit the requirements of individual users not at the convenience of the Council.

A key principle of the approach adopted has been to identify least cost infrastructure solutions that provide the foundation for the systems used by both service providers and citizens. Minimising the cost of this aspect of technology provision will allow priority to be given to the business systems and applications which is where most

service benefit is derived. Achieving this objective will require all systems owners to support and maintain the standards applicable for the common infrastructure components.

Our programme of Doing Things Differently, rationalising office accommodation, eliminating unnecessary bureaucracy and administration, and supporting community based service delivery will drive efficiencies.

Where possible, the Council's use of ICT will contribute to economic success of the County, and facilitate the delivery of key initiatives including neighbourhood working and total place.

Information security is a critical focal point within the strategy given the amount of information we hold and the potential damages to individual and businesses should this be inappropriately released. We place great emphasis on protecting our systems against threats and maintain constant vigilance to protect against any new threat. We will continue to invest in training and education for our users, to raise awareness of security risks and to promote good data security practice wherever staff handle data.

3 Why a Technology Strategy

Information and Communication technology plays a significant and increasing role in people's life at work, at home and the way the Council delivers its services. No organisation or business, public or private, large or small, can succeed without embracing and exploiting technology. The council's technology strategy needs to evolve to reflect both the changes in technology infrastructure and the changing use of those solutions in the digital age.

This strategy can trace its evolution back to 2005 when the council published 'A watershed in ICT'. The digital enablement of the UK's telephone exchanges and the emergence of broadband were identified by the council as both a key public infrastructure strategy and the platform to enhance service delivery. This approach pre dated government's first national ICT strategy and many of the initiatives progressed in Kent have now been adopted across the wider public services.

The strategy has continued to be updated in response to service change and emerging technologies, most recently in 2012 to align with more closely with customer service objectives.

The strategic view for the future of Kent is set out in the Vision for Kent, a joint document with the rest of the public sector.

The Council has articulated some core values and guiding principles as it responds to the challenge of transition to a commissioning authority.

These principles are:

- Placing the customer at the heart of service delivery
- Shaping services around people and place
- Looking again at our services, the difference they make and whether there's a better way, taking a prompt from our customers and the people working close to them
- Putting a greater focus on outcomes - being clearer on what we are trying to achieve
- A more co-ordinated approach to project and programme management

The technology strategy describes our ambition to help achieve the transformation by applying the core values and principles. It links closely with the strategic objectives set by other strategies across the Council. KCC ICT will:

- Support the Council in delivering Facing the Challenge

Kent County Council Technology Strategy 2015-8

- Continue to support delivery of high quality services to the citizens of Kent
- to stabilise and progressively reduce our environmental footprint

We will deliver this by concentrating on the following themes:

- Focus on partnerships in Kent
- Appropriate technology for business goals
- Smarter business engagement
- Lowering the cost of technology delivery
- Aligning scarce ICT resources to strategic priorities
- Avoiding redundant and duplicate systems and applications

4 Technology Roadmap and Key Initiatives

The direction provided by the council's strategies set the boundaries for the required technical solutions. The purpose of this iteration of the technology strategy is to ensure that those technical solutions align and support:

- Transformation arising from 'Facing the Challenge'
- Transition to a Commissioning model
- Are affordable within financial constraints over the medium term

These considerations do not fundamentally alter the existing technical architecture and standards previously approved by the council. They do introduce an additional set of requirements that have to be incorporated within future ICT solutions:

- Technology choices need to be 'agile' to remain viable and value for money within a mixed economy of service provision, which might see radical change to priorities and sourcing solutions.
- Commissioning shifts the information priorities for transactional data to performance and outcome based metrics.
- Irrespective of source of provision, the overhead costs of technology need to be further reduced by 25% to 40% of current base.
- Solutions have to be open and support self-service by end users without compromising security of personal data

These requirements have been incorporated in plans to access new delivery solutions available within the global technology market. The term 'cloud service' has been used in technology environments for a number of years. In essence it is an alternative business model for the delivery of ICT services. Rather than buy or own equipment and services these are rented on an as required basis from providers with massive capacity.

Until adopted and offered at scale by companies such as Amazon, Google, IBM and Microsoft, the economic case for 'cloud' solutions was relatively weak and did not offer a good return on investment for the council when previously assessed. In part this was due to government security standards which restricted how much of our systems infrastructure could be put in the cloud. All the while extensive 'on premise' solutions had to be maintained in parallel, savings could not be realised.

This position has altered during 2014 as the major cloud providers now offer data tethering with a geography, E.g.: Europe and have signed Safe Harbour Agreements and EU Model Clauses acceptable to the UK Government.

Other benefits of adopting cloud services are cited as:

1. Software is maintained at the latest version as part of the package. New features are automatically available, and there is no lag while ICT prepares the upgrade then implements it, it just happens.
2. Speed: new services can be brought online quickly and scaled as needed. The speed of cloud provision is often identified as the single most important reason to move to a cloud service model. Included here is the capacity to scale up and down as necessary. Extra capacity can be used at intense periods and then turned off when not in use. (Wimbledon Tennis use a cloud model because for most of the year their needs are small but for two weeks they need massive capacity and the cloud allows this)
3. Collaboration. As data and service are not locked inside a particular data centre it is easier to share these with partners.
4. Integration. Cloud services have integration designed in at the start and most vendors expect customers to blend solutions from different places and have setup solutions to integrate across vendor boundaries.
5. Cost. You only pay for what you use, and it runs on a revenue not capital basis. The ability to turn things off when not needed and hence not pay for them can give rise to some savings, but this needs to be balanced with a more intense management of things like users account to remove old and no longer used accounts. In the context of transformation this avoids tie in to long term contracts.
6. Security. The major cloud vendors have spent heavily on security and have achieved high levels of accreditation with UK and US governments, the scale of the operations means that services can afford to implement excellent security at a low unit cost. Often the security on offer is superior to that which we could achieve ourselves.

With the previous security obstacles resolved a transition of our current systems to cloud based solutions as infrastructure is renewed will achieve a reduced cost of ownership. This will be complimented by continuing the internal transition to effective, lower cost technologies which exploit existing infrastructure investment:

- Thin Client

A 'thin client' solution has been approved by council as an 'invest to save' initiative and is currently being implemented. This moves much of the processing effort into data centres, reducing support overhead and improving security. The major financial benefit will be derived from the ability to deploy lower cost personal computers, desktop and mobile.

- Managed Print

A managed print service is being deployed. This will rationalise the local print environment significantly reducing total cost of ownership and providing the metrics that will enable improved management of print overheads throughout the council. Total print requirements will be managed downwards and what we cannot avoid printing will be at lowest cost.

- Electronic Document Management

The other significant infrastructure programme underway is the development of improved electronic document management solutions. The mobile workforce and reduced property footprint of the council of the future demands a different approach to handling documents and paperwork. Outside of the council's case management systems, current electronic storage is rudimentary and in many instances used as a backup to hardcopy master data. Providing a general electronic filing system for documentation not currently managed as part of client records will improve efficiency and reduce cost of storage.

- Wireless Networking

The programme to supplement physical network infrastructure across all sites managed by public agencies and enable use by all staff working for those agencies continues. Due to the vulnerabilities of WiFi solutions available more generally E.g. Coffee Shops, restrictions on direct use of these will have to remain in order to safeguard data the council is responsible for. Public service advice not to use such points of access for personal banking for example, has been promoted for the same reason.

Business Systems

Business systems requirements are predominantly driven by statutory change, service needs and efficiency. Such requirements are appropriately identified in service strategies. Over the period covered by this ICT strategy a number significant changes to business systems across all directorates are anticipated, E.g.: in response to the Care Act; adoption of commissioning structures and service transformation.

By providing a clear direction and reducing the overhead cost for the common infrastructure utilised by all systems, investment and technology improvement can be targeted at the business systems used by direct service which is where most value is to be derived. The strategy provides a framework to ensure that the systems deployed in support of the many diverse services provided by the council conform to

a common standard, avoid duplication, share relevant data sets and anticipate the business intelligence and information requirements of a commissioning council.

5 Self Service and Access

The Council offers citizens a choice in the way they access services from the Council. There are three principal channels for citizen contact, each with its own cost profile. The following estimates for the cost per interaction have been put together by SoclTM.



Face to face	£8.23 per visit
Phone	£3.21 per call
Web	£0.39 per visitor

The financial case to move people to web based interaction is very strong. However to do this the offering has to be at least as good as other channels, and citizens must have a positive experience on each web visit. Failure to deliver a good web based service drives up the costs for the Council by pushing people to use a higher cost channel.

All access channels must provide a consistent set of information to the citizen. This must be matched by consolidating the view of the citizen across the multiple public services they access and contacts with the council. The principle of avoiding redundant and duplicate systems will ensure that data is consistent across various access channels and also within internal systems in the Council. Data accuracy is key to being able to offer citizens a consistent experience across channels and different services. This will help service functions design solutions focused on meeting the individual customer's needs rather than on the way the Council thinks that customers should receive services.

A challenge here is to embrace the variety of new communication channels that customers can use to communicate with the Council. The Council will look to communicate across a variety of channels as they reach mainstream acceptance. So this will involve the Council using social media tools such as Facebook and Twitter where these are appropriate and the customer wants to use them. These channels tend to offer a more diverse and dynamic structure than traditional routes and hence

the Council will need to adjust the way it interacts over these more immediate mechanisms.

The advent of smart phones and tablets is having a major impact on the way people access services. The Council will ensure that all its web based channels, traditional web site, social media or other new channels can be fully accessed across all device types. The Council will seek to engage citizens via the channels they choose rather than via what is convenient to the Council.

Services accessed by the internet and social media mechanisms as well as those for reporting emergencies will be available 24 hours a day 7 days a week. The Council intends to exploit the efficiencies offered by electronically and self service solutions. Delivery of faster broadband across the County is a priority that will contribute to more efficient channel take up and also promote economic regeneration in the rural environment.

Management information collected via the various access channels about customer satisfaction will allow knowledge mining to drive service reviews focused at continual improvement in service quality. The information will also illustrate customer channel choice and provide data to assist in achieving channel shift to lower cost delivery mechanisms.

6 Doing Things Differently

The DTD programme is changing the way the Council works to deliver services. The programme is delivering significant efficiencies by bringing modern work styles such as hot-desking, mobile working and reducing office space by a more efficient utilisation model. Technology plays a significant part in making this programme a reality:

Appropriate choice of mobile device

Unified communication technology to keep staff in touch with their office

Virtualised desktop for rapid deployment of new applications and mobile working

The DTD programme is ongoing and focused on continuing efficiency gains. The role of technology will increase to provide further efficiencies and improve service delivery. Cashable savings will be identified and achieved as part of the ICT commitment to the Council's overall financial targets.

Investment is being made in new technologies, thin client virtual desktops and unified communications are examples. These are targeted to equip staff with appropriate tools to deliver services in the most efficient way possible. All new ICT projects will be based on whole life costs with savings and benefits clearly identified in advance.

Considerable investment is being made to equip staff with the right technology to go out into the community and directly connect back to our central systems. Our technical architecture has been designed to support staff mobility allowing them to go to the customer where this provides good customer service, rather than the customer coming to KCC buildings. This reinforces our commitment to putting the customer at the heart of service delivery. Whilst mobility is at the core of the way we will deliver services, information security to protect individual's information that they have entrusted to us will be rigorously enforced to ensure that the information remains secure and private.

KCC ICT will continue to invest in the standardisation and simplification of the infrastructure and core technologies that support our business services. This will lead to a reduction in the resource cost to service our systems. It will also mean that systems are easier to migrate and support in new environments. Standardisation will allow the Council to access cheaper "cloud" services for our core infrastructure requirements and negate the need for future major investment in physical technology assets instead moving to a pay as you go consumption basis. Cloud based services

will increasingly be the mechanism of choice for technology services and KCC ICT is keen to use these where appropriate.

KCC ICT will move basic utility type services away from in-house sourced systems to commodity cloud services. An example would be our email system, this is currently provisioned as a service hosted and run by KCC ICT. However, for the great bulk of our email an external service such as Microsoft Office365 would provide a cheaper and more functional service. It is the intention of KCC ICT that as current services come to a natural upgrade point or their hardware becomes obsolete then the presumption would be to move these to compliant public cloud based services: Software as a Service (SaaS) for commodity type requirements such as email, and Infrastructure as a Service (IaaS) where no SaaS offering is available or does not meet our requirements. KCC ICT will as far as possible move away from ownership and support of hardware to procuring services, and this will be the expectation when new facilities are requested.

In line with this approach to buying services a managed print service will be rolled out across the Council. This will provide enhanced facilities together with good management information for a reduced overall cost. This approach of buying services will also ensure that technology is kept current and not allowed to become out of date as we "sweat the asset" to an uneconomic lifecycle.

A key feature of the DTD program is staff mobility. ICT have already invested in tools and infrastructure to support access to Council systems when on the move. To support this a comprehensive program around electronic document management will be put in place, thus freeing staff from the need to retain or carry about large quantities of paper documents. This will increase information availability but also allow increased monitoring and security around access to information.

7 Data Security and Management Information

In the last few years the amount of information being created and captured both within the Council and from external sources has increased significantly. The internet has resulted in the Council, its' partners and citizens having access to unprecedented levels of information. This information comes in many forms, data about services, internet sourced knowledge and information provided by individuals and organisations. Data comes to the Council in structured formats and also things like social media information which are by their nature ill-defined data sources. There are a number of issues around both the control and use of this information.

Data is an asset to the Council and needs to be fully utilised for the organisation to be efficient. Hence ICT will provide tools to promote increased data transparency and sharing of information, where permitted, in a way that will allow useful insights to be derived from the data.

Data Security

Data about individuals and companies is often very sensitive and they could be embarrassed or harmed if private information came into the public domain. The Council has a legal obligation to ensure that information that it holds is adequately protected and processed in strict compliance with applicable laws and regulations. To this end the Council will work towards full accreditation of ISO 27001 and other applicable standards, such as the NHS IG Toolkit.

Increased investment will be targeted at systems that monitor and record access to information the Council holds to ensure transparency and accountability over who sees what information.

Management Information

The pool of data held by the Council contains a large amount of useful information that can be analysed to provide insights to make the Council more efficient and target resources more effectively. ICT will work to provide the latest tools to allow the Council to manage performance against outcomes and results. Information will be pooled across business areas to provide a holistic picture of Council performance but also allow access to detail where necessary to cast light on particular areas of concern.

Data integration across systems

The Council will work to unify data across line of business systems to ensure that an accurate record of information is available. This will involve reconciling the different

data sources to ensure that incorrect or inaccurate data is replaced with the latest and most up to date data.. While ICT will provide the facilities service commitment to undertake the necessary reconciliation is critical.

Data Sharing and Integration

The Council will work to ensure that there is effective data sharing and integration across different service providers. The principles of data integration across systems will be extended across provider boundaries to ensure that data flow is accurate, timely and in compliance with applicable laws and regulations.

8 Multi Partner Service Delivery

The Council works with other organisations across the public sector to provide services to citizens in Kent. With the move by the Council to become a commissioning authority the number of organisations involved in providing services in Kent is likely to increase, involving organisations from the third and private sectors in addition to other public sector bodies. To ensure efficient service delivery across these various service providers will require co-operation and integration.

Kent ICT will specify its ICT services and infrastructure provision to ensure the timely and sufficiently detailed data exchanges to ensure fully integrated service provision. The Council will also work to ensure that service providers co-ordinate their activities to ensure that services are presented as a seamless user experience when viewed by service users and customers. This will require that data and service components share common definitions that meet generally agreed standards for data and information exchange.

The Council will buy services where appropriate, sell them where it has expertise or capacity and make them where there is a market opportunity. This means that ICT assets will be available for re-use by other organisations especially other public sector organisations. In addition, where appropriate, the Council will make its surplus technology assets available to the third sector or private sector organisations where this will lead to opportunities for economic expansion or regeneration within Kent. The Council will seek to leverage its buying process to ensure that there is benefit to both the Council and other local organisations when major contracts are procured. The Council will continue to assist in the local broadband market to ensure that local businesses and citizens are able to gain the full benefit of this technology where solutions have not been provided by the market heretofore.

The Council ICT service will move away from acquisition of specific assets towards procurement of service solutions. The procurement of these solutions will wherever possible be in partnership with other public sector bodies.

9 Environment and the Green Agenda

Kent County Council is committed to reducing its impact on the environment and maintaining its ISO14001 accreditation. The investments the Council has made and continues to make in a number of technology areas have a positive impact on the green agenda.

Data Centre Efficiency

The Council's data centres have been rebuilt to provide a more efficient environment. Servers have been virtualised to achieve a high degree of utilisation ensuring that low utilisation machines have been removed thus reducing the amount of energy used to deliver services. Our desktop environment is moving to a virtual desktop infrastructure allowing the use of very low power consumption devices at the user desktop.

Energy consumption is always a factor in the selection of new technology assets: energy costs are a significant factor in the whole life cost of ownership particularly in the context of large technology components and the Council seeks to reduce these costs.

The investments in mobile and flexible working to support staff working wherever is most productive will lead to reduction in travel mileage. The Council will implement the new roaming service being introduced across the public sector to allow staff to access their base office network from any public sector building. Staff will not have to attend a distant Council office but can use local facilities: local offices, libraries and partner offices. New investments will focus on improving communication facilities to encourage audio and video conferencing to reduce unnecessary travel to meetings. The investment in EDM referenced above will also provide advanced collaboration tools for virtual team working and document collaboration, the need to be in the same room to work together will be significantly reduced.

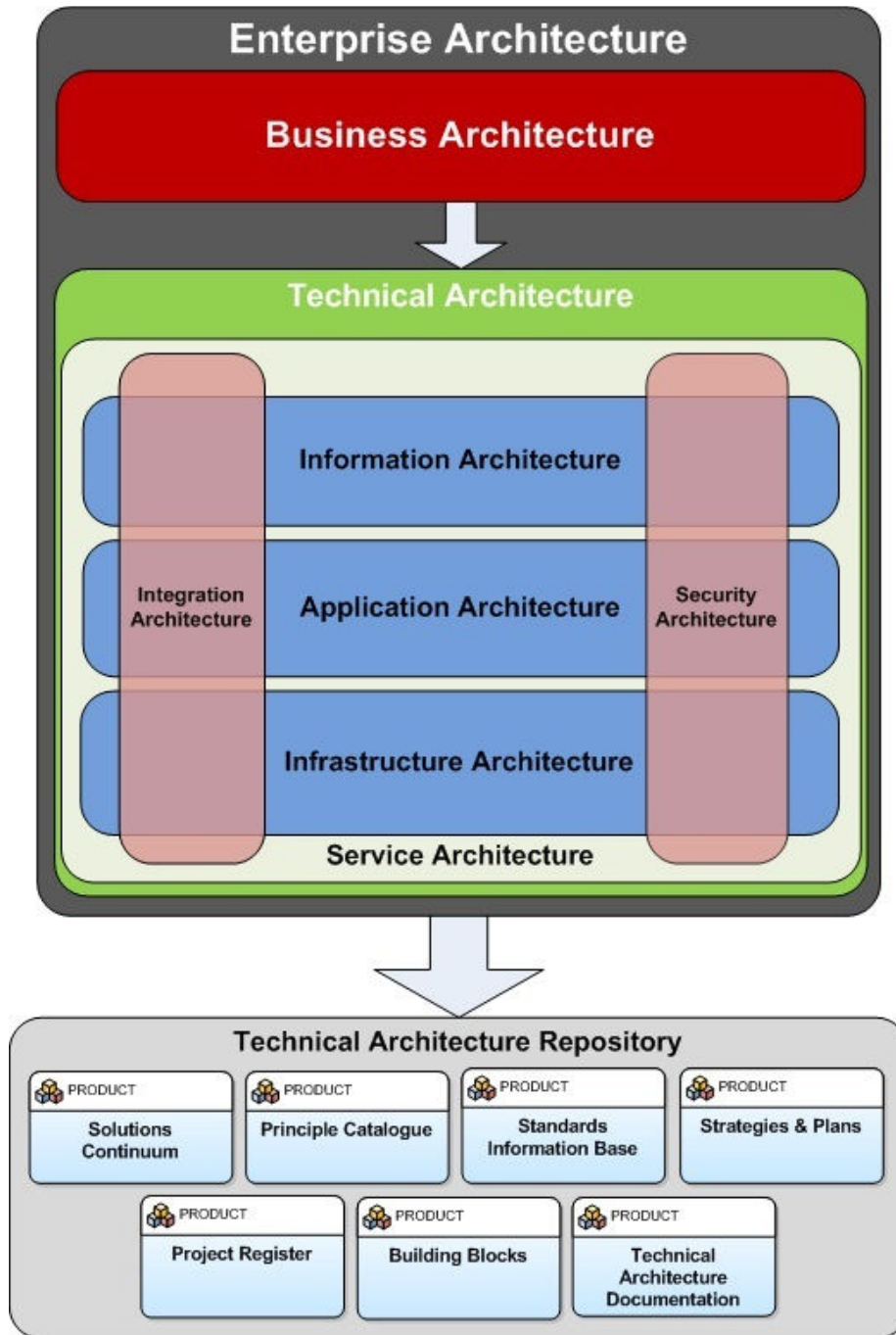
Mobile working technology continues to bring new opportunities at a rapid rate, the Council is committed to utilising new technical developments where these offer service benefits and can be afforded. Whilst it is not possible to foretell what products will come to market in the life of this strategy it is anticipated that new products will have a significant impact on the way technology is used to deliver services with concomitant benefits to the environment.

Cloud services

In many cases cloud services are provided from large data centres employing the latest in energy efficient technology. The Council's move to use services from these facilities will reduce our energy footprint in addition to the other benefits associated

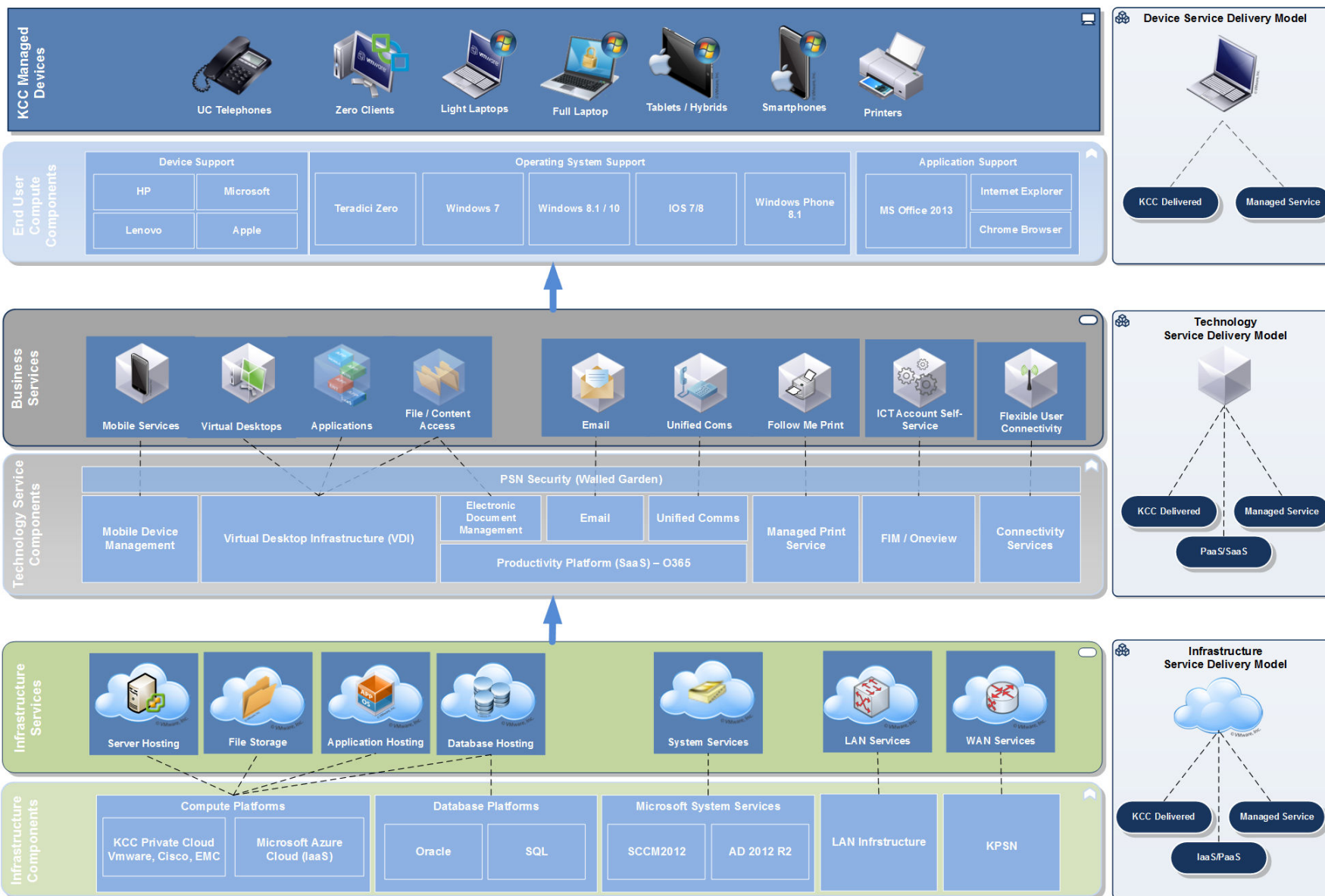
with cloud services. Cloud services also contribute to the mobile agenda by increasing workforce mobility and reducing the need to work in specific locations again reducing our energy footprint.

The Council will fully implement its managed print service allied to online document management over the lifetime of this strategy. These two initiatives will reduce the number of pages printed by employees significantly reducing the amount of paper and printer consumables used by the Council.



Appendix A

ICT Target State Architecture 2014-2017



KCC Milestones

- Internet Connectivity

2000	256k	1
2002	2mb	8
2006	38mb	152
2014	10gb usable	40000

- Storage – central

2004	1.23 tb	
2006	2.77tb	
2010	90tb	
2014	400+tb	

– Note that in 2004-6 lots of systems did not use the central storage system so the growth is skewed



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

Agenda Item E1

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