SCRUTINY COMMITTEE

Wednesday, 1st November, 2023

10.00 am

Council Chamber, Sessions House, County Hall, Maidstone

Kent County Council
kent.gov.uk

AGENDA

SCRUTINY COMMITTEE

Wednesday, 1st November, 2023, at 10.00 am		Ask for:	**Anna Taylor**
Council Chamber, Sessions House, County Hall, Maidstone		Telephone:	**03000 416478**

Membership

Conservative (10):	Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mrs R Binks, Mr T Bond, Mr D L Brazier, Mr N J Collor, Mrs L Game, Mrs S Hudson, Mrs S Prendergast and Mr O Richardson
Labour (1):	Dr L Sullivan
Liberal Democrat (1):	Mr A J Hook
Green and Independent (1):	Rich Lehmann
Church Representatives (3):	Mr J Constanti, Mr M Reidy and Mr Q Roper
Parent Governor (2):	Ms R Ainslie-Malik and Ms H Carter

County Councillors who are not Members of the Committee but who wish to ask questions at the meeting are asked to notify the Chairman of their questions in advance.

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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

A3 Declarations of Interests by Members in items on the Agenda for this Meeting

A4 Minutes of the meeting held on 13 September 2023 (Pages 1 - 8)

B - Any items called-in

C - Any items placed on the agenda by any Member of the Council for discussion

C1 Securing Kent's Future - Budget Recovery Strategy (Pages 9 - 44)

C2 Thanet Parkway Railway Station Project (Pages 45 - 60)

C3 Vehicle Crossings (dropped kerbs) (Pages 61 - 64)

D - Items to note

D1 Kent Flood Risk Management Committee Annual Report (Pages 65 - 74)

D2 Work Programme (Pages 75 - 78)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
03000 416814

Tuesday, 24 October 2023

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday 13 September 2023.

PRESENT: M A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mrs R Binks, Mr T Bond, Mr D Brazier, Mr P Cole, Mr N Collor, Mr M Dendor, Mr A Hook, Rich Lehmann, Mr H Rayner, Dr L Sullivan

ALSO PRESENT: Mr N Baker (Cabinet Member for Highways and Transport), Mr A Brady (Member for Canterbury City North), Ms M Dawkins (Member for Canterbury City South), Mr D Jeffrey (Cabinet Member for Communications and Democratic Services), Mr R Love OBE (Cabinet Member for Education and Skills)

IN ATTENDANCE: Ms H Carter (Parent Governor Representative), Mr C Chapman (Interim Assistant Director of SEND Processes and Head of Fair Access), Ms H Chughtai (Director of Highways and Transportation), Mr R Clark (Procurement and Commercial Manager), Mr J Cook (Democratic Services Manager), Mr R Emmett (Senior Highway Manager), Mrs K Goldsmith (Scrutiny Research Officer), Mr S Jones (Corporate Director for Growth, Environment and Transport), Mr A Loosemore (Head of Highways Asset Management), Mrs C McInnes (Director of Education and Skills), Ms A Taylor (Scrutiny Research Officer), Ms L Tricker (Democratic Services Officer), Mr B Watts (Monitoring Officer)

UNRESTRICTED ITEMS

11. Declarations of Interests by Members in items on the Agenda for this Meeting
(Item A3)

The following declarations were received:

Mr Brazier made a declaration as recent former Portfolio Holder for Highways and Transport and stated he would not vote on any items relating to this portfolio.

Mr Rayner made a declaration as Deputy Cabinet Member for Finance, Corporate and Traded Services.

12. Minutes of the meeting held on 19 July 2023
(Item A4)

1. The Chairman asked for an update on the SEND Sub-Committee.
2. Mr P Cole, Chair of the SEND Sub-Committee, explained that the group was moving forward with additional dates to scrutinise and sign-off the Accelerated Progress Plan. The Sub-Committee were also planning a visit to Malling School and were waiting for the new key performance indicators to be shared with sub-committee Members. A new team and structure had been agreed and a recruitment process was underway for these roles.

RESOLVED that the minutes of the meeting held on 19 July 2023 were an accurate record and that they be signed by the Chairman.

13. Call-in of Decision 23/00069 - Post 16 Transport Policy Statement including Post 19 for 2024/25
(Item B1)

Mr Craig Chapman (Interim Assistant Director of SEND Processes and Head of Fair Access), Mr Rory Love OBE (Cabinet Member for Education and Skills) and Ms Chrstine McInnes (Director of Education and SEN) were in attendance for this item.

1. Mr Brady stated that he had called-in the decision for three reasons. Firstly, no risk analysis had been undertaken to fully understand the impacts that removing free transport would have on young people with SEND who wished to access further education and training. Secondly, very little financial detail had been provided to outline what support would be offered to those families on low incomes who currently utilised the free transport. Thirdly, the decision was not in line with the policy framework. He felt that the Scrutiny Committee needed to consider the financial pressures that would be placed on vulnerable families and needed to listen to parents, of whom the majority did not agree with the proposal. Mr Lehmann added that he had called-in the decision due to the lack of risk assessment surrounding the decision and the need to further understand its implications, as well as to consider any alternative proposals which had been presented, including alternative methods of commissioning home to school transport such as an in-house KCC bus service.

2. Mr Love OBE replied and explained that KCC provided a generous offer for young persons' transport compared to other local authorities, but authorities were not legally obliged to provide any support for post-16 transport. Due to the Council's current financial position discretionary spending had to be reviewed, particularly in regard to the overspend of the home to school transport budget. The Kent travel saver card could be used if the young person was of sixth form age, and support was in place for those on low incomes such as a pay by instalment scheme and discounts. The team had considered an in-house KCC bus scheme some years ago, but this had not been viable, so were now considering education providers running transport although this was in a very early stage.

3. Members asked the following questions and made comments to Mr Love and Mr Chapman:

   a) A Member raised a concern regarding the cost of transport for parents and requested additional figures outlining the potential cost.
   b) A Member raised a concern regarding the social impact of removing free transport for young people with SEND, as it could have an impact on their social development and independence, and asked for a social impact study. Mr Love OBE explained that as the policy would be phased in from September 2024 it would be difficult to understand the social impacts of the decision as there were many influencing variables, and many families had not yet decided on their preferred course of action. Mr Chapman added that a mitigation

analysis had been included in the original papers, and the consultation document included a mitigation section.

c) A number of Members asked for figures regarding the number of people who would be affected by the proposal.
d) A Member stated that the Kent travel-saver card was only available to people aged 19 and under, and asked if the Cabinet Member would consider extending the travel-saver to people aged up to 25 if they had SEND needs. Mr Chapman explained that part of the proposal could be to continue providing transport for those young people with SEND needs up to age 25 if they remained in progressive education, although this was not a statutory duty.
e) A Member requested a thorough financial assessment of the financial risk and knock-on costs if young people with SEND needs dropped out of further education due to transport costs, as this could increase spending in other areas such as Adult Social Care. Had these impacts been modelled?
f) A Member raised a concern as the removal of free transport could increase costs for low-income families and could affect young people with SEND who might no longer be able to access after school provisions.
g) A Member agreed with the Cabinet Member that discretionary spending needed be controlled very firmly to ensure Kent County Council did not issue a S114 notice.
h) A Member asked if a means-tested policy could be implemented, to ensure those on low incomes continued to receive support for transport costs. Mr Chapman explained that a 50% subsidy would be provided to low-income families who utilised the post-16 mainstream travel saver and SEND would replicate the low-income family process and instalment plan currently being offered to those with young people in mainstream education. An appeals process was also available whereby an independent panel could decide the level of support.
i) A Member questioned the budget for home to school transport and requested a paper regarding the work being undertaken to reduce this budget. Mr Love OBE replied that the overspend for home to school transport was £13.6million but would circulate the outlined budget to Committee Members after the meeting.

4. Mr Brady summarised the points raised and highlighted that up to 1100 young people could be affected by the proposal. He felt that £500,000 was a substantial saving but would be offset by increased costs to other areas of the Council. He asked that the Scrutiny Committee relook at the decision once more information had been provided.

5. Mr Love OBE summarised that it was a parent's responsibility to get their child to school or college once they reached the age of 16, but KCC provided a generous support package. He felt that adequate time would be given to parents before the decision was implemented in September 2024.

6. The Committee discussed the recommendations but felt that more information and robust figures regarding the financial cost, number of young people

impacted, and the potential social cost, were necessary. The Committee requested an extraordinary meeting or briefing session be held before the next Cabinet meeting to receive additional information.

RESOLVED: that the Committee agreed with recommendation C as outlined in the report and reproduced below *(in accordance with 17.72c of the Constitution)*.

c) require implementation of the decision to be postponed pending reconsideration of the matter by the decision-maker in light of the Committee's comments.

The Committee requested an extraordinary meeting or briefing session be held before the Cabinet meeting to outline additional information and figures regarding the financial cost, number of young people impacted, and the potential social cost.

14. A28 Sturry Link Road Project
(Item C2)

Mr N Baker (Cabinet Member for Highways and Transport), Ms H Chughtai (Director of Highways and Transportation), Mr R Emmett (Senior Highway Manager), and Mr S Jones (Corporate Director for Growth, Environment and Transport) were in attendance for this item.

1. Mr Jones introduced the report and outlined the financial viability and risks of the proposed scheme. He explained that the project had already been debated and agreed at Planning Committee, and followed national guidelines and planning consents.

2. Members asked the following questions and made comments to Mr Jones and Mr Baker:

    a) A Member raised several concerns regarding the environmental and community impacts of the scheme, and questioned who would be monitoring and enforcing the environmental mitigations. The Member asked for regular updates to be included on the Work Programme. They felt that the scheme did not align with the KCC 'Framing Kent's Future' document and raised concerns regarding the air quality in the local area due to dust and the removal of trees. The Member highlighted point 4.83 in the report and asked what environmental mitigation would be undertaken for local wildlife and the wetlands located under the bridge. They raised concern regarding the old shooting range in Broad Oak that had introduced lead contamination in the ground and would be within the Sturry Link Road project boundaries. They also raised concern regarding increased yellow algae on the nearby lake due to increased human activity in the area. The Member felt that community engagement had been poor, and comments and concerns raised by residents had not been recorded. Mr Baker agreed to organise a session with local Ward Members to discuss environmental issues surrounding the project. Mr Jones stated that the Environment and Transport Cabinet Committee would receive regular updates regarding the project and would continue to consider risk and mitigations. Mr

Jones added that the Growth Without Gridlock Policy document contained with Framing Kent's Future outlined the need for projects such as the Sturry Link Road and was in line with the national Transport Document.

b) A number of Members raised concerns regarding the financial viability of the project, including the large proportion of funding through S106 monies which was not guaranteed and could be appealed against by developers in future years. Mr Baker agreed with concerns regarding the S106 funding contribution system, and highlighted point 4.7 of the report which outlined the use of banked funds. Mr Jones told Members that banked S106 contributions had an associated bond to ensure legal and financial protection. Mechanisms were also included within the project to ensure that the S151 Officer and Members were in agreement regarding the project before the breakpoint and compulsory purchase orders. Mr Jones told Members that S106 money was split between the developers, KCC and Canterbury City Council, so KCC would not have sole liability if S106 money was withdrawn.

c) The Chairman asked officers to consider and outline a 'Plan B' in the eventuality that S106 funding was withdrawn.

d) A Member felt that the S106 monies allocated for this scheme could be utilised better for other schemes within Kent.

e) A Member asked if officers had spoken with Network Rail on alternative options such as extending the platform or providing a temporary platform at Sturry station to ensure trains with more carriages could fit on the platform and therefore reduce traffic congestion. Traffic modelling could then be undertaken to see if a link road was necessary in addition to these alternative options. Mr Jones explained that other alternatives such as platform improvements would not greatly improve the road as the level-crossing would remain a pinch point in the road network. Platform lengthening could be an alternative mitigation measure if required.

f) A Member highlighted environmental mitigation measures and asked what would happen if mitigation was not adhered to and pollutants were found in the River Stour.

g) A Member questioned the timeframe for the project and if S106 money usage was time limited. Mr Jones explained that the construction start date remained a financial challenge as labour and material costs had increased since 2020, but KCC would work with the contractor to start before the breakpoint in 2025.

RESOLVED: That the Committee recommended that the Cabinet Member for Highways and Transport consider all highways projects, including the A28 Sturry Link Road project, in relation to funding, funding risks, and borrowing, particularly in relation to S106 exposure.

15. Joint Transportation Boards
(Item C1)

Mr N Baker (Cabinet Member for Highways and Transport), Ms H Chughtai (Director of Highways and Transportation), and Mr S Jones (Corporate Director for Growth, Environment and Transport) were in attendance for this item.

1. Mr Baker introduced the report and explained that Joint Transportation Boards (JTBs) were not currently working to the best of their ability, and KCC wished to consider the system to ensure a good relationship between boroughs, districts and KCC continued.

2. Members asked the following questions and made comments to Mr Baker:
   a) A Member raised concerns regarding the attendance of KCC officers at JTBs, as their attendance had reduced over recent years which made it difficult to share views and reduced the opportunity for engagement and discussion. A Member asked if KCC officers could attend evening JTB meetings?
   b) Members highlighted the disparate amount of time that JTB meetings lasted, as some JTBs were often cancelled or lasted only a few minutes, compared to JTBs elsewhere in the county that could last for many hours.
   c) A number of Members felt that the items contained within JTB agendas were not very focussed, and often one agenda could contain items regarding multimillion-pound motorways as well as more parochial issues such as dropped kerbs and yellow lines.
   d) A Member suggested introducing local area committees where a number of boroughs could meet to deal with more parochial issues.
   e) The Chairman highlighted the issues with financing JTBs as they could take a lot of officer time and energy, which was not always necessary or appropriate.
   f) A Member highlighted that JTBs were not decision-making and were advisory boards, and this could present problems when issues arose.
   g) A Member raised concerns regarding the lack of communication between JTBs and KCC, as information was not currently shared effectively, for example the minutes from JTBs were not shared with the KCC Cabinet Member for Highways and Transport.
   h) A number of Members felt that residents were not involved in the JTB process, as JTB minutes were not communicated to residents, and members of the public were not always invited to attend hybrid or virtual JTB meetings.
   i) A Member suggested that all JTB meetings be moved to the evening to improve attendance, and be simplified to ensure their effectiveness.
   j) Members agreed that a Working Group was necessary to discuss if/how JTBs could be improved, or if they needed to be replaced with a different mechanism.
   k) A Member raised a number of concerns as not all boroughs had signed up to the JTB process, which made it difficult to coordinate. They also felt that JTB Chairs had too much power over the Work Programme and agenda setting. They felt that communication needed to be improved between officers, KCC Members, and district

and borough councils. The Member highlighted that only some members on the JTB, such as borough or parish councillors could send substitutes, whilst KCC Members could not, which did not appear to be a fair process. Other governance issues were raised such as which constitution should be used for the meetings (either the KCC constitution or the borough constitution), and issues with the clarity of the petition scheme. The Member felt that JTBs should form part of the wider governance review.

l) A Member highlighted 7.1.3 of the report and agree that a Working Group be established to review JTBs and should include the Kent Association of Local Councils as they could provide support.

RESOLVED: That the Committee recommend to the Cabinet Member for Highways and Transport the abolition of Joint Transportation Boards and that they set up a Task and Finish Group, working with the Kent Association of Local Councils, to establish a mechanism for Districts and Boroughs to consult with the County Council on highways and transport matters.

16. Work Programme
(Item C5)

A Member requested an item regarding dropped kerbs be added to the Work Programme.

RESOLVED: That the Committee note the Work Programme.

17. Short Focused Inquiry - Home to School Transport
(Item C4)

1. Mr Barrington-King introduced the report and explained that the Scrutiny Committee had provided the impetus to setup the Short Focussed Inquiry (SFI), which had taken place predominantly throughout lockdown. He thanked Members and officers for their hard work on the SFI, which had included reviewing evidence and formulating seven recommendations developed in late 2021. He stated that the Scrutiny Committee were asked to refer the SFI to Cabinet, who would prepare a response presentation and outline how the position had changed.

The meeting was adjourned at 2.04pm.
The meeting was reconvened at 2.35pm.

RESOLVED: That the Committee refer the Home to School Transport Short Focussed Inquiry Report to the Executive, and require:
a) that a response be prepared for presentation to the Scrutiny Committee within three months and;
b) that the response addresses how the Home to School Transport position has developed or changed since the report was developed in 2021.

18. Decision 23/00058 - Highway Term Maintenance Service Contract
(Item C3)

Mr N Baker (Cabinet Member for Highways and Transport), Ms H Chughtai (Director of Highways and Transportation), and Mr S Jones (Corporate Director for Growth, Environment and Transport) were in attendance for this item.

1. Mr Jones introduced the report and explained that an all-Member briefing had occurred regarding the contract, and following recommendations from that session a PIN notice for tender had been issued, and legal advice was being sought.

RESOLVED 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.

The meeting entered exempt session at 2.45pm.

By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee – 1 November 2023

Subject: Securing Kent's Future – Budget Recovery Strategy

Status: Unrestricted

Introduction

1) Following the report to Cabinet on 5 October setting out the Budget Recovery Strategy – Securing Kent's Future, the Chairman and Spokespeople have requested a regular item to Scrutiny Committee to allow rigorous and appropriate scrutiny on this strategy from the Council's Scrutiny function. This initial item is intended to support cross-party discussion of the plan and to allow the committee to consider the best approach for planning and undertaking the required scrutiny activity as Securing Kent's Future progresses.

2) The report submitted to Cabinet on 5 October, and attached as an appendix, sets out four strategic objectives in relation to Securing Kent's Future:
   - Bringing the 2023/24 budget back into balance.
   - Delivering savings from identified opportunity areas to set a sustainable 2024/25 budget and MTFP.
   - Policy choices and scope of Council's ambitions.
   - Further transforming the operating model of the Council.

3) The Cabinet report also states that robust governance and scrutiny of the proposals and plans of individual proposals within the scope of Securing Kent's Future will be critical to the successful delivery and providing the necessary transparency for assurance of the council's overall financial position.

4) The Cabinet on 5 October agreed 8 recommendations as set out in the attached report and confirmed the key role that the Scrutiny Committee will have in scrutinising the Budget Recovery Strategy.

5) The ultimate purpose of Scrutiny is to improve services for the residents of Kent through influencing decisions and policies made by the Council. The Committee can do this by scrutinising the short and long term implications of policy choices and considering the effects that these choices will have on the residents of Kent.

Format for 1 November meeting

6) The Chairman and Spokespeople wanted to discuss the detail of the Budget Recovery Strategy at this stage, but the Chairman recognises that the

administration has produced the Council's 2024/25 Budget 2 months earlier than in previous years and acknowledges that this is a positive step towards improving the governance of the Council.

7) Therefore, the intention on 1 November is to hold a scoping meeting with the documentation already available to determine how the Executive envisages working with the Scrutiny Committee and to set out a programme of work for the Committee.

8) The Chairman and Spokespeople would like each Cabinet Member to provide an update on their area of work and to give an overview of the main issues being focussed on currently.

Recommendation

The Scrutiny Committee is asked to **agree** to the development of a specific programme of work relating to the oversight of Securing Kent's Future.

Appendices:

Appendix 1: Securing Kent's Future – Budget Recovery Strategy, KCC Cabinet, 5 October 2023.
Appendix 2: Securing Kent's Future – Detailed Financial Assessment of budget proposals.

Background Documents

Securing Kent's Future – Budget Recovery Strategy & Financial Reporting, KCC Cabinet, 17 August 2023
(Public Pack)Item 5 - Securing Kent's Future - Budget Recovery Strategy & Financial Reporting Agenda Supplement for Cabinet, 17/08/2023 10:00

Contact Details

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From: Roger Gough, Leader of the Council

Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Amanda Beer, Interim Chief Executive

Zena Cooke, Corporate Director of Finance

To: Cabinet – 5 October 2023

Subject: Securing Kent's Future – Budget Recovery Strategy

Classification: Unrestricted

Summary: This paper sets out the Budget Recovery Strategy – *Securing Kent's Future* - required to address the in-year and future years financial pressures the council is facing. The paper sets out the position of the Cabinet and the Corporate Management Team regarding the overall financial position of the authority, the specific drivers causing this financial pressure and the specific and broader action that can be taken through Securing Kent's Future to return the council to financial sustainability.

Recommendations: Cabinet is asked to:

1. Note the Financial Recovery Plan set out at Appendix 1.
2. Note the Urgent Actions with Immediate Impacts set out in the Financial Recovery Plan at Appendix 1 to bring the council back into balance for 2023/24, albeit with significant reliance on non-recurring savings.
3. Note the Urgent Actions with Medium to Long-Term impacts set out in the Financial Recovery Plan at Appendix 1 as necessary to support the development of a sustainable 2024/25 budget and MTFP.
4. Agree to the further development and inclusion of the actions in the Financial Recovery Plan at Appendix 1 into the draft Budget 2024/25, to be published late October / early November 2023.
5. Agree to the prioritisation of the 'New Models of Care' objective within the strategic statement, *Framing Kent's Future* as the council's primary objective to meet its Best Value duties.
6. Agree the position set out in paragraph 4.5 regarding delivering the Best Value statutory duty, and the requirement for Best Value considerations to be evidenced in all service, policy, and budgetary decisions at all levels of the council.
7. Agree the need for increased risk appetite set out at paragraph 7.2, and for any changes necessary to the council's Risk Management Policy to be made and considered by the Governance & Audit Committee as appropriate.
8. Agree the four objectives outlined for *Securing Kent's Future* and to develop *Securing Kent's Future* as the Strategic Business Plan 2024/25.

1. Introduction:

1.1 On 17 August Cabinet considered a report setting out the revenue budget position at the end of June for the financial year 2023/24. This showed a forecast overspend of £43.7m before management action, reducing to £26.7m after identified management action savings (£10m from adult social care and £7m capital programme financing). These budget pressures have arisen despite County Council setting a budget in February for 2023/24 that provided significant additional investment into front line services to 'right size' their budgets given forecast pressures driven by demand and inflation, predominantly in adults and children's social care.

1.2 Both the Corporate Management Team (CMT) and Cabinet have accepted that a continuing in-year overspend on the scale forecast represents a fundamental financial risk to the council's ability to set a balanced budget for 2024/25 and a sustainable Medium Term Financial Plan to 2026/27. The political and officer leadership of the council share the view that given the current financial climate across the local government sector, it is critically important that there is transparency in regard to our financial position, so as to provide assurance that our budget monitoring has identified the in-year structural overspends early, and set out in balanced and proportionate terms the challenge and opportunity that exists for the council to respond to it.

1.3 As a result, a budget recovery strategy is necessary to bring the council back into financial sustainability, to secure the provision of services for Kent residents whilst meeting our statutory Best Value duties. The budget recovery strategy (Securing Kent's Future) will require a multi-faceted, multi-year programme of activity to ensure the council is financially sustainable in the medium-term.

1.4 The aim of this paper is therefore to set out:

- The background regarding the financial pressures facing KCC
- Why the Council must prioritise the Best Value statutory duty
- An analysis of the cost drivers on the Council budget
- The four objectives that will underpin 'Securing Kent's Future'
- The consequential risks on the Council and how these will be managed
- Roles and responsibilities between Executive Members, Non-Executive Members and Chief Officers regarding the successful delivery of Securing Kent's Future

1.5 Given the scale of the financial and delivery challenge, Securing Kent's Future will necessarily be iterative. This paper focusses on setting out the broad strategic approach to be taken, with a specific focus on providing the reassurance on the necessary actions already agreed by CMT to bring the 2023/24 budget back into balance as quickly as possible. Furthermore, it will also set out the identified opportunity areas for further savings, accelerated transformation of the council alongside possible policy choices, all of which provide the scope to deliver significant savings over the next MTFP period.

1. Background:

2.1 The significant pressure on local government finances is well documented in the sector, regional and increasingly the national press. Several authorities over recent years have issued Section 114 (S114) notices under the 1988 Finance Act, often referred to as a council declaring effective bankruptcy, but more accurately should be described as a statutory stop on all non-essential spending. The most recent example of Birmingham City Council issuing a S114 Notice on 5th September 2023 (and a second S114 notice on 21 September). However, this has followed several other local authorities, including Northamptonshire (2018), Slough (2021), Thurrock (2022), Croydon (2020, 2021, 2022) and Woking (2023) all issuing Section 114 notices in recent years.

2.2 There has been some speculation in the national press that the financial position of the council may soon see us issue a S114 notice. The administration considers the risk of a S114 notice and its consequences to be wholly unacceptable and avoidable. Talk of an imminent S114 notice misreads the council's current pressures and financial position, and both Cabinet and the Corporate Management Team are clear that there are a range of measures open to the council, in the form of management action, policy decisions and service transformation that will allow the council to be brought back into financial sustainability.

2.3 Issuing a S114 notice would do severe damage to the council's reputation, leading to a loss of resident, user, partner, provider and staff confidence in the council and its services, and may lead to the imposition of Commissioners by the Secretary of State. This would create a democratic deficit whereby major decisions on the priorities, structure and funding of services are no longer driven by democratically elected Members, but by unelected and imposed Commissioners, undermining the fundamental principle in local government that major decisions are taken by elected representatives directly held to account through the ballot box.

2.4 Whilst the S114 would require a statutory stop on all non-essential expenditure, it is perfectly possible for any council to put in place similar control measures before a S114 notice is necessary. The Government have given a clear indication that they would not seek to 'reward' failing authorities that issue a S114 notice with additional monies. Therefore, there is no immediate or identifiable benefit from issuing a notice. The S114 regime, designed in the late 1980s, was not intended to deal with systemic issues with service demand and local government funding, but to provide a mechanism of control for those authorities where, often for political reasons, decisions were being taken outside the scope of agreed budgets, decision-making and good governance.

2.5 The issuing of a S114 notice invariably triggers the Secretary of State to commission a Best Value inspection of those authorities (although it is worth noting that the Secretary of States powers allow informal and formal intervention even without a S114 notice). These inspections, the reports of which are made public, allow common traits to be identified that have led to the need to issue a S114 notice. Often, this is because the councils have overleveraged their borrowing capacity to finance commercial investments, where systems of internal control have broken down and not been remedied over repeated years, or where a single event has become a trigger for consequential budget pressures (e.g. the equal pay claim on Birmingham City Council).

2.6 It must be reiterated that KCC is not facing any of these fundamental issues that have driven S114 notices to date. Our commercial investments, predominantly through our 100% ownership of Commercial Services Group (CSG) are well capitalised, securing continued growth, and critically, deliver a stable dividend return to the council. Our accounts are up to date and unqualified, we have a robust Treasury Management Strategy and MRP (Minimum Reserve Position) policy, a thorough and transparent Annual Governance Statement assurance process, an effective Governance & Audit Committee, an agile risk-based internal Audit Plan with independent oversight of management follow up, and well-developed Risk Management arrangements. Whilst the council does face significant additional pressures because of the impact of issues at the UK border, and particularly at the Short Straits crossing, (e.g. Unaccompanied Asylum-Seeking Children) the council is proactively engaged with Government on the support to be provided to Kent to fully mitigate that specific risk.

2.7 The wave of authorities that have either publicly, or privately, recently indicated that they are now under increasing financial stress are those where there are no bad commercial investments or reported weaknesses in internal control. Rather upper tier authorities are generally reporting significant additional pressure in one or more of Adult Social Care, Children's Social Care or Home to School transport services (and in the case of unitary councils, also temporary accommodation costs) beyond their capacity within their existing financial envelope. As will be seen in Section 5 below, KCC is facing very similar pressures, largely but not exclusively driven by significant increase in the costs to deliver social care placements from providers. In that sense, our challenges as a council are similar to, but proportionately larger in scale given Kent's size, to many upper-tier local authorities the length and breadth of the country.

2.8 However, there are some pressures unique to Kent that collectively compound the pressures that the Council is facing. For example, the border challenge and consequential pressure on the UK immigration and asylum system are more significant in Kent than any other part of the country, given Kent's strategic location as the Gateway to Europe and the main entry point into the UK through the Short Straits channel crossings. This creates additional pressure on the county's children's services when the County Council must become the corporate parent for Unaccompanied Asylum-Seeking Children (UASC) under the Children Act. The well documented failings with the National Transfer Scheme for UASC therefore place additional pressure on Kent as it holds the corporate parenting responsibility when the policy intent of the Government is for local authorities to share the burden held by Kent. The nature of the children's services provider market in Kent, particularly the foster care market, is impacted not just by UASC, but by the decision of other local authorities to place their own Looked After Children in Kent; this limits capacity for placing Kent Looked After Children in foster care, but also drives market pricing. The peninsular nature of the county creates additional pressure on wider public services, particular about securing the workforce necessary to support health and care services, and this creates additional pressure on NHS and care providers particularly in the east of the county, who must compete with London to secure professional and support staff.

2.9 These compounding effects, which often require significant management and member focus, make the task of addressing some of the challenges Kent is facing more difficult and more acute than in other parts of the country. However, it must be remembered that these have also given us a resilience as an organisation in recent years, as the county has coped with the contingency planning and impact of EU exit, subsequent border and transport disruption, a Kent based Covid-19 variant, alongside significant asylum challenges that are unparalleled in other local authorities. Our resilience and scale must now be brought to bear around a single common objective: to Secure Kent's Future.

2. Framing Kent's Future – Prioritising 'New Models of Care and Support'

3.1 In May 2022 the County Council approved 'Framing Kent's Future' the strategic statement for the council. This set out four priorities for KCC over the period 2022-26, including:

- Levelling Up Kent
- Infrastructure for Communities
- Environmental Step Change
- New Models of Care and Support

3.2 It is important to note that Framing Kent's Future recognised the financial challenges the Council was facing and the need for significant service reform to meet the challenges of the post the Covid-19 global economy**.** The foreword to Framing Kent's Future stated:

"The financial position of the council is unlikely to improve, as government funding is stretched ever further by competing priorities. The scale of the changes necessary to our services and how we work may be difficult for some residents, users, staff, and elected Members to initially accept. But change will be a pre-requisite if the council is going to deliver successfully for Kent and place itself on a sustainable footing for the medium and long-term."

3.3 What could not have been anticipated at the time of writing was that the inflation considered by the Bank of England to be a short-term consequence of national and international economies unlocking following the Covid pandemic (compounded by inflationary impacts to energy markets caused by the Ukraine war) and the subsequent workforce challenges, would become hard wired into the UK economy. This has meant that many of the economic and budgetary assumptions upon which council services, particularly for a council reliant on third party provision of services through the market, have not held. The financial and economic climate the council is now facing in delivering services is materially different from where the anticipated we would be when Framing Kent's Future was written.

3.4 These economic and workforce issues have impacted the social care market particularly hard in Kent, given the need for providers to now compete with other sectors of the economy for workers, whilst also competing with the demand pull for workers from London. With a significant number of care providers in Kent being independent, increases in costs for pay, goods and services for providers has, in some cases impacted viability, with some providers choosing to exit the market completely. This has had the overall effect of weaking the resilience of the market, even when demand for social care placements from both the NHS and KCC has increased.

3.5 Whilst all the objectives set out in Framing Kent's Future are important, given the dominance of adults and children's social care on the council budget, and the simple fact that the budget pressures facing the council overwhelming come from social care, Cabinet must now take a policy decision to prioritise the objective of delivering New Models of Care and Support within Framing Kent's Future. Our expectation is that all council services, within Adults and Children's Social Care, but also across the Chief Executive's and Deputy Chief Executive's Departments and the Growth, Environment and Transport (GET) Directorate, must collectively prioritise support delivering the New Models of Care and Support objective as a collective enterprise.

3.6 This is not to say that all work on delivering the first three priorities in Framing Kent's Future should stop. The council has dedicated staff working hard to deliver these ambitions and much of this 'core' work can continue. However, the scope of these three objectives will have to be scaled to the level of investment, funding and management time and capacity that can reasonably be given to them. Additional resources and focus on these priorities will unlikely be possible in the MTFP period, as they are not currently business critical to meeting the council's Best Value statutory responsibility.

3. Why the Council must prioritise its Best Value statutory responsibility:

4.1 One of the critical issues facing local government as whole is significant expansion of the legislative framework councils operate in. This has extended statutory duties on councils without the necessary financial resources being made available by way of increased government funding or income generating powers to cover the additional duties imposed by successive Governments.

4.2 Considering the widespread pressure on local government finances and recent increases in authorities either issuing or considering issuing S114 notices, the Department of Levelling Up. Housing & Communities (DLUHC) have recently issued revised statutory Best Value guidance (subject to consultation) which seeks to remind authorities of their duties under Part 1 of the Local Government Act 1999 to *"make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the combination of economy, efficiency and effectiveness*". The guidance goes on to explicitly state, and thus interpret, the Best Value duty, as: *"In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget, provide statutory services, including adult social care and children's services, and secure value for money in all spending decisions".*

4.3 The implication is clear. Those councils that cannot balance competing statutory duties, set a balanced budget, deliver statutory services, and secure value for money are not meeting their legal obligations under the Local Government Act 1999. The Government's position, codified in the revised Best Value guidance, is nothing new. Best Value inspections authorised by the Secretary of State of those authorities that have issued a Section 114 notice have consistently identified council failure as being underpinned by an inability to meet the Best Value duties to set a balanced budget and deliver a sustainable medium term financial plan. Without financial sustainability there can be no sustainable services.

4.4 Whilst the council can lobby, both individually and collectively with partner organisations such as CCN and the LGA for reform to the legislative framework (particularly in adults and children's social care and SEND services) or lobby for additional funding to meet specific issues (e.g. funding to mitigate the impact of the Government's decision to remove Supported Borrowing), these issues are not directly controllable by the council, as they are matters for Government and Parliament. Therefore, they cannot be relied up on as the basis for any financial recovery strategy. Only by prioritising the delivery of our Best Value duties will the council be able to meet its fiduciary duty to Kent residents.

4.5 The statutory Best Value duty must frame all financial, service and policy decisions from this point forward, and services must pro-actively evidence the best value considerations in all decisions. Without ensuring best value, we will not be capable of meeting our wider statutory duties, and the services which flow from them, upon which our residents rely.

4.6 All officers, particularly Chief Officers, Directors, and Heads of Service, must prioritise the Best Value duty in their strategic and operational decisions as well as their advice to executive and non-executive Members. All Members, when discharging their respective roles within the council, whether executive or non-executive, should also prioritise Best Value considerations.

4. Analysis of budget pressures:

5.1 Throughout August the Kent Analytics team, working with Finance and colleagues in the service Management Information Units (MIU) have undertaken an analysis to assess which factors are most strongly driving increases in spend across the services areas where budget pressures/overspend are most significant. These are:

- ASCH care and support spend (in Older Persons, Learning Disability, Mental Health and Physical Disability)
- SEND home to school transport
- Children in Care (CIC) placements

5.2 This analysis identified the following key insights:

- In **older people's placements** the growth in spend between Q1 2022/23 and Q1 2023/24 was 17.5% (or +£10.6m) but of this increase only 9% (+149clients) was accounted for by an increase in the client numbers. 91% of the spend increase was accounted for by significant increases in weekly placements costs (+£92 per week)

- Breaking placements down by placement type indicates that Homecare, Long Term nursing and Short-Term nursing placements are driving additional costs.
- In **learning disability placements**, the growth in spend between Q1 2022/23 and Q1 2023/24 was 9.6% (+£5.1m) but again, the growth in the number of client numbers was a relatively modest 1.7% (+59) accounting for just 16% of the total increase in spend, with the average weekly cost of a placement being up +£91per week, and accounting for 84% of the total increase in spending.
- When looking at placement types for learning disability the spend increase is being driven by Long Term residential care placements (+£85 per week) accounting for 20% of the total increase in spending on learning disability, and the costs of the Supporting Independence Service (SIS) / Support Living (SL) with weekly placements costs at +£140 per week, accounting for 57% of the total increase in spending on learning disability.
- In **mental health placements** the growth in spend between Q1 2022/23 and Q1 2023/24 was 17.8% (or +£2.0m) with an increase in the number of clients of 12.4% (+157clients) accounting for a 63% of the total increase in spend. 37% of the spend increase was for increases in weekly placements costs (+£50per week). Importantly, the number of people starting a placement has been increasing at a higher rate than placements ending over the longer-term trend.
- In **physical disability placements** the growth in spend between Q1 2022/23 and Q1 2023/24 was 15% (or +£2.4m) with an increase in the number of clients of 2.3% (+158clients) accounted for 13% of the total increase in spend. 87% of the spend increase was for increases in weekly placements costs (+£62per week).
- In regard to **Children in Care (CIC) Placements** (non-UASC, non-disabled) the growth in spend between Q1 2022/23 and Q1 2023/24 was 18% (+£2.6m quarterly spend). Of the overall increase in cost, 31% is directly due to an increase in the number of CIC, 35% is due to an increase in the average weekly cost of different placement types, and 34% is due to a change in the distribution of types of placement (partly driven by overall increase in demand and availability of placement types).
- In **SEN Home to School Transport** (July 22 vs July 23) the growth in spend was 31% (+£15.2m). Of the overall increase in cost, 37% of the spend increase is directly due to an increase in the number of SEN pupils receiving home to school transport of 10.7% (+668 pupils), 63% of the spend increase driven by an increase in the average cost per day of SEN travel of (+£8). Given the limited number of school days per year, this means that the increase in the average cost per day drives 67% of the total spend increase compared to 33% from the increase in the number of clients.
- The average cost per client per day for hired transport for SEN pupils is now over 3.5 times more expensive than for a Personal Transport Budget (PTB) having increased by 20.5% compared to 0.3% for hired transport.

5.3 As a result of this analysis, it is possible to draw several conclusions that must shape the council's position in the medium term from both a financial and policy perspective:

- The driver of costs across overspending services is complex, but it is not simply a matter of the council meeting additional demand through an increased number of clients. Indeed, in many areas the absolute increase in client numbers requiring support has been relatively modest. Rather, the significant increase in spending is largely driven by unsustainable increases in costs the council is meeting to secure services from market providers. As a result of these increased placements costs, relatively modest increases in client numbers have a disproportionate and exponential increase in the costs of securing provision.

- Given the cost drivers are directly linked to service placements the ability to change these costs once the service provision has been procured and agreed are limited, with each ‘cohort’ of clients effectively locked in for a period that service has been agreed or the service user may be entitled – in many instances for multiple years. Consequently, even if the council changed policy, practice, or provision immediately for new service users, the ongoing cost of placements procured from market providers at prices beyond what the council can reasonably afford creates a structural deficit in the council’s budget that will require remedial action over the course of this and future MTFP periods.

- Adult social care is intractably linked with the pressures and complex demands faced by the NHS. The need to discharge patients from hospital drives placement decisions driven by short-term clinical rather than long-term social care need. In some cases, this drives placement decisions that are not appropriate from an adult social care point of view, but which then hard wire those higher placement costs into the council budget, given immediate health and social care needs must be prioritised. The need for the council to work with NHS Kent & Medway to support a sustainable hospital discharge pathway, and a fair and appropriate apportionment of costs between health and social care, is critical if both the health and care system in Kent are to remain viable.

- Our response to market changes and service pressures has not kept pace with the evolving situation. Whilst the changes in the care market post Covid have escalated rapidly, the disconnection between our commissioning practice and services who are making placement decisions on an individual basis, and have a stronger working relationship with providers, has meant that KCC has not managed the market as quickly as market changes and pressures have required. A focus on procurement and a contractual relationship is insufficient to engage and manage providers to redesign services to changing need. In part, this issue has already been recognised through the recently completed Strategic Commissioning restructure in KCC, which has seen commissioning staff transferred back to Directorates to provide capacity to design service solutions around service need, and working on the appropriate provider / delivery model, rather than default to procurement.

- The interplay between the council’s policy and its practice when assessing and providing services needs to be tighter. The cost driver work provides indications that in some instances, council policy is not being sufficiently applied in practice when assessments are undertaken, which both risks the possibility of overprovision, impacting on the council’s finances, and then limiting the ability of the council to change that provision as the assessment decisions was made by KCC. Strengthening both the operational policy framework, and its implementation through service practice, is critical.

5. Securing Kent's Future – Four strategic objectives:

Objective 1: Bringing the 2023/24 budget back into balance:

6.1 As early budget monitoring highlighted the emerging in-year overspend for 2023/24, the Corporate Management Team have been working to identify budget savings that would allow the council to bring its spending in-year back to the approved budget set by County Council in February. It is vital that the council does not overspend in the current year as this would create further need to use limited reserves to fund revenue overspends, weakening the financial resilience of the authority and limiting the scope for the use of reserves to invest in transformation necessary to address the structural deficit.

6.2 As noted in paragraph 1.1, following management action, the forecast overspend reported to Cabinet in August was £26.7m. Table 2 in the Financial Recovery Plan sets out the contribution identified by each Directorate of additional targeted savings for 2023/24, whether they are one-off savings or recurring, and the cumulative impact. As noted in the Plan, some of the detailed workings for specific savings are still in development and therefore firm numbers can only be provided in the draft Budget for 2024/25 to be published later in the autumn.

6.3 Paragraphs 2.1 – 2.6 of the Financial Recovery Plan at Appendix 1 set out the range of measures, identified as Urgent Actions with Immediate Impacts which can help address the in-year overspend.

- Further Management Action from Directorate Management Teams
- Review of spending from reserves
- Potential receipts from assets
- Consultant led review of spending growth and savings opportunities.
- Review of strict compliance with existing policy
- Reserves review
- Cross cutting review of non-committed spend

6.4 By far the most significant of these actions is the cross-cutting review of non-committed spend, which has a delivery target of £11.4m for the remainder of the year. Managers across the whole organisation will be expected to avoid non-essential spending in areas such as recruitment of staff to vacant roles, agency staff, use of external venues for meetings, professional fees, and supplies and services.

6.5 It should be noted however that where the recruitment to roles is considered essential to support the council to deliver services safely and effectively, this will continue to be permitted, and this should be the judgement of senior service managers with the responsibility and accountability for budgets, balancing the immediate need for savings with the immediate service pressures which may be present. KCC is not immune from the workforce challenges facing the wider economy and weaking the capacity and capability of services to deliver efficiently and effectively will ultimately prove counterproductive. However, as outlined in Paragraph 2.2 of the Plan, there will be a further tightening of spending approval limits for new staff hires, interim staff, agency staff and consultants, with spend for higher graded posts/costs held at Director and Corporate Director level to drive accountability.

6.6 CMT are confident that full implementation of these urgent actions, alongside delivery of already agreed budget savings or compensating alternatives, will ensure council spending is brought back into balance by the end of the financial year. However, a significant number of these additional savings are one-off and non-recurring, and as a result do not relieve the forecast pressure on the 2024/25 budget and MTFP. As a result, work to deliver Objective 2, the delivery of savings, cost reductions and increases in income to set a sustainable 2024/25 budget and MTFP must continue and be developed concurrently to the delivery of the additional in-year savings for 2023/24.

Objective 2: Delivering savings from identified opportunity areas to set a sustainable 2024/25 budget and MTFP:

6.7 Within the Budget Recovery Plan at Appendix 1, Section 3 outlines the actions necessary to identify the savings to allow the council to set a balanced budget for 2024/25 and a sustainable MTFP. Table 3 in the Plan sets out the full range of opportunity areas that CMT and Cabinet have identified to develop further. For the purposes of this report, it is worth noting three, given their significance:

- **Service transformation opportunities:** KCC exists to provide services that meet the needs of Kent residents whilst meeting our Best Value duty. Consequently, the council can only deliver budget sustainability through a significant focus on the services it provides and transforming them accordingly to continue to meet needs whilst bringing the budget back into sustainability. The cost driver analysis set out above has identified significant opportunities to further transform services and there are several service transformation opportunities that flow as a result. The list below is a non-exhaustive of some of the key service transformation opportunities that will be developed as part of Securing Kent's Future:

    - **ASCH provider market redesign/recommissioning:** Very significant recommissioning opportunities exist for the recommissioning of residential and domiciliary care contracts, to better meet client needs and mitigate significant forecast price increases. Partially avoiding these forecast increases in costs of homecare and residential care, and then ensuring that placement decisions take place within the framework contracts that are established through the recommissioning process to reduce off contract spend, will be vital. The scale of these contracts is such that significant resources across the council will be required to support the recommissioning process to ensure that these contracts fully support Securing Kent's Future, as this will be the single biggest action that can support a balanced budget for 2024/25.

    - **ASCH social care prevention**: Further work can be undertaken to identify risk in the population and design effective preventative interventions before needs develop and people present with multiple complex needs, which drives significant increase in cost of placements (e.g. falls prevention, older persons accommodation). Whilst this may reduce demand for social care, reducing forecast demand increases in the MTFP, it also has the potential to reduce demand to health services, including hospitals, which then will reduce the risk of inappropriate placement decisions through the hospital discharge pathway.

- **Hospital discharge pathway:** People presenting through hospital discharge for social care services invariably have complex needs, and pressures in the system can lead to inappropriate placement decisions. Through optimising the use of reablement, short-term beds and step-down beds, we can seek to avoid short-term support becoming longer-term dependency on social care. This work will need to be taken forward and developed jointly with NHS partners given it is a critical issue for both health and care services.

- **CYPE placement strategies**: Work to assess the opportunities that exist around sufficiency strategy, ensuring the right mix of placements and working towards bringing placement costs down. Although it is recognised that market and placement costs in Kent are impacted by UASC and other factors beyond the council's control.

- **Preparing for adulthood/transition:** Working across both ASCH and CYPE to optimise support for people between the ages of 14-25 as they transition from children to adult services, promoting independence in adult life. Working age people with learning disabilities are now living longer through better long-term management of medical needs, but this increases the need to promote independence earlier so long-term needs can continue to be met at reasonable cost to the council. Joint working with NHS partners will be critical given costs of support are incurred by both the NHS and social care.

- **Home to School Transport:** Primarily but not exclusively in SEN home to school transport (where the cost increase in both relative and absolute terms are most significant) there is a need to ensure that through the SEN assessment process the options for the Home to School transport are fully explained to parents and the policy position of the council regarding home to school transport is reflective in EHC plans. Also, there is a significant requirement to improve our commissioning and procurement practice for SEN transport, better scaling contracts so that they benefit from greater resilience and reduced costs.

It is anticipated that most of the impact from much of this service transformation work will reduce future cost increases during the medium-term financial plan period rather than deliver savings on current spend. This would result in reduced spending growth already included in the medium-term financial plan or to avoid adding further growth and reduce the risk of future overspends.

- **Contract review:** Nearly three quarters of the council's spend is with third party providers across the public, private, voluntary, and social enterprise sectors. With such a significant amount of council spend governed through contractual arrangements, the need to ensure that these arrangements fully provide Best Value to Kent residents and are fully reflective of the priority to deliver Securing Kent's Future is critical if budget sustainability is to be achieved. As set out in Section 5 above, stronger control of the contract pipeline as a result of the recent changes to the commissioning and procurement structures, will allow KCC to undertake a detailed review of all contracts coming up for renewal and make a Best Value judgement through the commissioning process about whether the need the contracted service is meeting must still continue to be met, whether a contracted service is the most appropriate way of meeting that need, and if it is, the right contractual mechanism is put in place.

- **Staffing review**: Whilst staffing costs in and of themselves are not a cost pressure on the agreed KCC budget, and in some service areas workforce challenges exist given the nature of the economy and the competitive market for specialist skills, the need to review our staff establishment to ensure it is fit for purpose at a council level is important. A cross cutting review will focus on three specific areas. Firstly, a rigorous application of the agreed Decision-Making Accountability (DMA) approach promoted by the LGA of the appropriate spans of control and layers of management within the council. Secondly, there is continued duplication in some areas between staff who are embedded in service Directorates and those working in similar or the same roles but in corporate teams. Inherently this isn't efficient and mitigates against the 'One Council' approach to specialist and business support which is best practice within public and private sector bodies. Thirdly, whilst accepting that in some services there are workforce issues, a review of the recruitment/deployment of agency staff will be undertaken to ensure agency costs (which are higher than directly employed staff) are only incurred when necessary. Whilst use of agency staff has a place within the workforce mix of KCC, given its flexibility, it is critically important that services do not become overly dependent on agency workers.

Objective 3: Policy choices and scope of Council's ambitions

6.8 Even through the significant period of austerity, KCC has remained ambitious for the residents of Kent and for the organisation. As the strategic authority for Kent, its role clearly goes beyond the provision of statutory services, and we are aware that many of the services that our residents most value can be those that the council operates voluntarily, which aren't required by law to be provided and are not funded by Government. As a result, over the course of successive administrations the council has worked hard to ensure that it keeps providing as many discretionary services as possible, and in many instances, providing discretionary services that have closed or been reduced in many other county areas. Whilst our overall policy position is still maintaining discretionary services that add value and support the outcomes the council is seeking to achieve, we must be more rigorous in assessing the value of those services, and where necessary rescope the council's ambition and interventions to something that is proportionate and affordable. This focus will require us to focus on three areas of activity:

- **Evaluation of statutory minimum requirements:** Whilst many of the council services have a statutory basis that either requires the council to provide them or gives residents the right to seek support from the council. In many cases statute does not define the service offer that must be provided. This becomes a matter for local choice influenced by legislation or wider determinants, such as case law or regulatory / inspection frameworks. This heightens the risk of over providing statutory services beyond what is needed and does not meet the Best Value duty on the council. We must review statutory services and the extent to which they are appropriately meeting need and supporting outcomes, and where necessary reshape that spend so it frees up resources for other services, including discretionary services.

- **Review of discretionary spending:** Discretionary spending must have a purpose and support meeting the outcomes for residents and communities the council is seeking to achieve. The council must review its discretionary spend and the extent to which there is objective or subjective evidence whether spend contributes to reducing demand on statutory services and/or meets the council's stated outcomes. In many instances, the key test for discretionary services is whether the need identified can only be met by the council, or whether other partners or providers, either public or private, are equally or better able to meet that need.

- **Full cost recovery on discretionary spend:** The council must review where it is possible and appropriate to seek full cost recovery on discretionary services to make them viable and sustainable. There is a need to ensure that there is full transparency about where budgets are effectively cross subsidising discretionary services and reducing the resources available for other/statutory services.

Objective 4: Further transforming the operating model of the Council:

6.9 Applying the service and policy changes the council set out in the first three objectives above will necessarily require a wider transformation of the council's operating model, both to support the delivery of Securing Kent's Future, but also to reflect the desire to reshape the council so delivery of Best Value is at the core of what it does and how it does it in the medium to long-term.

6.10 Almost certainly, KCC will need to be a leaner organisation, prioritising staff capability over capacity, with an ability to harness and leverage its scale in terms of service delivery, whether in-house or commissioned, drive new ICT and digital capabilities into its core service offer, with the corporate core enabling and supporting services on a 'One Council' basis, freeing services to focus on practice, service quality and resident/client outcomes. Whilst a revised operating model will require further development, it is possible to set out some core foundations that will be central to a changed operating model:

- **Embedding the Chief Executive model:** Putting the Chief Executive post back into KCC establishment after almost thirteen years of operating without one was the right thing to do for the organisation, bringing us in line not just with most councils, but nearly all organisations of scale across the public, private and voluntary sector. The necessary changes to systems and culture of the organisation are still embedding and require further support of all Chief Officers and all Members, in particular the need to strengthen the culture of professional accountability and responsibility for operational and strategic management actions in the council. Whilst Members are responsible for the overall strategic direction of the council through the budget, MTFP and policy framework, we are critically dependent on a strong management cohort driving delivery through services, with a Chief Executive with the capacity to make management interventions on Members' behalf when necessary.

- **Strengthening of the corporate core:** To support the Chief Executive deliver Securing Kent's Future, there will need to be a further strengthening of the corporate core of the organisation. In practice, this will mean aligning the Strategic Reset Programme (SRP) around the priorities of Securing Kent's Future and further strengthening the SRP team to take a stronger delivery and oversight role of the project and programmes necessary to deliver financial sustainability. This will give the CEO greater visibility and assurance around delivery of SKF actions. Whilst KCC has a strong performance culture within services, there is a clear need to strengthen corporate performance management capacity across the council, with a rebooted corporate performance framework providing a stronger means of control over core activity to support the CEO to assess and intervene earlier when performance issues become evident.

- **Digital, Automation and AI:** The council has already made significant inroads into leveraging the opportunities from digital transformation and automation. For example, the council has developed an in-house 'centre of excellence' within its ICT team focussing on digital transformation and automation within existing Microsoft 365 capabilities. This is already improving systems and processes at service level whilst also building out the capability and confidence of the wider workforce to use these tools to change the way that they work. The recently agreed Digital Strategy sets out how the council can accelerate digital change to drive further efficiencies whilst also improving service quality and responsiveness. There is also significant opportunity through the rapid development of AI and Large Language Models (LLM) to both assess data, and provide tools to support service delivery, freeing staff to undertake more high-value tasks. The council has already started to use AI and LLM capabilities within services, and a recently agreed AI policy provides a framework to explore and adopt the use of AI safely. Whilst AI is not without some increased risk, the use of AI will increasingly become the norm across both public and private sectors, and the opportunity of AI to transform services cannot be ignored.

- **Driving management culture across all services:** The focus on Best Value in Securing Kent's Future will ask staff, managers, and strategic leadership of the council to weigh the broader interests of the whole council against the narrow interests of a, or their own, specific service. This shift will require a focus on changing the culture of the organisation from some learned behaviours that have existed for many years. Developing and strengthening management culture requires careful consideration and planning, but there are two key areas where culture is impacting on the council's financial capacity and should be challenged. One reason for our existing pressures is an assumption on the part of some staff and managers that some other part of KCC will 'find' the money to meet their client or service needs. Instead, the council requires a culture of delivering within financial constraints to be an expected and required part of the management culture across all services in KCC. A second example is an overreliance on delivering change through separate project and programme management resources. As a result, relatively minor projects have dedicated change resource which is both expensive and creates a dislocation between projects and services which often slows delivery of change. Whilst dedicated project and programme teams have their place at a strategic level for major change activity, delivering change is, in the first instance, the responsibility of all managers across the organisation.

6. Consequential Risk and Risk Appetite:

7.1 The scale of the change required to deliver Securing Kent's Future will necessarily mean that the council must be cognisant of the wider risks that may materialise. In summary, these risks may include:

- **Delivery risk:** Securing Kent's Future will require the organisation to undertake multiple savings and transformation programmes concurrently, whilst also delivering business as usual activity. For example, delivering new savings in Objective 1 and designing savings in Objective 2 concurrently, whilst also delivering already agreed savings set out in the current MTFP creates clear delivery risks. The council also has several critical enabling projects, such as Enterprise Business Capability (EBC) system replacement which must successfully be delivered on time and on budget. As noted already, the council also has some significant capacity gaps in key services due to workforce pressures, and the increases in demand in some services will also require ongoing management action. The capacity of corporate services such as Finance, HR/OD, and Technology to support the level of activity inherent in the overall programme will also be severely stretched. Whilst delivery risk is inherent given the size of the financial challenge facing the council, this can be mitigated in part through the strengthening of the Strategic Reset Programme (SRP), realigning the SRP team and Board to support and oversee the significant delivery activity within Securing Kent's Future. Moreover, there must be a rigorous focus on the prioritisation and sequencing of decisions and service changes within Securing Kent's Future to optimise the staffing and financial resource available to support its successful delivery. It is also critical that managers and staff are properly and effectively engaged to set out clearly their contribution to Securing Kent's Future. Disengaged staff will be a significant risk to successful delivery.

- **Risk transfer to system and partners:** The council's services do not exist in isolation, but in many cases are part of an interdependent 'system' across a wider network of public, voluntary, social, and private sector partners. The scale of the change required to deliver Securing Kent's Future will invariably require the council to move at significant pace, and in some cases, will require the council to take decisions to meet its Best Value duty which are contrary to system efficacy and/or partner relationships. Whilst the council will do everything in its power to attempt to avoid cost shunting onto partners and is committed to being transparent with partners about the choices and actions it will need to take, almost inevitably, the impact on partners may be significant and, as such, should be acknowledged.

- **Regulatory risk:** Many of the council's services are subject to regulation and inspection by third party organisations established such as Ofsted and Care Quality Commission (CQC). The inspection frameworks used by such regulators are often focussed on professional practice, service quality, client relationships, and outcomes for clients/individuals. The financial position of the service, or indeed the council, is often assumed or ignored within these regulatory frameworks, and little to no account is taken about the financial resources or capacity of the council to meet demand to the standards expected. The reality of Securing Kent's Future, as noted above, is that the financial capacity of the council must be material to the level and quality of service it can provide, and as such, Securing Kent's Future may require decisions that materially impact on the council's ability to meet regulatory inspection framework or assessment. Whilst the council will do everything it can to meet the quality and practice thresholds expected through regulatory inspection and assessment within the resource available it cannot come at the expense of the financial stability of the council.

- **Risk of legal and other challenge**: As noted earlier, underpinning Securing Kent's Future is the need to balance the council's Best Value duty against the wider set of competing statutory duties placed upon it. There is significant risk that where the council makes decisions that secure Best Value, the possibility of legal or other challenge from interested third parties will increase. The council is highly unlikely to be able to fully mitigate the risk of legal challenge and successfully deliver Securing Kent's Future at the pace required. As such, the risk of legal or other challenge is not a measure of our overall success. Rather, the ability of the council to defend its actions as logical, necessary, proportionate, and complying with the necessary legislation and case law regarding good governance and decision-making, will be the measure of success in mitigating this risk.

7.2 Given the above, in delivering Securing Kent's Future, the council is necessarily required to increase its risk appetite to successfully mitigate the significant financial risk it currently faces. Holding an elevated level of risk appetite is necessary and proportionate to the consequential impact of council failure if remedial action is not taken to address the financial position. Accepting increased risk appetite will help both the staff, partners and providers understand the seriousness of the council's financial position and help promote more ambitious and radical solutions to the design and delivery of our service offer. The formal risk appetite statement is set out in the Risk Management Policy, and this policy will be updated as a matter of urgency to codify and reflect the risk appetite for Securing Kent's Future and will be subject to review and scrutiny by the Governance & Audit Committee.

7. Governance, Assurance & Audit:

8.1 Robust governance and scrutiny of the proposals and plans of individual proposals within scope of Securing Kent's Future will be critical to successful delivery and providing the necessary transparency for assurance of the council's overall financial position. However, whilst normal governance process and procedure will apply, the requirement to deliver at pace is clear. A significant proportion of the actions, particularly in Objective 1, will be deliverable through management action, and these should be taken as soon as possible at the appropriate management layer where delegations allow.

8.2 As we move into Objectives 2 and 3, the need for Key Decisions to be made is also clear, but where management action through delegations can be used as approval, then it should be used as the most expeditious route to delivery. Whilst the council will endeavour to ensure proposals are considered by Cabinet Committees in their pre-scrutiny role, Cabinet will not allow pre-scrutiny to inappropriately delay the Executive in taking the necessary Key Decisions to support delivering Securing Kent's Future. Should further scrutiny of Key Decisions be required, this can be undertaken by the Scrutiny Committee fulfilling its statutory role.

8.3 The role of Internal Audit and the Governance & Audit Committee will be critical to providing that independent assurance on the overall position of Securing Kent's Future, over and above the usual financial monitoring undertake by Corporate Finance. Given the internal audit plan is risk focussed, the Head of Internal Audit will review and make recommendations on whether any reprioritisation of planned audits should be proposed to take account of Securing Kent's Future, and any changes proposed to be considered and agreed by the Governance & Audit Committee.

8. Further development of Securing Kent's Future:

9.1 As noted at the beginning of this paper, Securing Kent's Future as the overall budget recovery strategy for KCC will necessarily be iterative. Detailed savings proposals, particularly for 2024/25, will be further outlined in the draft 2024/25 budget, building on the details set out at Appendix 1.

9.2 The need to ensure delivery of Securing Kent's Future cannot be solely undertaken through the budget process. There is a need to ensure the urgency and priority given to the service changes and financial commitments made within Securing Kent's Future are clearly understood at all levels of the organisation, and further shapes management focus and resourcing decisions. It is expected that service activity which does not support Securing Kent's Future objectives is reprioritised or deprioritised accordingly.

9.3 Therefore, it is proposed that delivery of Securing Kent's Future activity is taken forward through the council Strategic Business Plan 2024/25, alongside enhanced financial monitoring and reporting, building on the detailed delivery plans that are currently being agreed by services and the Corporate Management Team. It is also proposed to develop and agree the Strategic Business Plan earlier in the business planning cycle, aligning it to the budget timetable, and before divisional and service business plan are developed, so that alongside the budget, it shapes and drives prioritisation and resourcing decisions across all council services.

9. **Recommendations**:

Cabinet is asked to:

1. Note the Financial Recovery Plan set out at Appendix 1.
2. Note the Urgent Actions with Immediate Impacts set out in the Financial Recovery Plan at Appendix 1 to bring the council back into balance for 2023/24, albeit with significant reliance on non-recurring savings.

3. Note the Urgent Actions with Medium to Long-Term impacts set out in the Financial Recovery Plan at Appendix 1 as necessary to support the development of a sustainable 2024/25 budget and MTFP.
4. Agree to the further development and inclusion of the actions in the Financial Recovery Plan at Appendix 1 into the draft Budget 2024/25, to be published late October / early November 2023.
5. Agree to the prioritisation of the 'New Models of Care' objective within the strategic statement, *Framing Kent's Future* as the council's primary objective to meet its Best Value duties.
6. Agree the position set out in paragraph 4.5 regarding delivering the Best Value statutory duty, and the requirement for Best Value considerations to be evidenced in all service, policy, and budgetary decisions at all levels of the council.
7. Agree the need for increased risk appetite set out at paragraph 7.2, and for any changes necessary to the council's Risk Management Policy to be made and considered by the Governance & Audit Committee as appropriate.
8. Agree the four objectives outlined for *Securing Kent's Future* and to develop *Securing Kent's Future* as the Strategic Business Plan for 2024/25.

Appendices:

- Appendix 1: Securing Kent's Future – Detailed Financial Assessment of budget proposals

Background Papers:

- Cost Driver Assessment by Kent Analytics Service, Corporate Board,
- Securing Kent's Future – Budget Recovery Strategy & Financial Reporting, KCC Cabinet, 17 August 2023

Report Author:

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Financial Recovery Plan – Securing Kent's Future

From	Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services
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Classification	Unrestricted

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Background Documents

1. County Council Budget meeting 9th February 2023
https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=113&MId=9026&Ver=4

2. KCC Share of Retained Business Rates and Final Local Government Finance Settlement 2023-24 report to Cabinet on 30th March 2023
https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=8995&Ver=4

3. Revenue and Capital Budget Outturn 2022-23 report to Cabinet on 29th June 2023
https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=8997&Ver=4

4. Securing Kent's Future = Budget Recovery Strategy & Financial Reporting report to Cabinet on 17th August 2023
https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=9380&Ver=4

Headline 1 2022-23 revenue outturn was overall £47.1m overspend (3.9% of net revenue).	The provisional outturn was reported to Cabinet on 29th June 2023. This showed a net revenue overspend of £47.1m. Overspends before roll forwards were reported in Adult Social Care & Health (ASCH) of £24.4m, Children, Young People and Education (CYPE) of £32.7m, Growth Environment and Transport (GET) of £0.9m, Deputy Chief Executive Department (DCED) of £1.6m. These were partly offset by underspends in Chief Executive Department (CED) of £3.5m and Non-Attributable Costs and Corporately held budgets (NAC) of £11.8m The most significant overspends were: • £30.5m older persons residential and nursing care in ASCH • £16.1m home to school transport in CYPE • £9.9m children in care in CYPE
Headline 2 The overspend was balanced through £47.1m drawdown from reserves (11.5% of general and earmarked revenue reserves).	The outturn was balanced through the drawdown of the total £25m risk reserve with the balance of £22.1m from the general reserve. The drawdown from general reserve amounted to 39% of this reserve and reduced the balance as at 31st March 2023 to £37.6m. This is below the recommended 5% of net revenue and general reserves will need to be replenished at the earliest opportunity. Earmarked reserves included a transfer of £17m to Dedicated Schools Grant reserve as KCC's 2022-23 contribution to the Safety Valve agreement with the Department for Education (DfE) as part of the high needs deficit recovery. A further transfer will be needed for the 2023-24 contribution, and future years' budgets will need to include £50.9m provision for the remaining contributions. The combination of drawdowns from risk and general reserves have reduced the Council's ability to withstand unexpected circumstances and costs. These reserves will need to be replenished at the earliest opportunity. The drawdowns and transfer have reduced the adequacy of reserves since the assurance given when approving 2023-24 budget.
Headline 3 Financial resilience was already reduced in comparison to other councils before 2022-23 outturn.	The latest available 2021-22 comparative financial resilience indicators from the Chartered Institute of Public Finance and Accountancy (CIPFA) shows that KCC's general and earmarked reserves excluding public health are 37.2% of net revenue (40.4% including public health). This is lower than the average for all county councils (49.5% excluding public health, 51.9% including public health).

	KCC's reserves as percentage of net revenue have reduced since 2020-21 (41.7% excluding public health, 42.9% including public health). The average reserves for all county councils have increased since 2020-21 (45.4% excluding public health, 46.4% including public health). This was not because KCC reduced reserves in 2021-22, but they increased by less than other county councils and net revenue increased by more. At this stage we do not know the extent to which other county councils reduced or increased reserves in 2022-23 in comparison to KCC's drawdown. The comparative level of reserves are likely to have been affected by the treatment of Covid funding and spending and therefore needs to be treated with some caution. The comparative reserves position for 2022-23 is expected to be published later this year and will provide a more comparable assessment of reserves levels.
Headline 4 Final revenue budget 2023-24 £1,318.3m after roll forwards	The revenue budget for 2023-24 was approved by County Council on 9th February 2023. At the time this did not include the impact of the final local government finance settlement or final share of retained business rates. These were reported to Cabinet on 30th March 2023 and resulted in a final approved net revenue budget of £1,315.6m (an increase of £124.1m on 2022-23). The final budget including £2.7m roll forwards (cash limit for 2023-24) is £1,318.3m.
Headline 5 2023-24 revenue budget included spending growth increases of £182.3m	Additional spending included £63.5m for the net full year impact of recurring 2022-23 budget variances, £65.2m forecast in-year price increases, £33.5m for forecast increases in demand and cost increases unrelated to price uplifts e.g. more complex packages of care, £14.2m for the 2023-24 pay award, and £5.9m service improvements. Additional spending excludes any increases funded by specific grants.
Headline 6 2023-24 revenue budget included savings and income of £51.9m	Savings and income included £23.3m from policy changes (service reductions), £14.9m increased income (client charges and contributions), £9.7m from efficiencies and transformation (mainly in relation to contracted services), and £3.9m financing savings (debt charges and investment income). Savings and income exclude any on specific grant funded activities.
Headline 7 2023-24 budget included net drawdown from	The net increase from spending growth and savings/income of £130.4m was offset by a combination of increased funding and reserves. The main funding increases came from council tax of £52.9m (including 3% general increase, 2% adult social care increase and 1.45% tax base increase), additional grants for social care pressures of £51.6m, other grant increases (largely

reserves of £6.3m and increased funding of £124.1m	compensation for business rates reliefs) and retained business rates of £19.6m. The conditions for the additional social care grants and the council tax precept requirements effectively put a limit on the amount of savings that can be made in adult social care. These conditions and requirements effectively set a minimum spending increase for adult social care. From 2024-25 onwards the expectation is that this minimum passporting is the only increase for adult social care. The net drawdown from reserves came from additional contributions to general reserve (to maintain 5% of net revenue before the subsequent drawdown at the end of 2022-23) and local taxation equalisation reserve (from excess collection surpluses). There were reduced contributions to strategic priorities and regeneration reserves from insecure funding which were used to fund core spending in 2023-24. Drawdowns included £4.3m from corporate reserves to smooth spending (to be replaced and repaid in 2024-25 from savings).
Headline 8 Forecast Overspend for 2023-24 of £37.3m before management action	The first quarter's monitoring was reported to Cabinet on 17th August 2023. The biggest overspends are in the same areas as 2022-23 (adult social care, children in care and home to school transport). This is despite including additional spending in the budget for the full year effect of recurring spend from 2022-23 and forecasts for future price uplifts, increases in demand and cost increases unrelated to price uplifts. The latest monitoring as reported separately to this Cabinet Report is showing little change in the underlying structural overspends on people based services. The agreed action from reducing capital financing has now been incorporated reducing the forecast overspend before management action to £37.3m from the quarter 1 report, although it is important the structural overspend is still clearly identified. The immediate actions that are planned and as set out in section 2 of this report if fully delivered would reduce the overspend by £28.0m. This includes a target to reduce non committed spend by £11.4m plus £9.2m of one-off (totalling £20.6m one-off savings) and £7.4m of recurring savings from further management action. There is also the additional grant from the Market Sustainability and Improvement Fund amounting up to £9.4m, which has been confirmed since the last report, and following determination will be used to fund the increased fees for new clients (subject to final agreement of the plan for the use of this grant).

<table>
<tr><td></td><td>If all these actions can be achieved, and the forecast spending does not materially change then 2023-24 would be close to balanced by year end.</td></tr>
<tr><td>Headline 9

Forecast gap for 2024-25 of between £31m to £72m</td><td>The core principles for the 2024-25 local government finance settlement were announced as part of the 2023-24 settlement. This included the council tax referendum principles and further additional funding through social care grant, market sustainability and improvement fund, and hospital discharge fund. The latest estimate is that funding through grants, council tax and retained business rates is around £93m.

The latest estimate for spending growth is between £146m to £165m. The range reflects uncertainty over the trajectory for inflation from the latest Bank of England forecasts, and different scenarios for future demand and cost increases unrelated to price uplifts.

As well as spending growth there is need to set aside an additional £30m in reserves. This includes KCC's contribution towards the Safety Valve agreement with DfE from 2024-25 onwards, replenish general reserves for the draw down at the end 2022-23 over 2024-25 and 2025-26, and replenish smoothing reserves used to balance 2023-24 budget. Any further use of reserves in 2023-24 would increase the requirement to replenish reserves in 2024-25 and increase the budget gap.

Additional savings and income of between £30m to £52m. The range reflects the savings for 2024-25 in the published 2023-26 MTFP at the lower end with further potential savings for initial assessment of 2024-25 recovery plan quantified to date at the upper end.

<u>Summary table showing lower and upper end of 2024-25 budget planning scenarios.</u>
<table>
<tr><td></td><td>Lower End
£'m</td><td>Upper End
£'m</td></tr>
<tr><td>Spending Growth</td><td>146</td><td>165</td></tr>
<tr><td>Contribution to Reserves</td><td>30</td><td>30</td></tr>
<tr><td>Savings & Income</td><td>-52</td><td>-30</td></tr>
<tr><td>Increases in General Funding</td><td>-93</td><td>-93</td></tr>
<tr><td>Forecast Gap</td><td>31</td><td>72</td></tr>
</table></td></tr>
</table>

Headline 10 Council's overriding priority is to deliver financial recovery plan over next 18 months to 2 years	Cabinet agreed on 17th August the council priority must be deliver a financial recovery plan to Secure Kent's Future. This plan must address the structural deficit on spending and improve the council's financial resilience. The plan includes immediate short-term measures to bring 2023-24 into balance, and more importantly over the medium term to reduce future spending growth and/or identify mitigating savings and income to offset growth and to restore and improve reserves. As outlined in the August report this paper sets out more detail on the recovery plan. This is set out in separate sections dealing with urgent actions that are expected to have an immediate impact in 2023-24 and the more structural actions which will take longer to deliver and will not have an impact until 2024-25 or 2025-26. Reserves remain a possible mechanism to smooth the transition between the one-off actions and the medium to longer term structural changes and to support invest to save measures to support the recovery (including temporary external support). However, reserves are not a mechanism to fund recurring spending and would need to be replenished from future savings. The additional costs of developing the recovery plan are one-off and need to be funded from reserves. Any use of reserves for smoothing or invest to save purposes would require replenishment and would further impact on the adequacy assessment in the short-term.

2.1 Corporate Management Team has been focussing on the immediate actions which can be taken across the whole council to bring the overspend in 2023-24 down and to reduce the risk of further drawdown from reserves. The team acknowledges that many of these actions are one-offs (or in some cases can be repeated in 2024-25) and therefore do not resolve the underlying structural deficit on spending largely in people based services in ASCH and CYPE. Table 1 sets out a summary of the immediate actions together with an indication of when these would take effect.

2.2 The plan will need to be responsive to further developments both from more up to date monitoring forecasts and progress on delivering the recovery plan. At this stage the emphasis is on enhanced monitoring to identify if we are on track, if this proves to show that further action is needed to balance the current year this will be agreed/taken if and when it becomes necessary to ensure we end the year as close to balanced as possible.

Table 1 – Actions with Immediate Impact

	2023-24	2024-25	Later Years	Brief description of activity
Immediate Actions				
Cross cutting review of non-committed spend	✓	✗	✗	Budget, spend to date and forecast for selected subjective codes. Directorates to consider spending restrictions
Further Management Action templates	✓	?	?	Directorates are completing templates to identify further targeted savings across all services but with particular regard to those forecasting overspends.
Review of spending from reserves	✓	✓	?	Review of uncommitted spending directly funded from reserves. This would not reduce revenue spending but would increase the level of reserves
Potential receipts from assets	✓	✓	✗	Review of all assets other than surplus property with regard to possible disposals
Review of early payments	✓	✓		Saving from taking fuller advantage of early settlement discounts through call-ff contract with Oxygen Finance Ltd for the supply of Early Payment Services

Consultant led review of spending growth and savings opportunities	✓	✓	✓	Review areas of highest growth and overspend in ASCH & CYPE to identify transformation opportunities to generate savings and mitigate growth and support services to deliver this.
Review of strict compliance with existing policy	?	✓	✓	Evaluation of spend on people-based services in excess of current policies. This is unlikely to yield significant savings in 2023-24.
Reserves review	✓	✓	✗	Finance led review of existing reserves and appropriate levels commensurate with forecast future requirements and risks. This could result in reduced contribution in 2023-24 and/or 2024-25 as well as releasing reserves to replenish previous drawdowns and/or support the recovery plan

2.3 The cross cutting review of non-committed spending from KCC funded activity (i.e. this does not include spending funded from external grants or spending related to securing other income) will include recruitment of staff to vacant roles, agency staff, use of external venues for meetings, specialist and consultant fees, and supplies and services. Managers across the whole organisation will be expected to avoid spending in all these areas. The following immediate steps will be applied for the remainder of 2023-24 together with regular monthly monitoring reporting. The target for savings from cross cutting reviews is up to £11.4m although until the additional steps and reporting has been put in place it is not possible to identify how close we are to this target:

Staff contracts& premises

- Responsibility for approval required at Corporate Director level for all new external staff appointments at KR13 and above.
- Responsibility for approval required at Director level for all new external staff appointments at KR9-KR12.
- Responsibility for approval at budget manager level for all new external staff appointments at KR8 and below, and all new internal appointments, at budget manager level.
- Reports will monitor the number of new external staff appointments at the above levels but will not be able to identify how many new staff appointments have been avoided. Financial reports will identify revised actual and forecast staff spend at Director level.
- Accountability required at Corporate Director level for all new agency staff appointments at more than £600 a day.
- Accountability required at Director level for all new agency staff appointments at day rates between £300 to £600.
- Accountability required at budget manager level for all new agency staff appointments at less than £300 a day.

- Monitoring reporting of actual and forecast agency staff spend at Director level.
- No external venues to be hired for internal meetings excluding staff training. Internal meetings with only KCC staff must be held in KCC owned facilities or via MS Teams. Meetings with public, clients or external partners can still use external venues but only as a last resort where KCC facilities are inappropriate. Actual and forecast spending on external venue hire to be reported at Director level.

Specialists and Consultants

- Accountability for new contracts at Corporate Director level for contracts over equivalent of £500k per annum.
- Accountability for new contracts at Director level for contracts over equivalent of £100k per annum
- Accountability for new contracts at budget manager level for contracts under equivalent of £100k per annum
- Monitoring reporting of actual and forecast spend on specialists and consults at Director level.

Supplies and Services

- No additional approval or accountability responsibilities for supplies and services spend (remains at budget manager level). All new actual and forecast spending to be reported at Director level.

2.4 Directorates have reviewed specific areas of spending with targeted savings identified. Savings have been identified separately for one-offs and recurring amounts in 2023-24, together with further savings in subsequent years. In some cases the savings are additional to existing savings already included in the 2023-24 budget, and in some cases they are new savings. Table 2 provides a high level summary of the additional targeted savings. These have been split into those already incorporated into budget monitoring reports (either already in forecasts or identified as management action) and those that are additional to existing reported forecasts.

Table 2 – Targeted Savings (management action)

	2023-24 One-Off £000s	2023-24 Recurring £000s	2024-25 Additional Recurring £000s
ASCH – already reported	4,310	5,700	4,529
CYPE	1,700	1,550	TBC
GET	1,480	TBC	TBC
CED/DCED	1,670	150	100
Cross Cutting Review of Non Committed Spend	11,400		
Directorate Total	**20,560**	**7,400**	**4,629**
Non Attributable – already reported and in latest forecast	4,000	3,000	
Total	**24,560**	**10,400**	**4,629**

2.5 The overall impact of these further actions on cross cutting spend and directorate targeted spend will be identified separately in future budget monitoring reports. This will serve the dual purpose of not disguising the underlying structural deficit (which must be resolved over the medium term) and enable separate reporting on progress on the individual actions.

2.6 Receipts from the sale of any assets on the balance sheet including those from non-surplus property assets would still have to be accounted for as capital receipts. There are restrictions on the ability to use capital receipts for revenue spending and separate reporting requirements. Non property assets include a range of cultural assets.

2.7 On 28th July the government announced a further £570 million of ringfenced funding across 2023--24 and 2024-25 to local authorities through the Market Sustainability and Improvement Fund. The government expects that this funding to be used to improve and increase adult social care provision, with a particular focus on workforce pay and increasing workforce capacity within the sector, to ensure that appropriate short-term and intermediate care is available to reduce avoidable admissions and support discharge of patients from hospital when they are medically fit to leave. £365m will be allocated in 2023-24 (KCC's share is £9.375m) with a further £205m in 2024-25. Local authorities will need to provide a summary description, aligned to NHS winter surge plans, of how they will use this funding to ensure sufficient capacity to meet potential adult social care surges in demand over winter by 28th September 2023. The details of the additional £9.4m Market Sustainability and Improvement Fund grant have been confirmed since the last report and following determination will be used to fund the increased fees for new clients (subject to final agreement of the plan for the use of this grant).

2.8 The other immediate actions in table 1 will affect levels of reserves, capital receipts or are likely to have a limited impact in 2023-24 and do not require detailed action steps at this stage as it is vital that most attention is given to the cross cutting and targeted savings which will need to deliver the vast majority of the solution to bringing 2023-24 back into balance.

3.1 As well as the urgent actions which are intended to have an immediate impact there are a range of other actions which are also urgent although these are unlikely to result in any savings or spending reductions in 2023-24 due to the lead times. These actions are focussed on addressing the underlying structural deficit on people based services either from changing the recent trends that have resulted in substantial spending growth, or other mitigations where growth is now expected to be the new normal. Inevitably this means that these actions will result in a combination of future cost avoidance as well as savings on current spending. Table 3 sets out a summary of the immediate actions together with an indication of when these would take effect. Inevitably these actions still require some further development.

Table 3 – Actions with Medium to Long Term Impacts

	2023-24	2024-25	Later Years	Brief description of activity
Review of cost drivers to reduce future growth/risk of overspends		✓	✓	Identify and influence those cost drivers which services can affect to drive down future cost increases (and if possible savings on current spend). Introduce regular monitoring and reporting on of key cost drivers to maintain oversight of changes in price and units of activity, and to ensure corrective action can be taken at the earliest opportunity
Special assistance from government e.g. restitution of supported borrowing		?	?	Independent evaluation of significant aspects of local government finance settlement that are unique to Kent (or a limited number of authorities) which could be addressed in advance of delayed Fair Funding reforms
Quality assurance of resource envelope submissions		✓		Review Directorate spending and saving templates for a) completeness and b) to ensure submissions have supporting evidence that is robust and stacks up, is consistent with previous year's policies where applicable, and that consistent use of things like inflationary indicators has been applied.

Staffing considerations		✓	✓	Cross cutting to include layers of management, embedded staff vs central functions, and recruitment/deployment of agency staff
Further savings and income plans for MTFP		✓	✓	Ongoing approach as part of developing draft 2024-25 budget and 2024-27 medium term financial plan. There will need to be a process to identify which of the long list of savings/income options and any optional spending growth should be included in the draft and final budget publications
Contract review		✓		Review of all contracts due for renewal over the next 12 months to identify those which can lapse and not recommission and those that need to be recommissioned with reduced specification/scope.
Evaluation of statutory minimum requirements		?	✓	Focus on statutory services and the extent to which relative spending influences relative outcomes
Review of discretionary spending		✓	✓	Review of discretionary spend and the extent to which there is objective or subjective evidence whether spend contributes to reducing demand on statutory services and/or the council's stated outcomes
Full cost recovery on discretionary spend		✓	✓	Further evaluation of the extent to which charges for discretionary services represent full cost recovery or whether charges mean services are being provided with subsidies or concessions.

3.2 A comprehensive analysis of the changes in activity and spending in the key areas of people based services (adult social care, children in care and home to school transport) has been undertaken to compare cost changes between quarter 1 in 2023-24 and 2022-23. This analysis was intended to provide a better understanding of the factors driving cost increases over the last year such as changes in client numbers (demand), changes in price (inflation) and other changes affecting costs such as higher needs, market factors, type of placement, use of procurement frameworks, etc. It was not intended to identify the cost drivers affecting total spend. This is very important distinction so for example if there has not been a significant increase in the number or needs of clients discharged from hospital into social care between Q1 2023-24 and 2022-23 this would not be a driver of cost increases, but the overall number of clients discharged is still a driver of total spending on social care.

3.3 Having identified the key drivers of spending increases the next detailed step is for services to identify which of these they can affect and to develop plans how to reduce future cost increases (and identify any retrospective savings opportunities to reverse previous increases) with support from Analytics and Finance. It is anticipated that the majority of impact from this work on cost drivers will reduce future cost increases rather than deliver savings on current spend. This would result in reduced spending growth already included in the medium-term financial plan or to avoid adding further growth, and reduce the risk of future overspends.

3.4 Quarterly monitoring will be established for 2024-25 for the key cost drivers to evidence the impact on activity and costs from enhanced service interventions on cost drivers. Detailed templates setting out the proposed actions to reduce cost drivers are in the process of being completed. The indicative range for savings from cost drivers towards the 2024-25 budget gap is £5m to £15m, recognising the lead-time to make changes means some of the impact is unlikely to be achievable until 2025-26. These templates will identify whether the intention is to reduce future costs or make savings on current spend, a description of the actions being taken, links to existing savings plans, timescale, estimated saving/cost reduction in 2023-24 and 2024-25, senior responsible officer and whether policy changes are required. Additional information on performance and finance metrics, any financial investment needed, and staff resources will be available for some of the actions where relevant. These would have to be agreed and accepted as part of the administration's draft 2024-25 budget proposals.

3.5 The targeted additional savings for immediate impact in 2023-24 identify those that have a recurring impact in 2024-25 along with some further savings which could be made in 2024-25. The next step is to revisit with directorates what further savings can be targeted in 2024-25 as part of the recovery plan. These would have to be agreed and accepted as part of the administration's draft 2024-25 budget proposals. The indicative range for further targeted savings of £22m is already included in the upper end of range on potential savings for 2024-25 in headline 9 of the summary table. A further ambition of up to £30m to come from targeted savings towards the 2024-25 budget gap is needed.

3.6 We have identified all contracts that are scheduled to be renewed over the next 12 months. The next step is to identify which of these contracts can be allowed to lapse or the specification significantly changed before contracts are recommissioned. The next step after that is then to identify the impact of not recommissioning contracts that could lapse or recommissioning contracts with reduced specification. The indicative range for savings from contract renewals is £10m to £30m towards the 2024-25 budget gap. Any savings from lapsing or recommissioned contracts as part of the recovery plan for 2024-25 would need to be agreed and included in the administration draft 2024-25 proposals when published.

3.7 It is anticipated that the most significant elements of the 2024-25 recovery plan will come from the work on cost drivers, further targeted savings and contract renewals. The indicative range for savings from other actions is up to £10m towards the 2024-25 budget gap. The indicative ranges for savings from cost drivers, targeted savings, contract renewals and other activities are a high-level estimate at this stage and more detailed plans will need to be developed for the administration's draft budget publication at the end of October and final draft budget proposals in January.

3.8 We have introduced a centrally co-ordinated approach to collating spending growth and savings plans into the overall budget planning. This will enable budget plans to be more easily considered and scrutinised at a more consistent granular level of detail and in a more accessible format. The next step is to pilot this new more accessible format in advance of publication of the administration's draft budget proposals for scrutiny in November. The earlier publication of budget plans is designed to allow more time for scrutiny and to allow time for key decisions on individual elements of the budget to be considered in principle (pending final agreement of the budget at February County Council) in the January committee cycle. This allows time for earlier implementation in the financial year with a greater share of savings and income achieved in the first year. The earlier publication of draft budget proposals does mean estimates will need to be based on longer range forecasts and it must be acknowledged this brings its own risks.

3.9 The comprehensive list of actions which includes further consideration of the type of spending e.g. staffing or contractual spend, together with service based analysis e.g. review of cost drivers, statutory or discretionary spend does present a risk that cost reductions and savings could fall under more than one category or could fall between the categories. Finance will play a key quality assurance role to ensure that this is not the case. At this stage it is inevitable there is less detail available about 2024-25 plans until this quality assurance has been completed and plans are ready to be published in accordance with the timetable for November cabinet committees.

3.10 Being able to set a balanced budget for 2024-25 is as important as the current year if we are to Secure Kent's Future. The demands on people led services in adults and children's are such that these will inevitably impact on 2024-25 both from the full year effect of current pressures and future forecast spending in the next year until the work to address the structural deficits begins to take effect. Addressing these structural deficits is key to securing the medium term future but further actions across the council as outlined in this recovery plan will need to be identified and agreed to close the forecast gap for 2024-25.

By: Neil Baker – Cabinet Member for Highways and Transport
Simon Jones - Corporate Director Growth, Environment and Transport

To: Scrutiny Committee, 1 November 2023

Subject: Thanet Parkway Railway Station Project

Status: Unclassified

Summary:

This paper provides a summary of the Thanet Parkway scheme. The scheme comprises a new station, highway junction, car park and level crossing improvements (essential for the safe operation of the new station) at Cliffsend and Sevenscore delivered by Network Rail and funded by Kent County Council (KCC), the South East Local Enterprise Partnership (SELEP), Thanet District Council (TDC) and the Department for Transport (DfT).

Authority to spend and progress with the delivery of the Thanet Parkway scheme was given by the Cabinet on 27th January 2020 (Decision No. 19/0085). This decision provided authority to spend up to a total KCC contribution of £17.81m.

Thanet Parkway station opened to passengers on 31st July 2023. Final snagging items and landscaping work are still to be completed. The final account has not yet been agreed with Network Rail.

This report has been prepared in response to a request to provide:

- Clarification of the spend relating to the project, including best value aspects;
- Impact on KCC's budget of increased costs, including use of contingency;
- Clarification on measures for success of the station and key milestones; and
- Challenges, experiences, and lessons learned from the project.

Recommendation

The Scrutiny Committee is asked to **note** the content of this report.

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1. Introduction

1.1. Poor accessibility in East Kent is a critical barrier that has limited the potential of the area to attract inward investment, undermining the potential for regeneration and catchment for employment opportunities for local residents. Thanet Parkway station addresses these issues by capitalising on the High Speed 1 services and the Journey Time Improvement (JTI) scheme, which together will bring Thanet to around one hour's journey time of London, thereby improving the perception of East Kent as a place for investment, especially at nearby business parks such as Discovery Park. Local businesses, including the owners of Discovery Park, have been firm supporters of the project for many years. The project was also strongly supported by KMEB partners when bidding for the Getting Building Fund

1.2. Thanet Parkway station opened to passengers on 31st July 2023. The scheme comprises a new station, highway junction and car park, as well as level crossing improvements (essential for the safe operation of the new station) at Cliffsend and Sevenscore. The scheme was delivered by Network Rail as the owner, operator and infrastructure manager of the railway network and funded by Kent County Council (KCC), the South East Local Enterprise Partnership (SELEP), Thanet District Council (TDC) and the Department for Transport (DfT).

1.3. The delivery of Thanet Parkway is a key strategic transport priority for Kent County Council, with the ambition to deliver the station first stated in Growth without Gridlock (December 2010). The scheme further features in the third Local Transport Plan (2011-2016), the Rail Action Plan for Kent (April 2011), Local Transport Plan 4: Delivering Growth without Gridlock (2016 – 2031) (LTP4) and most recently the Kent Rail Strategy (2021). The Government's Levelling Up Fund Prospectus (March 2021) cites Thanet Parkway as an exemplar project to "*utilise improved transport accessibility to spark regeneration, boosting job creation and house building*".

1.4. Authority to spend and progress with the delivery of the Thanet Parkway scheme was given by the Cabinet on 27th January 2020 (Decision No. 19/00085). This decision provided authority to spend up to a total KCC contribution of £17.81m. Prior to this decision KCC had already committed to a spend of £2.65m (Decision No. 14/00056) to develop the scheme which was identified and allocated within KCC's Medium Term Financial Plan. A further £4.3m was then allocated in KCC's 2019-22 Capital Investment Plan as agreed at County Council Budget meeting on 14th February 2019. This totalled £6.95m of allocated capital before the 27th January 2020 decision by Cabinet for KCC to spend up to £17.81m, an increased commitment of £10.86m.

1.5. The Cabinet Decision on 27th January 2020 to commit KCC capital funds to deliver the Thanet Parkway railway station also secured £14m of Local Growth Fund (LGF) through the South East Local Enterprise Partnership (SELEP) plus contributions from Thanet District Council (£2m) and £700k from the East Kent Spatial Development Company (although this was later rescinded). Further external funding was secured from the Government's Getting Building Fund (GBF) (£12.874m) and New Stations Fund (NSF) (£3.4m). The conditions of all of these Government funds, including LGF, is that any cost increases are covered by the scheme promoter, in this case, by KCC.

1.6. The scheme received planning consent on 16th September 2020 (KCC/TH/19/1696). Archaeological excavation of the site and pre-construction activities commenced soon after with construction of the access road starting in March 2021. Construction of the station and car park began at the end of May 2021 with substantial completion achieved by autumn 2022. The station was due to open in May 2023, however, the Cliffsend and Sevenscore level crossings upgrades were delayed. The level crossings were commissioned for use by Network Rail on 23rd July 2023, prior to the station opening for passengers on 31st July 2023.

1.7. Since opening, excluding the opening day on 31st July, the station patronage has averaged 200 passenger trips per day (this is already half the number of daily trips forecast in the business case by the end of year one) with total passenger numbers already reaching 10,000. Weekend passenger numbers have outstripped the business case forecast.

1.8. This report provides a summary of the Thanet Parkway scheme and has been prepared in response to a request to provide:
- Clarification of the spend relating to the project, including best value aspects;
- Impact on KCC's budget of increased costs;
- Clarification on measures for success of the station and key milestones; and
- Challenges, experiences and lessons learned from the project.

2. Clarification of the spend relating to the project, including best value aspects

2.1. Expenditure on the project to the end of the 2022/23 financial year was £39,352,407. The majority of this was from external funding with KCC spending £7,078,408 on the project to the end of the 2022/23 financial year as shown later in Table 1 in Section 3.

2.2. The Thanet Parkway scheme has both direct costs paid by KCC (for example the access road junction with the A299 that KCC directly procured) and costs paid to Network Rail for the delivery of the station, car park and level crossing works.

2.3. KCC entered into an Implementation Agreement to instruct Network Rail to deliver the station, car park and level crossing works. An Implementation Agreement (IA) is a necessary requirement for all rail infrastructure projects delivered by Network Rail but promoted by third parties. The IA is an emerging cost agreement, meaning that all "reasonably and properly" incurred costs relating to the project will be charged to the client (KCC). Although the IA contained a Final Anticipated Cost (AFC), this is only an estimate based on the design stage of the scheme at the time of agreeing the IA as the final cost will be the sum total of all "reasonably and properly" incurred costs by the project's completion and close out.

2.4. Best Value Aspects

2.4.1. All spend associated with the Thanet Parkway scheme has aligned with policy procedures set out in KCC's 'Spending the Council's Money'. Network Rail, as the main delivery partner of the scheme, has been responsible for the procurement of the main construction contracts associated with the station, car park and level crossings. The overall project cost is driven by the scope included within the construction contracts for the railway elements (station, car park and level crossings) which is dictated by Network Rail and Southeastern.

2.4.2. Unlike with standard highway projects where KCC are the asset Authority, Network Rail is the owner and infrastructure manager of the rail network in England and is therefore, the only company that can provide the approvals required by Kent County Council to deliver the parkway station.

2.4.3. As such, the costs for the construction are chiefly driven by the requirements of the rail infrastructure owner and the Train Operating Company (Southeastern). These requirements are defined by Network Rail and Southeastern's safety standards, the Office of Rail and Road (ORR) and the Department for Transport (DfT) to ensure the station is compliant with legal requirements. Network Rail and Southeastern also have a number of other policies and standards which must be met, without which the Train Operating Company will not sign up to running the station.

2.4.4. Due to the immediate need to reduce costs of the station from the outset, value engineering took place during the design process to reduced overall costs. Examples of value engineering include removal of the station overbridge (instead utilising the existing underpass), moving the station boundary to reduce land take to a single landowner, moving the highway access to the station and the exclusion of an all-movements junction with the A299. The design focused on providing basic facilities and no additional benefits.

2.5. Future Costs

2.5.1. There remain substantial costs associated with this scheme that are yet to be spent which KCC will need to fund (unless further external funding sources are secured). Future direct KCC spend includes further archaeological evaluation work required by planning, junction retention costs, CCTV costs, Land Compensation Act costs, and other costs associated with additional signage and improvements to the car park. The forecast also includes additional costs being charged by Network Rail.

3. Impact on KCC's budget of increased costs

3.1. At the time of the Cabinet Decision (19/00085), the project cost estimate was £34.51m, based on the outline design cost estimate for the station, car park and level crossings provided by Network Rail. This cost was based on Network Rail's 80% probability level, meaning that there was a 20% chance that the scheme cost would increase due to the level of uncertainty of pricing a scheme at that early stage of design. The Cabinet Decision provided approval to proceed with the scheme and committed to a KCC contribution of up to £17.81m.

3.2. KCC proactively sought external funding sources to limit the KCC obligation towards the capital cost of the scheme. These contributions total £32.265m and are as follows:

- £14m Local Growth Fund (LGF) through the South East Local Enterprise Partnership (SELEP)
- £2m Thanet District Council (TDC)
- £11.999m Getting Building Fund (GBF) from the Department for Levelling Up, Housing and Communities
- £3.4m New Stations Fund 3 (NSF3) from the Department for Transport (DfT)
- £875k GBF additional allocation.

3.3. The project cost and funding contribution timeline is detailed in Table 1. Table 1 shows the fluctuating KCC funding requirement over the course of the project as costs have increased and new funding sources became available, increased, or were rescinded, but demonstrates this remains below the £17.81m as agreed within the Cabinet Decision. KCC continues to look for opportunities for further external funding to reduce KCC's contribution and explore options to manage our capital programme and the other funds within it.

3.4. The varying project costs have been reflected in changes to the budget book figures and funding identification throughout the life of the project. Following the Cabinet Decision (No. 19/00085), £17.81m prudential borrowing was added to the budget book. Following the KCC Leader decision to accept £11.999m of Getting Building Fund (GBF), the 2021-24 budget book included a reduction in prudential borrowing of £11.999m and an increase in grant funding of £11.999m to reflect this decision. £5.813m remained as prudential borrowing.

3.5. The 2022-25 budget book shows a forecast spend of £37.212m, funded from £5.813m prudential borrowing, £11.999m GBF, £3.4m New Station Fund, £14m Local Growth Fund (LGF) and £2m from Thanet District Council. This does not reflect the forecasted cost of the project but instead totals the funding achieved and the £5.813m of identified prudential borrowing.

3.6 In March 2023, an additional £1.186m was rephased to the Thanet Parkway scheme. This totals £6.999m of identified funding.

3.7 Table 1 (below) shows the actual spend to date by KCC is £7,078,408 up to the end of the 22/23 financial year. Table 1 also shows the spend from each respective funding source.

Table 1: Expenditure by funding source

Funding Source	Expenditure						
	Prior spend	18/19	19/20	20/21	21/22	22/23	**Total**
Local Growth Fund (LGF)					£ 14,000,000		£ 14,000,000
Kent County Council (KCC)	**£ 940,000**	**£ 518,719**	**£ 383,567**		**£ 3,691,127**	**£ 1,544,995**	**£7,078,408**
Thanet District Council (TDC)						£ 2,000,000	£2,000,000
New Stations Fund 3 (NSF3)						£ 3,400,000	£3,400,000
Getting Building Fund (GBF)				£ 3,162,699	£ 8,836,301	£ 875,000	£12,874,000
Total	£ 940,000	£ 518,719	£ 383,567	£ 3,162,699	£ 26,527,428	£ 7,819,995	£39,352,408

3.8 <u>Use of contingency</u>

3.8.1 The Network Rail contingency identified in the initial project budget was utilised during the ground works. The load bearing capacity of the car park did not meet design requirements, so a capping layer had to be installed. Further to this the archaeological excavation was more extensive than anticipated. The ground strength of the embankment also did not meet design requirements for the platforms meaning that the piling design had to change, all with associated materials and labour costs.

3.8.2 Other elements of the overall scheme were also subject to cost increases beyond the contingency originally allowed, notably the archaeology (a planning requirement) and the cost of the land (including purchase, licences to access the land for archaeological excavation and licences for compounds north and south of the embankment needed for construction. There have also been ancillary costs such legal fees for the review of the contracts with Network Rail and transfer of land etc.

4. Clarification on measures for success of the station and key milestones

4.1. The measures for success and key milestones were outlined in the project business case. Whilst, due to Covid and level crossing equipment availability, the programme slipped, all adjusted milestones were achieved. Table 2 provides a summary of the milestone achievement dates. These milestones are aligned with the standard Network Rail project milestones using the Governance in Railway Investment Projects (GRIP) stage process.

Table 2 - Project Milestones

Key Milestone	Date complete
Station	
GRIP 2 Sign off – Options appraisal and Concept design	08/11/14
GRIP 3 Sign off – Single option selection and Feasibility design	17/08/17
GRIP 4 Sign off – Single option development and Outline design	12/02/21
GRIP 5 Sign off – Detailed design	25/07/22
Entry into service	31/07/23
GRIP 6 Sign off – Implementation and (completion of) Construction	31/08/23
GRIP 7 Sign off – Project Handover	22/11/23
GRIP 8 Sign off – Project Close out	31/10/24
Level Crossings	
GRIP 3 Sign off	13/09/21
GRIP 4 Sign off	30/12/22
GRIP 5 Sign off	31/06/23
CC1 Commissioning date	23/07/23
GRIP 6 Sign off	31/08/23
GRIP 7 Sign off	*08/12/23 (forecast – on target)*
GRIP 8 Sign off	*11/09/25 (forecast – on target)*

4.2. Table 3 summarises the key measures for success and how these will be measured in the coming year.

Table 3: Summary of success measures from 2019 LGF Business Case

Success measure	Description	Progress
Accelerate the pace of housing delivery in Thanet	1,600 – 3,200 additional homes delivered between opening year and year 30	To be measured at end of 23/24 financial year when data is next published by Thanet District Council.
Positively contribute to economic growth by	Measured by data from 2011, 2021 and 2031 census showing	To be measured in 2031.

attracting higher skilled workers to the area.	change in educational attainment of the population. *Note: Or equivalent data available in 2031 if there is no census conducted.*	
Stimulate the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around 1 hour.	Measured by data from the Kent Invicta Chamber of Commerce, Locate in Kent and the district Local Planning authorities. 400 - 800 additional jobs from opening year to year 30. Reduced unemployment figures.	To be measured at end of 23/24 financial year
Generate over 50,000 new rail journeys from first full operational year (2022).	Measured by new ticket sales from the new station compared with ticket sales from the existing stations in the area	10,000 passenger journeys achieved. Southeastern have estimated a current 30% abstraction rate, meaning new trips have already exceeded 7,000 in the first six weeks of operation
Increase week day usage of the new station year on year from 412 in 2022, to 456 in 2026.	Measured by rail ticket receipts	Weekday patronage has met 50% of business case target in August with week on week increases. Weekend trips have already outstripped business case forecasts.
Provide rail access from Thanet to London with a journey time of around one hour.	Measured by checking new timetable (with Parkway station) compared with existing timetable (without parkway station) against published performance figures.	Journey times of 70 minutes achieved without detriment to nearby stations.
Provide commuters with alternative access to the area for journeys that might otherwise be made on the local and strategic highway network from opening year and increasing by 2031.	Measured by the utilisation of the 300 parking spaces, including 8 electric vehicle parking spaces and 40 cycle parking spaces, achieving 54% capacity use in 2021 increasing to 75% in 2031 which will be measured by car park ticket numbers. *Note: 2021 was forecast as opening year, so dates for success measurement have been adjusted to 2024 FY and 2034 FY respectively.*	Car park occupancy will be measured following the installation of ANPR cameras. Current spot counts of the station estimate between 50-70 vehicles per day using the station. This is a utilisation rate of 17-24% and is expecting to increase as the summer holiday period ends. Approximately 75% of journeys to the station are made by sustainable or active means.

5. Challenges, experiences and lessons learned from the project

5.1. Working with multiple third parties to deliver a scheme such as a new station is complex. KCC has, as required with all projects, fed into a lessons learned log regarding the scheme. A summary of the key experiences and financial lessons learned is included below in Table 4.

Table 4: Financial lessons learned – key lessons learned extracted from scheme lessons learned log

Experience	Recommendation
KCC is the client in terms of commissioning Network Rail to deliver the new station, but KCC is not the ultimate operator or owner. Network Rail will own the station and lease to the Train Operating Company (TOC). If the TOC specify changes to the scope, KCC must allow the changes to be made, meaning that the client (and financial backer) only has limited control of the scope changes.	Greater input to the design specification is required by the Train Operating Company (TOC) and the end user, even if that means a consultancy fee arrangement for input when there is uncertainty at the start of a project in who will be the asset operator. More input into the planning application process where there is a balance to be had between operational requirements and planning considerations such as landscaping.
The Implementation Agreement with Network Rail was an output-based instruction whereas the contract between Network Rail and their main station contractor was specific in what was priced. KCC was not permitted to see the contract specification and may have been able to flag some omissions in Network Rail's specification should this have been permitted. Examples include an insufficient sum for landscaping and the lack of a requirement to reinstate the kerb line on the temporary junction. This has had financial implications to the project.	KCC will require sight and direct involvement in all procurement processes for future projects. This must include direct oversight of the scope priced by Network Rail's contractors. Network Rail and other stakeholders should also be more directly involved in the early stages of the project, for instance during the planning process to ensure the scope is developed more effectively.
Emerging cost contract conditions meaning that KCC is liable to all cost increases for the scheme, despite the scope changes being requested by third parties.	KCC will share lessons learned with the industry and other Local Authorities looking to deliver similar rail projects. This will allow for better scrutiny of proposed contracts between Network Rail and Local Authorities.
Due to the project not being fully funded, there was an overriding requirement to reduce costs at an early stage.	When working within the railway environment all required feasibility work should be done at an early stage to reduce overall risks and reduce potential abortive costs.
Value engineering and fixation on the budget rather than delivering a quality asset meant that the scope had to increase in the later phase and unnecessary resource was spent on redesign.	Increased stakeholder engagement earlier in the project on essential requirements, and greater input from this into political decision making from the start.

5.2. Given the changed status of the KCC budget since the conception of Thanet Parkway, it is recommended that if KCC is to work with Network Rail to jointly deliver further projects, a limit of financial liability may need to be incorporated into the contract. However, it is noted that if KCC wish to continue to bring in external grant funding, it is likely that we will need to continue to be accountable for risks associated with external funds, such as covering project overspend costs.

5.3. It is worth noting that several rail projects in Kent delivered by Network Rail but promoted by KCC, were all delivered through an emerging cost agreement between Network Rail and KCC. This included the Journey Time Improvements (essential to enable Thanet Parkway timetabling plus deliver economic benefits to East Kent), Sandwich station platform lengthening (essential for the Open Golf) and the Ashford International signalling project (essential to maintaining Ashford's capability as an international station). These projects brought c£30m of external investment into Kent.

5.4. In addition to the above, a joint lessons learned discussion was held between Network Rail, Southeastern and KCC in October 2023 to evaluate the performance of the station. KCC used this meeting to provide our feedback relating to cost management and contractual processes within Network Rail.

5.5. Whilst there have been significant challenges associated with the scheme, it should not take away from the achievement of the first new station in Thanet for ninety years.

6. Conclusion

6.1. Thanet Parkway station opened to passengers on 31st July 2023. Since opening, excluding opening day, the station patronage has averaged 200 passenger trips per day (this is already half the number of daily trips forecast in the business case by the end of year one) with total passenger numbers already reaching 10,000. Weekend passenger numbers have outstripped the business case forecast.

6.2. Authority to spend and progress with the delivery of the Thanet Parkway scheme was given by the Cabinet on 27th January 2020 (Decision No. 19/00085). This decision provided authority to spend up to a total KCC contribution of £17.81m. Prior to this decision KCC had already committed to a spend of £2.65m (Decision No. 14/00056) and therefore, the 2020 decision represented an additional commitment of £15.16m.

6.3. Whilst there have been significant challenges associated with the scheme, it should not take away from the achievement of a new station. All key objectives are being achieved and the station patronage has already exceeded 10,000 passengers.

7. Recommendation

7.1. The Scrutiny Committee is asked to **note** the contents of this report.

8. Appendix

8.1. Exempt Appendix A – Financial Information

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

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By: Neil Baker - Cabinet Member for Highways and Transport
Simon Jones - Corporate Director Growth, Environment and Transport

To: Scrutiny Committee, 1 November 2023

Subject: Vehicle Crossings (Dropped Kerbs)

Status: Unrestricted

Summary: This report provides a response to questions raised by the Chairman, Vice Chairman and Spokespeople of the Scrutiny Committee regarding the prevailing vehicle crossings (dropped kerbs) specification/policy.

Recommendation
The Scrutiny Committee is asked to **consider and note** the report on vehicle crossings.

Responses to questions raised.

1. What is a vehicle crossing?

   A vehicle crossing provides the legal means to allow access to a property safely and easily, when using a car or other domestic vehicle. The kerbs are dropped from their normal height and the pavement or verge is strengthened to take the weight of the vehicle crossing it.

2. Why is it needed?

   The Highway Authority does not allow residents to drive over a footway or verge unless a vehicle crossing has been authorised and installed. This is because damage may be caused to the footway and/or any pipes or cables / services that are buried underneath it. The crossing allows residents to pass safely from the carriageway to their property preventing any obstructions to the highway.

3. Permitted types of vehicles.

   A domestic vehicle crossing may only be used by a private or light goods (or similar) vehicle. It may not be used by heavy goods vehicles (unless constructed to a higher specification) or mechanical equipment. If a delivery, such as a skip, is made to the property and in doing so the delivery damages the crossing, any repairs will be the sole responsibility of the occupier.

4. Is planning permission needed?

   Planning permission is generally needed for either a new access or to amend an existing access if a property is located where the access is:-

- Located on a classified road (A/B/C)
- In a conservation area
- To an apartment/maisonette
- To a listed building
- Likely to affect a tree which is protected by a Tree Preservation Order
- Required for business purposes

To determine if an access requires planning permission applicants are advised to consult with their local planning authority department. It is important also to note that all properties subject to planning permission must also meet the KCC vehicle crossover criteria.

Planning permission may be required to hard surface parking areas, if the surface area to be covered is more than 5m square, planning permission will be needed to lay traditional, impermeable driveways that do not control rainwater running off onto roads.

5. National and local standards

Kent County Council assessment criteria is based on national safety / parking guidelines and measurements and seeks to ensure no hazardous manoeuvring on the highway is necessary, to obtain access to and from the property.

The criteria states the minimum standards and terms and conditions in order for a vehicle crossing to be approved by the Highway Authority.

The prevailing policy was adopted in September 2022 and updated the previous version by including the addition of parallel parking.

Parallel parking was introduced to give residents and officers greater flexibility in how measurements can be applied. This should make it more accessible for many properties to satisfy the required standards.

For parallel parking an applicant must have at least 3m depth and 6m width for the option to parallel or angle park. Kent County Council is one of only a few authorities who have adopted this additional option.

This approach does require extra consideration mainly due to the greater space required for a safe manoeuvre on and off the parking area, when compared to perpendicular parking. It also has the potential to reduce availability of on street parking.

It is understood that there may be change to the “Manual for Streets” which forms part of the national parking standards, and this will require a minimum depth of 5.0m for future parking spaces. Kent County Council as the Highway Authority currently require 4.8m.

The minimum depth condition is recognised as a critical requirement as many safety, operational and resident complaints are due to vehicles overhanging the footway. Overhanging vehicles can impact pedestrians, wheelchair and mobility scooters causing them to enter the live carriageway.

6. Vehicle size?

   Residents sometimes highlight the size of car as a reason for requesting dispensation to the stipulated measurements.

   Unfortunately, this cannot be a consideration as whilst one resident may have a small vehicle, we cannot assume that the resident or future residents will always have a vehicle of such scale. This could result in potential enforcement issues in the future.

7. Officer Training

   The operational teams undertake regular training, to ensure compliance and consistency across the county. With the future changes to national standards and the digitalisation of our service, we plan to undertake a further review to enhance the service currently offered.

8. Complaints

   Since the updated policy was introduced, we are not aware of any referrals coming back from the ombudsman, where they were unhappy with either the application process or how officers applied it.

9. Operational efficiencies

   When it is possible to reduce officer time such as when two adjoining applications are received at the same time officers can review the applications as one case.

   This would only require one initial site visit and supervision if constructed as one scheme and the Highways Authority is able to pass on this saving to the applicants.

Conclusion:

Kent County Council has a flexible and established approach to vehicle crossing policy and specification. This has evolved over many years and will continue to do so in line with national standards and where possible with local innovation and circumstance.

Whilst it will not be possible to cater for everybody’s individual set of circumstances, the prevailing approach seeks to balance the needs of residents, road users and pedestrians safely and consistently.

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By: Anna Taylor – Scrutiny Research Officer

To: Scrutiny Committee – 1 November 2023

Subject: Kent Flood Risk Management Committee Annual Report

Classification: Unrestricted

Summary:

To confirm the purpose and scope of Scrutiny Committee consideration of the Kent Flood Risk Management Committee (KFRMC) Annual Report.

The KFRMC operates within Kent County Council's (KCC) overview and scrutiny function, alongside the Scrutiny Committee. The Annual Report is an information item intended to highlight positive work undertaken by the KFRMC.

Introduction

1. The KFRMC is tasked with reviewing and scrutinising the exercise of flood risk management and coastal erosion functions by risk management authorities in Kent. These authorities include KCC as the lead local flood authority and highway authority; the Environment Agency; district councils; internal drainage boards; and water companies.

2. The Annual Report is presented to the Scrutiny Committee for noting, providing an opportunity for the KFRMC to raise awareness of the scrutiny activity it has undertaken, scrutiny it intends to undertake in the future and to flag up any particular points of concern where required.

3. As the KFRMC performs a scrutiny function on behalf of KCC, the Scrutiny Committee is not being asked to scrutinise their activities or scrutinise flood risk management more generally as part of this item.

Recommendation:

To note the Kent Flood Risk Management Committee Annual Report.

Contact Details

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From:	Tony Hills, Chairman, Kent Flood Risk Management Committee
To:	Scrutiny Committee – 1 November 2023
Subject:	Kent Flood Risk Management Committee Annual Report
Classification:	Unrestricted

Summary: This report provides the Scrutiny Committee with an overview of the work of the Kent Flood Risk Management for the period October 2022 – October 2023.

Recommendation: The Committee is asked to note the Kent Flood Risk Management Committee Annual Report.

1. Introduction

1.1 This is the Kent Flood Risk Management Committee's (KFRMC) second Annual Report to the Scrutiny Committee since the May 2021 election. The KFRMC has met on three occasions since October 2022, with meetings in November 2022, March 2023 and July 2023. Future meetings are scheduled for November 2023, March 2024 and July 2024.

1.2 The topics covered during this period were:

- Environment Agency Sea Defence and Low Carbon Solutions
- Environment Agency and Met Office Alerts and Warnings
- KCC Highways Drainage Systems
- KCC severe weather response activity
- Impact of global weather patterns on UK weather
- Introduction to the work of the KCC Sustainable Drainage Team
- Local Flood Risk Management Strategy development
- Schedule 3 of the Flood and Water Management Act
- Shoreline Management Plans
- Southern Water Storm Overflows, Pollution and Pathfinder Project activity

1.3 The Committee's terms of reference are set out at Appendix 1. The terms of reference have been reviewed by the Committee to enhance its ability to monitor flood risk and water management developments, with a view to changes being approved by the end of 2023.

1.4 The membership comprises 7 KCC Members. There is also a standing invitation to each of the District Councils, Internal Drainage Boards, Kent Fire and Rescue Service and the Kent Association of Local Councils (KALC), who send non-voting representatives to the meetings.

1.5 In 2018/19, the Committee adopted a two-pronged approach to its work. It continued to gather as much information as possible on the effects of and preparedness for climate change, whilst also assessing Kent's ability to respond to severe weather events in the short term.

1.6 Environment Agency and Met Office alerts and warnings, KCC severe weather response activity and updates from Southern Water are reported to every meeting.

1.7 Most items discussed were accompanied by presentation materials. These can be accessed on the KCC website at democracy.kent.gov.uk.

2. Committee meeting on 9 November 2022

2.1 Southern Water Storm Overflows, Pollution and Pathfinder Projects

Southern Water addressed the Committee, explaining the Storm Overflow Task Force's mission to reduce the use of storm overflows by 2030, through its Deal, Margate and Swalecliffe pathfinder projects, 'Slow the flow' passive water butt initiative, sustainable drainage systems and sewer level monitoring. The Committee questioned the rationale for selecting the pathfinder scheme areas; the risk that future development would nullify the improvements made by the schemes; and the impact of density, insufficient runoffs and the replacement of green space on surface water flooding.

2.2 Highways Drainage Systems

KCC's Drainage Asset Manager provided the Committee with an overview of KCC's drainage responsibilities as a Highway Authority, including the responsibility to mitigate flood risk to the public highway; KCC's Highway drainage assets; the risk based approach to gully management and cleansing, which included over 12,500 drains cleansed per month; emergency responses; the impact of water runoff from private land; recent highways drainage schemes, including drainage upgrades; and future challenges. The Committee examined fault reporting; how the proactive approach to drainage clearance had been adopted to maximise service effectiveness and utilised data to prioritise drains with the highest associated risk; KCC's five-year drainage works programme; and how new developments were required to have a higher sewer capacity and enhanced highway drainage systems, which were designed to withstand a 1 in 100 year flood in addition to a 30% increase in capacity for climate change. Members recognised the Highways Drainage Team's strong performance and delivery of an enhanced service using less resources.

2.3 Sea Defence and Low Carbon Solutions

The Environment Agency gave an overview of their Folkestone to Cliff End Strategy, which sought to protect 14,500 homes, 700 businesses and nationally important critical infrastructure from the risk of flooding. The Lydd Ranges Flood Alleviation Scheme infrastructure project was explained. The actions required for the Scheme to achieve net zero by 2030, including a 6750 tonne CO_2 reduction was explained, with it noted that the Scheme had achieved a 45% CO_2 reduction against its benchmark already. Members questioned the criteria which determined which sections of the coast were protected by flood defences; the Strategy's 100-year plan; the Lydd Ranges Flood Alleviation Scheme's 25-year lifespan, which promised no drop in performance over that time; and the Environment Agency's legal commitment to maintain the Scheme for its lifespan.

3. Committee meeting on 21 March 2023

3.1 <u>Southern Water Clean Rivers and Seas Taskforce Update</u>

Southern Water updated the Committee on the company's three pathfinder projects in Kent; their use of source control, infrastructure optimisation and the construction of larger infrastructure; Slow the flow; and partnership work. The Committee received assurance that Slow the flow would reduce combined sewer overflows at Swalecliffe to the extent that residents would notice the impact, though it was noted that other interventions were required. The Committee scrutinised the funding arrangements for Southern Water's infrastructure schemes as well as how areas were prioritised for future pathfinder initiatives. Members encouraged further pathfinder initiatives across the county.

3.2. <u>Global weather patterns and UK Climate Projections (UKCP)</u>

The Met Office gave a presentation on the impact of global weather patterns on the UK's climate, including El Niño, the North Atlantic Oscillation and Stratospheric Polar Vortex. They also detailed UK summer climate projections which forecast average air temperate increases by the 2030s of 1.1 to 2.3°C, 1.9 to 3.9°C by the 2050s and 3 to 7.3 °C by the 2080s as well as precipitation reductions of 4 to 29% by the 2030s, 12 to 44% by the 2050s and 20 to 63% by the 2080s and winter projections, which forecast precipitation increases of 7 to 20% by the 2030s, 9 to 28% by the 2050s and 14 to 49% by the 2080s. The Committee questioned and received confirmation that there was no definitive evidence that global warming had a direct impact on El Niño; it was explained that the average temperature in the UK had increased by 0.8°C, rainfall by 7.3%, and sunshine by 5.6% between the 1961-1990 and 1991-2020 climate periods.

3.3 <u>Introduction to the work of the KCC Sustainable Drainage Team and Schedule 3 of the Flood and Water Management Act</u>

The Committee received a report which outlined the Department for Environment, Food and Rural Affairs' (DEFRA) plan to implement Schedule 3 of the Flood and Water Management Act 2010, which would require KCC to approve, adopt and maintain sustainable drainage in the county. KCC's Sustainable Drainage Team Leader provided a presentation on KCC's role as the Lead Local Flood Authority in planning, registering and maintaining assets; the importance of flood management planning factoring in the projected 175,500 increase in houses in Kent between 2016 and 2036; and the Schedule 3 implementation process. Following Member questioning, it was confirmed that Schedule 3 only applied to surface water and that it was anticipated that the new burden would be funded through applications fees.

4. Committee meeting on 12 July 2023

4.1 Southern Water Clean Rivers and Seas Taskforce Update

Southern Water updated Members on individual projects delivered in the Deal, Margate and Whitstable pathfinder areas, including the use of sustainable drainage systems (SuDS). Following questions from Members on whether there was enough public knowledge on SuDS, Southern Water acknowledged that a greater understanding was required, and that significant community outreach had been undertaken. Commitments were made by Southern Water to enhance their private soakaways advice webpage and update Members on their water quality testing Beach Buoy system at the Committee's next meeting.

4.2 Shoreline Management Plans

The Lower Medway Internal Drainage Board explained the purpose of Shoreline Management Plans, as a policy framework for managing flood and coastal erosion risk, which were developed by seven strategic coastal groups, with consideration of the developed, historic and natural environment. They informed Members that the management policies fell into four categories: Hold the Line, Managed Realignment, No Active Intervention and Advance the Line. They noted that the proposed solutions had to be technically feasible, environmentally acceptable and economically sustainable. Kent's coastal risk was addressed, and it was confirmed that Shoreline Management Plans were being refreshed. The Committee questioned how the importance of a section of coastline was judged in Plans; the modelling used to develop Plans; how existing shoreline flood defences were monitored; and the importance of making the public aware of the impact changes would have on their communities.

4.3 Local Flood Risk Management Strategy development

KCC's Flood and Water Manager updated the Committee on the Council's responsibilities as the Lead Local Flood Authority concerning surface water, groundwater and ordinary watercourses, its duty to produce a Local Flood Risk Management Strategy and the progress made under the previous Strategy. Areas for further improvement, Flood Risk Regulations and timeframe for the future Strategy were shared. The Committee examined whether KCC was working closely enough with water companies to ensure that the management of surface water didn't have an unforeseen impact. KCC's role as a statutory consultee on all major planning applications regarding surface water and local plan authorities' obligations to undertake a local flood risk assessment on any sites proposed were also discussed. The

Environment Agency’s role to comment on and object to development on the floodplains was recognised by Members.

5. Future activities

5.1 The Committee will maintain its two-pronged approach, continuing to receive updates on how flood risk management authorities are adapting to climate change, whilst also monitoring the responses to current severe weather events. A continued emphasis will be placed on holding partners to account for their performance and encouraging natural solutions to flood risk management.

5.2 The Committee’s next meeting is scheduled for 14 November 2023, with planned business including:

- Draft Local Flood Risk Management Strategy
- Southern Water Clean Rivers and Seas Taskforce Update
- Environment Agency River Basin Management Plans
- KCC Emergency Planning responsibilities, plans and activities
- Environment Agency and Met Office Alerts and Warnings

6. Conclusions

6.1 Kent Flood Risk Management Committee maintains an important overview and scrutiny function in receiving regular reports on the work carried out by flood risk management authorities in Kent as well as climatic projections which inform its future business.

6.2 Climate change continues to have the effect of increasing the threat flooding and other severe weather events pose on the county and its communities. The Committee’s role is to examine how KCC and its partner flood risk management authorities are working together to reduce the risk and respond to events. Through the Committee’s regular monitoring, infrastructure improvements have been identified and continue to be encouraged in order to reduce the risk of future flooding.

7. Recommendation

The Committee is asked to note the Kent Flood Risk Management Committee Annual Report.

8. Background Documents

Appendix 1 - Kent Flood Risk Management Committee Terms of Reference

9. Contact Details

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KENT FLOOD RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

Membership: 7 Members

1 In accordance with the Localism Act 2011 (Schedule 2), this committee is responsible for reviewing and scrutinising the exercise by risk management authorities of flood risk management functions or coastal erosion risk management functions which may affect the local authority's area.

2 This committee is responsible for:

(a) the preparation monitoring and review (in conjunction with the Flood Risk Management Officer) of a strategic action plan for flood risk management in Kent, taking into account any Select Committee recommendations, the Pitt Review and relevant requirements of the Flood and Water Management Act 2010.

(b) reporting annually (and more often if necessary) to the Scrutiny Committee and to the Cabinet Member for Environment & Transport.

(c) reviewing and responding to any consultation on the implementation of the Pitt Review and the future development of the Flood and Water Management Act 2010.

(d) receiving reports from the Southern Regional Flood and Coastal Committee and responding as appropriate.

(e) the investigation of water resource management issues in Kent.

3 A risk management authority must comply with a request from this committee for information and a response to a report.

4 The committee may include (non-voting) persons who are not members of the authority, including representatives of District Councils, the Environment Agency and Internal Drainage Boards.

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By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 1 November 2023

Subject: Work Programme

Summary: This report gives details of the proposed work programme for the Scrutiny Committee.

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1. Introduction

a) Any Member of the Council is entitled to give notice that they wish an item relevant to the functions of the Committee (which is not an excluded matter) to be included on the agenda for the next available meeting.

b) The definition of an excluded matter referenced above is:

   a. Any matter relating to a planning or licensing decision,
   b. Any matter relating to a person in respect of which that person has a right of recourse to a review of right of appeal conferred by or under any enactment,
   c. Any matter which is vexatious, discriminatory or not reasonable to be included in the agenda or discussion at a meeting of the Scrutiny Committee.

c) The Scrutiny Committee has the ability to 'call-in' decisions made by the Cabinet or individual Cabinet Members. Any two Members from more than one Political Group may give notice within five clear working days from the publication of a decision taken of their wish to call-in the decision.

2. Recommendation

The Scrutiny Committee is asked to consider and note the report.

Background Documents

None

Contact Details

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Work Programme - Scrutiny Committee October 2023

Items identified for upcoming meetings

- Homeless Connect – further report to Committee – TBC
- Framing Kent's Future (deferred from November 2023)
- Impact on ASC Budget from high EHCP numbers and related transition arrangements (deferred from November 2023)

6 December 2023	
Item	**Item background**
Draft Revenue and Capital Budget 2024/25 and MTFP	
Budget Monitoring Report	Twice yearly budget monitoring
Home to School Transport	SFI report submitted to Executive with response expected in December 2023. Scrutiny Committee to meet following receipt of this report.
Report to the Scrutiny Committee on the development of the Committee and review of activity	Report from the Monitoring Officer following the Annual Governance Statement

24 January 2024	
Item	**Item background**
Commissioning and Contract Management	Chairman & Spokespeople request.

March/April 2024 – Review of SEND Sub-Committee – Annual Report
June 2024 – Budget monitoring year end
June 2024 – Scrutiny Committee meeting as Crime and Disorder Committee
November 2024 – Kent Flood Risk Management Committee Annual Report

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