

To: Policy and Resources Cabinet Committee – 11<sup>th</sup> July 2012

From: John Simmonds – Cabinet Member for Finance and Business Support  
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Subject: Budget Consultation

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Summary: This paper sets out the proposed consultation and communication strategy for the 2013/14 Budget. We are proposing to carry out formal consultation much earlier than in previous years allowing longer to engage with Kent residents and more time for Cabinet and Cabinet Committees to consider the responses.

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## **1. Introduction**

1.1 In previous years we have devoted the majority of the budget timetable to informal consultation. Formal consultation has not normally been launched until January (for 2012/13 we were able to launch the formal consultation before Christmas). For the last six years informal consultation has included a discussion with a representative group of local residents facilitated by Ipsos MORI to gauge public opinion about what KCC's priorities should be. Informal consultation has also involved Cabinet Members and member groups, trade unions, senior officers and Policy Overview and Scrutiny Committees.

1.2 This informal process was generally well received but if repeated now runs the risk that the Authority will not comply with statutory guidelines on consultation and could be left open to challenge.

1.3 It must be borne in mind that allowing more time for formal consultation on the forthcoming budget is no substitute for detailed consultation on individual aspects. Consultation on the budget seeks views on the overall priorities/strategy for the County Council and the level of Council Tax. Cabinet Members and Corporate Directors will need to plan for detailed consultation prior to implementing proposals in the budget.

## **2. Financial Outlook**

2.1 We had previously estimated that the Authority would need to make savings in the order of £340m in real terms over the period from 2011 to 2015. The announcements in Spending Review 2010 and subsequent budget statements by the Chancellor of the Exchequer have not materially altered this estimate. The 2011/12 budget included savings of £95m and 2012/13 £100m. The 2012/15 Medium Term Financial Plan (MTFP) estimated further savings of £70m to £80m in each of the subsequent two years, although at the time £78m was still to have specific proposals identified.

2.2 The need for savings of this magnitude arises from a combination of additional spending demands, reduced government funding and keeping Council Tax as low as possible. We intend to meet the savings requirement through a combination of resisting spending demands, identifying alternative sources of income, driving out efficiency savings which enables the authority to do the same

for less, and embarking upon service transformation with the aim of improving outcomes at less cost to tax payers.

2.3 Early planning for this situation has meant that the authority has not had to resort to “slash and burn” tactics or make drastic in- year changes. The budget continues to be managed responsibly and in spite of the funding reductions and savings requirements we have continued to deliver in-year under spends and been able to put money into reserves to help manage a smooth transition and mitigate the additional risks. We have also been able to borrow from long-term reserves in order to support the budget in short term while transformation savings are developed, this remains a sound tactic.

2.4 It is essential the savings we have put in place and plan to develop for the future are sustainable and result in year on year reductions in our spending requirements. Savings of this magnitude over such a long period are unprecedented. It is more than likely that the need for savings will continue well beyond 2015 if the government is to achieve its target to eliminate the budget deficit. Some are predicting reductions could stretch into a 10 year period.

2.5 We will have a clearer picture of the challenge we are facing when we come to launch the consultation. It is envisaged the consultation will seek views on both the latest proposals in the updated MTFP and to close any gaps which remain.

### **3. Communication and Consultation Strategy**

3.1 We are proposing that we should not only consult much earlier than we have done before, but the consultation should be in much greater depth. Where previously we have informed people of the proposed budget and invited comments, we are proposing to conduct a more proactive communication campaign.

3.2 We are proposing to launch the budget consultation in September. This launch will involve restating the current year’s budget in a simple and understandable way. We will set out the challenge facing us over the medium term as outlined in this report i.e. additional spending demands, reduced Government funding and keeping Council Tax as low as possible, leaving us having to find significant (and unprecedented) year on year savings.

3.3 It is inevitable that an early launch would have to be based on the estimated position (including estimates of government funding as its unlikely we will have indicative grant figures). We will then set out how KCC proposes to meet this challenge. Throughout the initial communication we will take a proactive approach making it clear that through a combination of service transformation and efficiencies we believe we should be able to deliver better services for Kent residents and businesses at lower cost.

3.4 We propose to engage with residents, service users, businesses and staff through a combination of local members and locality boards; focus groups looking at the budget issues in greater depth; and face to face meetings/specific activities with particular groups (such as groups representing service providers). We are proposing that we should engage an independent research firm to oversee the in-depth deliberative events with residents.

3.5 The consultation will run for 8 weeks from September through to October. The intention is that we would report the comments/views expressed in the consultation to Cabinet Committees in the November cycle of meetings. This would replace the initial budget reports which were previously presented to POSCs in November. The consultation responses will also be reported to Cabinet in November/December

3.6 An initial Equality Impact Assessment (EqIA) will be undertaken before the consultation starts. We will take account of the results of the EqIA before finalising consultation plans.

3.7 Each Cabinet Committee will be invited to set-up its own Budget IMG, similar to how the POSCs operated last year. This will enable cross-party Membership involvement in the budget from an early stage. This has proved to be a valuable part of the budget process over the past two years and Members are encouraged to continue with this approach.

#### **4. Responding to issues raised in the Consultation**

4.1 We are proposing that following Cabinet Committees a formal paper is presented to Cabinet in December. This paper will set out the proposed response to the consultation for agreement by Cabinet and a revised draft budget. This revised draft budget would not only include any changes arising from consultation but would also include the latest on the government settlement (we would hope to have provisional grant settlements in time for the report and initial calculation of the tax base from districts).

4.2 It is proposed that any revisions to the draft budget presented to Cabinet in December would not be subject to further full consultation. Individual Cabinet Committees would have the opportunity to debate changes in the January round of meetings before the budget is finally agreed by County Council in February.

4.3 We will continue on the route we have taken in recent years to make the budget presentation more meaningful to residents, service users, businesses and others outside KCC.

#### **5. Recommendations**

5.1 Policy and Resources Committee is asked to:

- a) APPROVE the Communication and Consultation strategy outlined in section 3
- b) COMMENT on the proposal to present a formal response to Cabinet in December

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