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To: Growth, Economic Development and Communities Cabinet Committee January 2016

Subject: Budget 2016/17 and Medium Term Financial Plan 2016/19

Classification: Unrestricted

Summary:

This report sets out the proposed draft Budget 2016/17 and Medium Term Financial Plan (MTFP) 2016/19 as it affects the Growth, Economic Development and Communities Cabinet Committee. The report includes extracts from the proposed final draft budget book and MTFP relating to the remit of this committee (although these are exempt until the Budget and MTFP is published on 11th January).

This report also includes information from the KCC budget consultation, Autumn Budget Statement and provisional Local Government Finance Settlement as they affect KCC as a whole as well as any specific issues of relevance to this committee.

Recommendation(s):

The Growth, Economic Development and Communities Cabinet Committee is asked to note the draft Budget and MTFP (including responses to consultation and Government announcements) and make recommendations to the Cabinet Member for Finance and Procurement, Cabinet Member for Economic Development and Cabinet Member for Communities on any other issues which should be reflected in the budget and MTFP prior to Cabinet on 25th January 2016 and County Council on 11th February 2016.

1. Introduction

1.1 Setting the Council's revenue and capital budgets, and MTFP, continues to be exceptionally challenging due to the combination of increasing spending demands and reducing funding. 2016/17 is proving to be the most difficult yet due to a number of factors. These include:

- Lack of information about government spending plans until very late in the process following the Spending Review announcement on 25th November
- Late changes to grant allocations following the Local Government Finance settlement announcement on 17th December
- Uncertainty over the impact over some significant spending pressures (principally the impact of the National Living Wage)
- New ability to levy additional Council Tax precept

This combination means that despite the proposed increase in Council Tax, the council still has to make significant year on year savings in order to balance the budget.

- 1.2 The challenge of additional spending demands, greater reliance on local taxation and reduced grant funding is likely to continue each year until 2019/20 at the earliest, with 2016/17 and 2017/18 looking like the most difficult years. The medium term projection in the Spending Review 2015 for local government is “flat cash”.

This flat cash projection includes additional funding for social care through the extra Council Tax precept and Better Care Fund, the Office for Budget Responsibility (OBR) assumptions on other Council Tax and Business Rate growth, as well as the phasing out of **Revenue Support Grant (RSG)**.

RSG has been a significant source of funding for core services for a number of years and it’s phasing out represents a substantial loss. The flat cash assumption does not include changes in grants from other government departments (either ring-fenced or general grants).

- 1.3 The provisional local Government Finance Settlement was published on 17th December. This provides individual grant allocations from Department for Communities and Local Government (DCLG), principally RSG and business rate baseline, and Spending Power calculation.

The provisional amounts for 2016/17 are subject to consultation and include a significant and unexpected change in methodology used to allocate RSG. Indicative figures for 2017/18 to 2019/20 were also included in the announcement. The announcement included the offer of a 4 year guaranteed funding settlement.

- 1.4 The Spending Power calculation shows a £20.4m (2.3%) increase in funding between adjusted figure for 2015/16 and indicative figure for 2019/20 (albeit with a dip in 2016/17 and 2017/18). The Spending Power includes the main DCLG grants (RSG and business rate baseline merged as the Settlement Funding Assessment) and Council Tax.

The Spending Power no longer includes specific grants but continues to ignore additional spending demands and thus only reflects the change in cash

available to local authorities and not real spending power. This means it is not directly comparable to the council's published budget. The published Spending Power calculation for KCC is reproduced in table 1 below.

Table 1

| Core Spending Power of Local Government; | | | | | |
|---|-----------------------|--------------|--------------|--------------|--------------|
| | 2015-16 (adjusted) | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| | £ millions | £ millions | £ millions | £ millions | £ millions |
| Settlement Funding Assessment | 340.0 | 283.4 | 241.8 | 218.2 | 195.8 |
| Council Tax of which; | 549.0 | 577.2 | 609.7 | 644.6 | 682.2 |
| <i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i> | 549.0 | 566.0 | 586.3 | 608.0 | 631.1 |
| <i>additional revenue from 2% referendum principle for social care</i> | - | 11.2 | 23.3 | 36.6 | 51.1 |
| <i>additional revenue from £5 referendum principle for lower quartile districts Band D Council Tax level</i> | - | - | - | - | - |
| Improved Better Care Fund | - | - | 0.3 | 17.5 | 33.7 |
| New Homes Bonus and returned funding | 7.9 | 9.3 | 9.4 | 5.9 | 5.7 |
| Rural Services Delivery Grant | - | - | - | - | - |
| Core Spending Power | 896.9 | 869.9 | 861.1 | 886.2 | 917.3 |
| Change over the Spending Review period (£ millions) | | | | | 20.4 |
| Change over the Spending Review period (% change) | | | | | 2.3% |

1.5 The KCC latest medium term forecast up to 2019/20 shows a slightly lower estimate for Council Tax than the Spending Power in later years (albeit with higher yield in 2016/17 due to improved tax base and proposed 1.99% increase up to the referendum threshold). This means a slightly lower reduction in 2016/17 and 2017/18 than the Spending Power as shown in Table 2 below.

Table 2 also includes the other funding included in KCC budget but not shown in the Spending Power. The overall impact shows a KCC forecast reduction of £4.9m (-0.5%) between 2015/16 and 2019/20 compared to the CLG forecast of +2.3% in table 1.

| Table 2 | 2015/16 Adjusted £000s | 2016/17 £000s | 2017/18 £000s | 2018/19 £000s | 2019/20 £000s | Change from 2015/16 to 2019/20 £000s % | |
|-------------------------------------|------------------------------|------------------|------------------|------------------|------------------|--|-------|
| CLG Spending Power | | | | | | | |
| Settlement | 340,015 | 283,386 | 241,819 | 218,156 | 195,773 | | |
| Council Tax | 549,034 | 565,981 | 586,331 | 608,010 | 631,109 | | |
| Social Care | | 11,174 | 23,323 | 36,593 | 51,103 | | |
| Better Care Fund | | 0 | 301 | 17,525 | 33,683 | | |
| New Homes Bonus | 7,886 | 9,325 | 9,375 | 5,890 | 5,651 | | |
| | 896,935 | 869,866 | 861,149 | 886,174 | 917,318 | 20,383 | 2.3% |
| | | | | | | | |
| KCC proposed MTFP | | | | | | | |
| Settlement | 340,015 | 283,386 | 241,819 | 218,156 | 195,773 | | |
| Council Tax | 549,034 | 571,544 | 588,989 | 604,192 | 620,051 | | |
| Social Care | 0 | 11,197 | 23,085 | 35,504 | 48,519 | | |
| Better Care Fund | 0 | 0 | 301 | 17,525 | 33,683 | | |
| New Homes Bonus | 7,886 | 9,325 | 9,375 | 5,890 | 5,651 | | |
| Total KCC equivalent Spending Power | 896,935 | 875,451 | 863,569 | 881,267 | 903,676 | 6,740 | 0.8% |
| | | | | | | | |
| Other Funding | | | | | | | |
| Collection Funds | 7,529 | 5,000 | 0 | 0 | 0 | | |
| Local Share of Business Rates | 1,626 | 4,115 | 4,115 | 4,115 | 4,115 | | |
| Other Grants | 18,858 | 17,306 | 15,755 | 14,203 | 12,651 | | |
| | | | | | | | |
| KCC Proposed Net Budget Requirement | 924,949 | 901,873 | 883,439 | 899,585 | 920,442 | -4,507 | -0.5% |

1.6 In real terms the additional funding available (after the initial dip in 2016/17 and 2017/18), particularly that raised through Council Tax precept/growth, is forecast to be insufficient to cover additional spending pressures (particularly in social care). Therefore, significant savings will continue to be needed each year to compensate for this shortfall and the forecast reduction in RSG and other grants. This will be a difficult message to convey that despite proposed annual increases in Council Tax, the authority will still need to make substantial year on year savings which are likely impact on local services.

1.7 The announcement that the Government intends to allow local authorities to retain 100% of business rates by the end of this Parliament is unlikely to provide much relief to this financial challenge. Business rates are already used to fund local authority services through the localised share and RSG.

As identified in paragraph 1.2, RSG is due to be phased out and substantially reduced. However, the Government has already made it clear that 100% business rate retention will also include the devolution of additional responsibilities commensurate with the additional income i.e. the additional income will come with additional spending commitments rather than compensate for loss of RSG.

1.8 The Government has also made it clear that the principle of redistribution of business rates from high wealth/low needs to low wealth/high needs areas will need to continue under any new arrangements. This effectively means the new system will be 100% retention of business rate growth rather than 100% of the existing business rate base. Whilst we think the new arrangements will be a welcome improvement, we need to wait until we see the detailed consultation

during the forthcoming year and recognise this change is highly unlikely to have any impact on the 2016/19 MTFP.

- 1.9 Section 2 of the published MTFP will provide a much fuller analysis of the national financial and economic context, including the November Spending Review/Autumn Budget Statement and provisional Local Government Finance Settlement. Section 3 sets out KCC's revenue budget strategy to meet the financial challenge (including a possible alternative approach to the allocation of additional funding from Council Tax/Business Rate growth to cover spending pressures and savings to cover the phasing out of RSG). Section 4 covers the councils' capital budget strategy.

2. Financial Implications

- 2.1 The initial draft revenue budget was published for consultation on 13th October 2015. This set out the latest forecasts and updates to the published MTFP for 2015/18. These forecasts were based on the original estimates of funding for 2016/17 and 2017/18 (albeit with an updated assumption for Council Tax base growth) and revised estimated spending pressures based on the current year's performance and future predictions of additional spending demands.

The consultation also included updated estimates for the savings under consideration to close the gap between estimated funding and spending.

- 2.2 The financial equation presented in the consultation is set out in table 3 below. The consultation identified possible savings options of £73.9m leaving a gap of £7m still to be found before the budget is finalised.

| Table 3 | Budget Pressures £m | Budget Solutions £m |
|------------------|------------------------|------------------------|
| Spending Demands | 58.3 | |
| Grant Reductions | 32.9 | |
| Council Tax | | 10.4 |
| Savings/Income | | 80.8 |
| Total | 91.2 | 91.2 |

- 2.3 As outlined in paragraph 1.1 the provisional Local Government Finance Settlement for 2016/17 was announced on 17th December. This included the following provisional amounts for 2016/17:

- Revenue support grant for 2016/17 of £111.4m, a reduction of £49.6m (30.8%) on 2015/16 actual grant (£58.1m or 34.2% on adjusted 2015/16 RSG).
- Business rate baseline and top-up for 2016/17 of £172.0m, an increase of £1.4m (0.8%).

- Confirmation of 2% social care precept requirements.
- Confirmation that the Council Tax referendum level for 2016/17 is 2%.
- New Homes Bonus grant of £9.3m.

2.4 As well as the provisional Local Government Finance Settlement the Department for Education (DfE) also made provisional grant announcements on 17th December. This included the **Dedicated School Grant (DSG)**, pupil premium, and **Education Services Grant (ESG)**. ESG is un-ring-fenced grant.

The provisional ESG shows an 11.5% reduction in the general funding for local authority maintained schools and academies (although transitional arrangements exist to protect academies from unmanageable reductions). As in previous years ESG is recalculated during the year to reflect pupil number changes and academy transfers. ESG is the most significant element of other grants included in KCC's budget (table 2 above) but is not reflected in the Spending Power calculations.

2.5 The latest overall financial equation is set out in table 4. This includes the impact of the Spending Review and the provisional Local Government Finance Settlement and other provisional grant announcements to date. This will be the position presented in the final draft Budget Book and MTFP published on 11th January pending any last minute changes.

| Table 4 | Budget Pressures £m | Budget Solutions £m | |
|--|------------------------|------------------------|--------|
| Spending Demands | 79.7 | | |
| Un-ring-fenced Grant changes (est LG settlement) | 48.2 | | 14.5% |
| Other Grant changes | 0.1 | | |
| Council Tax increase (referendum) | | 11.2 | 1.998% |
| Council Tax Increase (social care) | | 11.2 | 2.0% |
| Council Tax and business rate tax bases & collection funds | | 11.3 | 2.1% |
| Savings/Income | | 94.3 | |
| Total | 127.9 | 127.9 | |

2.6 There are still a number of ring-fenced grants allocated by government departments. These ring-fenced grants are announced either at the same time or after the main Local Government Finance Settlement according to individual ministerial decisions. The County Council's financial strategy is that any changes in ring-fenced grants are matched by spending changes and therefore there is no overall impact on the net spending requirement. This means the County Council will not generally top-up ring-fenced grants from Council Tax or general grants.

2.7 We have received provisional notification of the Council Tax base from district councils. This is higher than estimated in the budget consultation and is

reflected in the final draft budget published on 11th January and in tables 2 & 4 above. We will receive final notification of the tax base by the end of January together with any balances on this year's collection funds.

The final draft budget will confirm the intention to increase the KCC precept for all Council Tax bands by 1.99%, increasing the County Council Band D rate from £1,089.99 to £1,111.77. The final draft budget will also confirm the intention to apply the additional social care precept up to the full 2% increasing the County Council Band D rate further to £1,133.55.

- 2.8 We have not received notification of our 9% share of the business rates from district councils, although we have included an estimate in final draft budget published on 11th January and in tables 2 and 4 above. We should receive notification of our share of business rates by the end of January and any variation from the estimate will be reported to County Council on 11th February.
- 2.9 Appendix 1 sets out the high level picture of the revised funding, spending and savings assumptions which are proposed for 2016/17 included in the draft MTFP published on 11th January (pending any last minute changes between the publication of this report and the final version being agreed).

This appendix is exempt from publication until the final Budget and MTFP is published. There may be further changes to the final draft budget for 2016/17 following final notification of all Government grants and local tax bases (including collection fund balances). As in previous years any changes from the amounts published will be reported to County Council in February.

The MTFP includes forecasts for 2017/18 and 2018/19 although at this stage we cannot allocate the majority of these to individual directorates and there are significant unidentified savings required which will need to be resolved in the coming months.

- 2.9 Appendix 2 sets out a more detailed extract from the MTFP setting out the main changes between 2015/16 and 2016/17 relating to the Growth, Environment and Transport directorate. This information is included in the draft MTFP published on 11th January, pending any last minute changes.

This appendix is exempt from publication until the final Budget and MTFP is published. The council's budget and MTFP is structured according to directorate responsibilities. This means presenting information that is relevant to individual Cabinet Committees is not straight forward. We do not have the time or resources to re-present this information to exclude elements outside the remit for individual committees.

- 2.10 Appendix 3 sets out an extract from the draft Budget Book setting out the relevant budgets for 2015/16 and 2016/17 for the A to Z entries relating to the Growth, Environment and Transport directorate. This information is as published on 11th January, pending any final last minute changes.

This appendix is exempt from publication until the final Budget and MTFP is published. The information in appendix 3 is consistent with the information included appendix 2 and thus includes elements outside the remit of individual committees.

2.11 Appendix 4 sets out the draft capital programme for the Growth, Environment and Transport directorate. This information will be published on 11th January, pending any final last minute changes. This appendix is exempt from publication until the final Budget and MTFP is published.

3. Budget Consultation

3.1 The consultation and engagement strategy for 2015 included the following aspects of KCC activity:

- Press launch on 13th October.
- A question seeking views on Council Tax open from 13th October to 24th November (principally accessed on-line).
- An on-line budget modelling tool to evaluate 20 areas of front line spending open from 13th October to 24th November.
- A free text area for any other comments.
- A simple summary of updated 2015/18 MTFP published on KCC website.
- Web-chat on 16th November with Deputy Cabinet Member for Finance & Procurement, Corporate Director for Finance & Procurement and other finance staff.
- Workshops with business and voluntary & community sectors on 18th November.
- Workshop session with managers and staff.
- Presentation and discussion with Kent Youth County Council on 15th November.

A full analysis of the responses to the consultation will be reported to Cabinet on 28th January. A draft of this analysis is available as background materials for Cabinet Committees in January. The final analysis reported to Cabinet will also be available as background material for the County Council meeting in February.

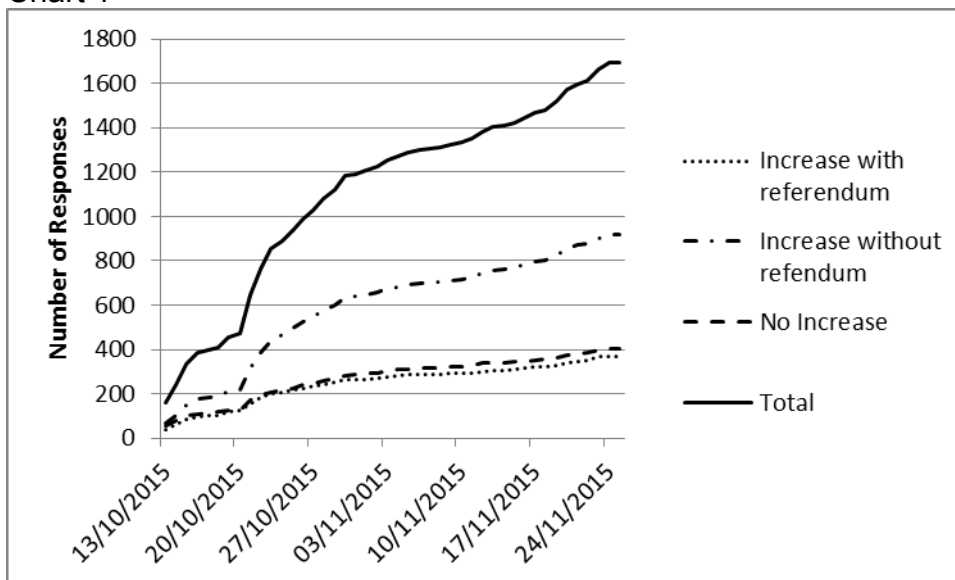
3.2 The consultation did not include any questions about the 2% precept for social care as we were unaware of this possibility at the time. The results from the Council Tax question and on-line budget modelling tool are set out in appendices 5 & 6 to assist committee members in scrutinising the budget proposals set out in the exempt appendices. These appendices with the consultation results are not exempt.

3.3 In addition to the activity outlined above the council has also commissioned independent consultants to carry market research to validate the responses with a representative sample of residents via more in depth research and analysis. This included face to face interviews with a structured sample of 750 residents using the same information as the on-line materials on the Kent.gov.uk website and half-day deliberative workshops with a smaller sample. The full

consultant's report is unlikely to be available in time for cabinet committees but will be available as background material for the full County Council budget meeting in February.

- 3.3 We have received 1,693 responses to the Council Tax question. This is less than the 1,962 responses received last year. This can be partly attributed to the shorter time available for consultation (6 weeks compared 7 weeks the previous year), however, we need to do further research as we received the majority of responses in the first 3 weeks as demonstrated in the chart 1 below. Overall 54.3% of respondents (920) supported a 1.99% council tax increase (the maximum allowed without requiring a referendum), 23.9% (404) preferred no increase, and 21.8% (369) supported a higher increase with a referendum. The overall number supporting an increase compared to those preferring a freeze is consistent with previous years' consultation although within this the number supporting a higher referendum backed increase is lower than last year.

Chart 1



- 3.4 We have received 1,153 submissions via the budget modelling tool. This is more than the 853 submissions received via this mechanism last year. This is encouraging as we believe this tool is an effective way to gather information about which services are most highly valued and thus inform budget priorities. We are aware of some criticisms about the time it takes to complete the survey and it can pose some challenging service combinations. A further 479 submissions were abandoned part way through and we need to undertake more research whether a 30% drop-out rate is exceptional or acceptable.

An analysis of the responses via this tool is shown in appendix 6 together with the responses from the face to face interviews with 750 sample residents conducted by the independent market research (there is no discernible difference between the responses on-line and face to face interviews).

4. Specific Issues for Growth, Economic Development and Communities Cabinet Committee

4.1 Appendices 2, 3 and 4 set out the main budget proposals relevant to Growth, Environment and Transport directorate). These proposals need to be considered in light of the general financial outlook for the county council for 2016/17 (overall reduced funding) and the medium term (flat cash assuming annual Council Tax increases. Committees will also want to have regard to consultation responses in considering budget proposals.

4.2 Specific issues highlighted within the Autumn Statement/Provisional settlement in relation to this cabinet committee include:

- Whilst not funding for KCC per se, £2.3 billion of funding for 1,500 flood defence schemes across the country was identified.
- The Government reiterated their original commitment of £12bn in the Local Growth Fund but have yet to confirm if there will be a round 3 process or how the remaining balance of £5bn will be allocated.

4.3 The MTFP includes significant **spending demands** placed upon the directorate, in relation to this committee, and are identified below in relation to classification. The quantum of each pressure/demand will be available for the meeting itself. Examples of these additional spending demands include the following:

- The full impact of legislative changes around the Coroners service has been reflected in terms of both the transfer of responsibilities for Coroners' officers from Kent Police to KCC, as well as the additional responsibilities for now having to ascertain cause of death for individuals under Deprivation of Liberty Safeguards (DoLS).
- Re-basing pressures from the decision to not proceed with establishing an LRA Trust at the current time, with the previously identified costs (governance, VAT exposure) now removed from the 16/17 budget.
- Other smaller pay pressures where contracts or consumables are subject to inflationary increases.

4.4 The MTFP includes a number of budget reduction initiatives (reduction in gross spend, income generation etc.) that formed part of the previous iteration and/or where the full year impact will be achieved in 2016/17. Examples of such initiatives include the following:

- The previous MTFP had identified a financial savings target of £1.3m should an LRA Trust be established. Despite the decision to not pursue a Trust model at this time, the financial target remains for the in-house commissioned LRA service to deliver.

- Procurement and non-staffing savings (including grants).
- Other efficiencies, such as service re-design/delaying (including management layers, spans of control), or income generation across a wide range of services.

4.5 Savings from any new policy initiatives are shown in the exempt appendices and any significant issues will be raised during the Cabinet Committee meeting following publication of the final draft budget on 11th January. Due to the exempt nature of the appendices these proposals cannot be covered in detail in the report.

5. Conclusions

- 5.1 The financial outlook for the next 4 years continues to look challenging. Although the medium term outlook is around flat cash i.e. we should have a similar budget in 2019/20 to 2015/16, there is a dip in 2016/17 and 2017/18. Furthermore, within the flat cash equation is the additional funding raised through Council Tax, the 2% precept for social care and the Better Care Fund (at this stage we have no indication whether this will come with additional spending requirements) and reductions in RSG. On top of the flat cash we continue to have a number of additional spending demands. This means the Council will still need to find substantial savings in order to cover any shortfall between the additional income raised (from Council Tax, etc.) against spending demands and to compensate for the reductions in RSG (and any other changes in specific grants including those referred to in this report).
- 5.2 We will be responding to the provisional settlement (deadline 15th January) and in particular the impact of late and unforeseen changes in the grant distribution methodology. These late changes have a significant impact on the budgets for 2016/17 and 2017/18. This is exacerbated by the proposed one-off proposals to deal with the late reductions which have a further consequence in 2017/18.
- 5.3 At this stage the forecasts for 2017/18 to 2019/20 are our best estimates. At this stage we are undecided if we will take-up the offer of a guaranteed 4 year settlement. Based on these forecasts substantial further savings will be needed each and every year to balance the budget.
- 5.4 Appendices 2 and 3 include the latest estimates for unavoidable and other spending demands for 2016/17 and future years. These estimates are based on the latest budget monitoring and activity levels as reported to Cabinet in November (quarter 2). Committees no longer receive individual in-year monitoring reports and therefore members may wish to review the relevant appendices of the Cabinet report before the meeting.

6. Recommendation(s)

Recommendation(s):

The Growth, Economic Development and Communities Cabinet Committee is asked to note the draft Budget and MTFP (including responses to consultation and Government announcements) and make recommendations to the Cabinet Member for Finance and Procurement, Cabinet Member for Economic Development and Cabinet Member for Community Services on any other issues which should be reflected in the budget and MTFP prior to Cabinet on 25th January 2016 and County Council on 11th February 2016

7. Background Documents

- 7.1 Consultation materials published on KCC website
- 7.2 The Chancellor of the Exchequer's Spending Review and Autumn Statement on 25th November 2015 and OBR report on the financial and economic climate
- 7.3 The provisional Local Government Finance Settlement 2016/17 announced on 17th December 2014
- 7.4 Any individual departmental announcements affecting individual committees

8. Contact details

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Summary of Responses to Consultation on Council Tax



Response to proposal to increase Council Tax: Summary

KCC has a mandate to increase Council Tax by 1.99% with the majority of respondents and participants in favour of an increase.

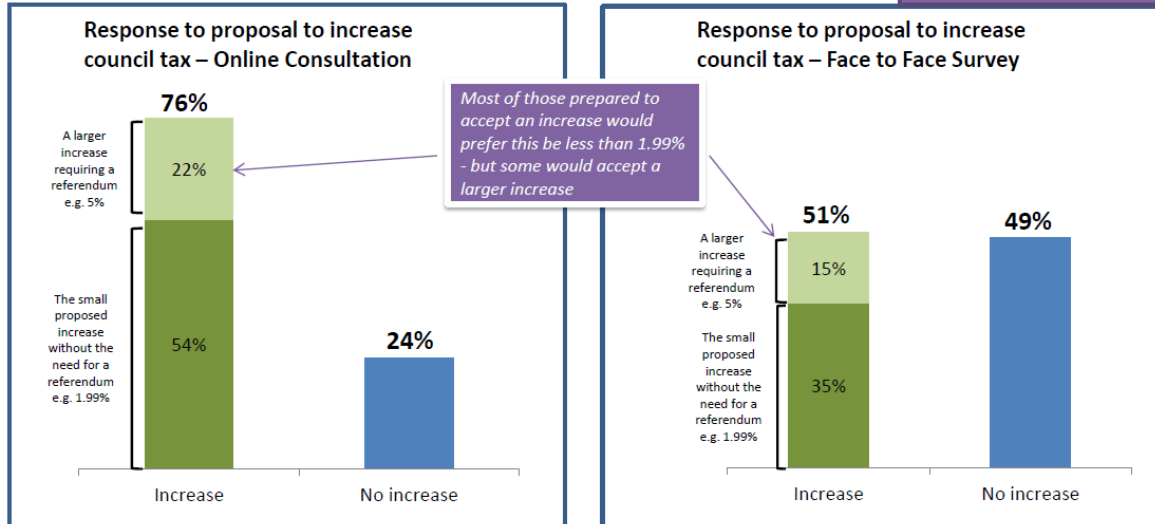
- However, the degree to which this was supported varied between responses to the online survey on the KCC website and the face to face random and demographically representative survey.
- Respondents in the online survey on the KCC website were **more supportive** of an increase in Council Tax with over three quarters (76%) in favour, compared to a more even split between the respondents surveyed face to face who were almost evenly split between those favouring some level of increase in Council Tax (51%) and those favouring no increase (49%).
- Participants at the beginning of the deliberative events more closely resembled the on-street respondents with 57% in support of an increase and 42% in favour of no increase or a reduction in Council Tax.
- However, this proportion did change as a result of their deliberations so that by the end of the events 68% were in support of an increase and 32% were in favour of no increase or a reduction.
- Although the base size for the deliberative events is small, this movement demonstrates that the better informed residents are of the budget challenges facing KCC and the scope of services it provides, the more supportive they are of an increase in Council Tax.
- It also shows that deliberative event participants by virtue of being more informed moved closer to the position held by those respondents motivated to complete the question on the KCC website, who by definition were respondents who were more aware and interested in this issue than the average Kent resident.

Council Tax: Quantitative data

Significant Findings:

- Those working full time were significantly more likely to accept an increase in Council Tax.
- Those who were retired were also significantly more likely to accept an increase.
- Men were significantly more likely than women to accept a higher increase over 2%.
- See Annex 3 for further detail.

- Strong support for an increase in Council Tax in the online consultation.
- Views of face to face respondents are more mixed – but just over half would accept an increase.
- Differences likely to reflect differing interest in/ knowledge of budget issues/ challenges.



Bases: Face to face survey = 757 respondents, Online consultation = 1693 respondents.

Question: KCC is proposing a small increase in Council Tax to contribute towards the additional spending demands being placed on council services and to provide some protection for local services from the savings that would otherwise need to be found...How much Council Tax would you be willing to pay towards the financial challenge the authority faces next year?. Illustrations of the equivalent monetary increase per week and per year were given. The "No increase" option was framed as "No increase and make equivalent cuts to and make equivalent cuts to services (of around £11m per year) on top of the estimated £80m already needed to balance the budget"

Summary of Responses to Max Diff Budget Modelling Tool



“Max Diff” exercise: Summary

- Highest priority placed on services to protect the most vulnerable
- Essential infrastructure activity (with universal impact) next most important
- Discretionary “Quality of life” services least important

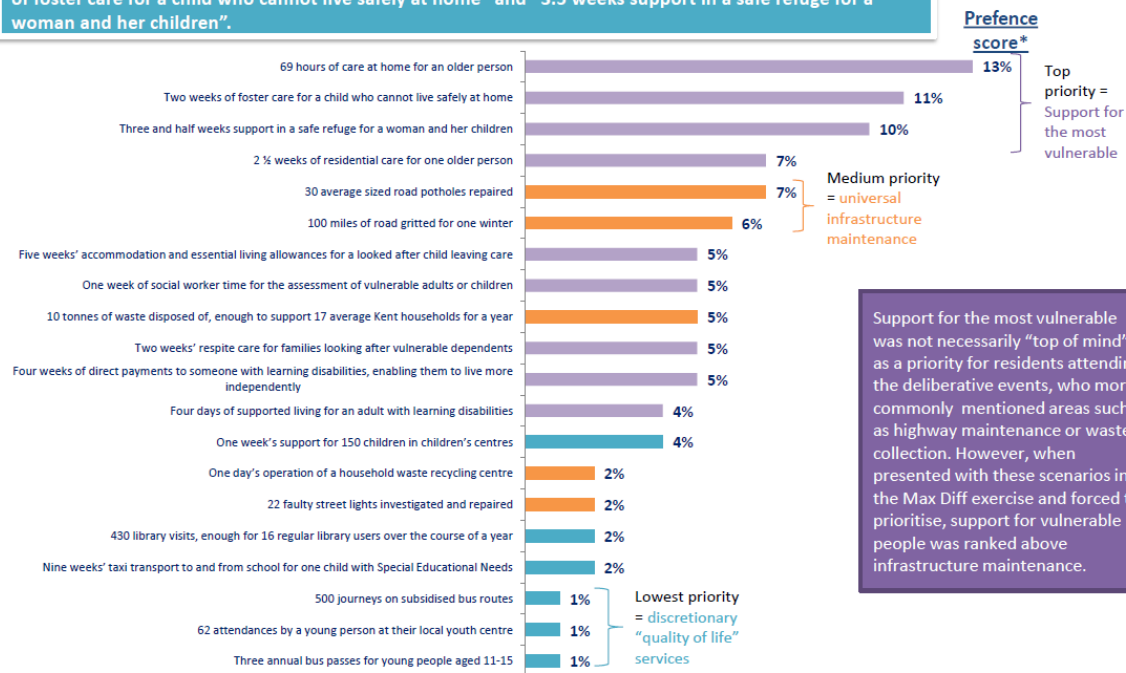
| | Which services? | Who does it impact? |
|---|---|--|
| ABSOLUTE PRIORITY Care of society’s most vulnerable | <ul style="list-style-type: none"> • Care at home • Foster care • Refuge | <ul style="list-style-type: none"> • Elderly • Children • Women |
| Important Essential infrastructure needs | <ul style="list-style-type: none"> • Potholes • Gritting | <ul style="list-style-type: none"> • All residents |
| Support care services | <ul style="list-style-type: none"> • Respite • Assessment • Accommodation | <ul style="list-style-type: none"> • Families with vulnerable dependents • Children leaving care • Those with learning disabilities |
| Less important Lower priority infrastructure needs | <ul style="list-style-type: none"> • Waste disposal • Recycling • Street light faults • Subsidised bus routes | <ul style="list-style-type: none"> • All residents |
| Discretionary “quality of life” services | <ul style="list-style-type: none"> • Libraries • Youth centres • Taxi transport • Bus passes | <ul style="list-style-type: none"> • Young people • Children with special educational needs |

Note the ranking is *relative* – residents do value discretionary/ quality of life services and would prefer them to be protected if a choice did not have to be made.



“Max Diff” exercise: Detail

The top ranked service area tested is “69 hours of care at home for an older person”, followed by “2 weeks of foster care for a child who cannot live safely at home” and “3.5 weeks support in a safe refuge for a woman and her children”.



Support for the most vulnerable was not necessarily “top of mind” as a priority for residents attending the deliberative events, who more commonly mentioned areas such as highway maintenance or waste collection. However, when presented with these scenarios in the Max Diff exercise and forced to prioritise, support for vulnerable people was ranked above infrastructure maintenance.

Combined results from face to face and online surveys - Base = 1,955 respondents. (Little difference between on-street and online results. For comparison see Annex 6). From Q3: You will now see a series of screens that list key services and what £1,000 of council spending buys. Please think about your household's circumstances and tell us which of these services are most and least important to you. *Preference score = a statistical index figure showing the overall level of preference given to each item across all respondents completing the survey.

“Max Diff” exercise: Sub-group comparisons

Top 3 service items by respondent age group

There was little difference in the ranking of the items tested amongst respondent sub-groups. Some small points of divergence included:

- **Online respondents** placed potholes and gritting above residential care and gave slightly higher preference scores for these items than those completing the on-street survey (8% potholes, 7% gritting compared with 5% each among on-street respondents).
- **Younger residents aged 18-34** prioritised foster care and safe refuge above care at home.
- **Older residents aged 55+** placed a higher than average distance between their top ranked item (care at home for an older person) and their second ranked item (foster care).
 - Those aged 55+ completing the online consultation placed pot hole repair in 3rd priority position.
 - The oldest 75+ age group rated residential care for an older person highly, but placed this well behind care at home.
- A full breakdown of results by survey methodology (face to face vs online) and age group is set out in Annex 6.

| 18-34* | Item | Rank and Preference score | |
|--------|--|---------------------------|---------------|
| | | On-Street survey | Online survey |
| | Foster care (2 weeks) | 1: 12% | 1: 14% |
| | Safe refuge for a woman and her children (3.5 weeks) | 2: 12% | 2: 12% |
| | Care at home for an older person (69 hrs) | 3: 11% | 3: 10% |

| 35-54 | Item | Preference score | |
|-------|--|------------------|---------------|
| | | On-Street survey | Online survey |
| | Care at home for an older person (69 hrs) | 1: 12% | 1: 13% |
| | Foster care (2 weeks) | 2: 11% | 2: 12% |
| | Safe refuge for a woman and her children (3.5 weeks) | 3: 9% | 3: 10% |

| 55+ | Item | Preference score | |
|-----|--|------------------|---------------|
| | | On-Street survey | Online survey |
| | Care at home for an older person (69 hrs) | 1: 14% | 1: 17% |
| | Foster care (2 weeks) | 2: 9% | 2: 11% |
| | Safe refuge for a woman and her children (3.5 weeks) | 3: 8% | 4: 8% |
| | Potholes repaired (30) | = 5: 6% | 3: 9% |

From Q3: You will now see a series of screens that list key services and what £1,000 of council spending buys. Please think about your household's circumstances and tell us which of these services are most and least important to you. Bases: 18-34 – face to face = 214, online = 163 (note the online survey was open to residents aged 16+), 35-54 – face to face = 256, online = 521, 55+ – face to face = 282, online = 403.

