

**NOTES** of a meeting of the Cabinet Scrutiny Committee Informal Member Group on Budgetary Issues held at Sessions House, County Hall on Thursday, 7 January 2010.

**Present:** Mr R F Manning (Chairman), Mr I Chittenden and Mr L Christie

**In Attendance:-** Ms L McMullan, Director of Finance, Mr A Wood, Head of Financial Management, Mrs B Cooper, Director of Economic Development, Mr N Smith, Head of Development investment and Mr P D Wickenden, Overview, Scrutiny and Localism Manager.

## Action

### 1. Notes of Previous Meeting held on 27 November 2009 (Item 1)

(1) The notes of the previous meeting were agreed as a correct record subject to:-

(a) Mr Christie's apologies being recorded; and

(b) note 2 sub paragraph (7) first sentence reading "The Chairman of the Budget IMG explained that the concern of the group was that this development **must** not place additional pressure on KCC's budget".

### *Matters Arising*

#### *Icelandic Deposits*

(2) The IMG noted that the current stance of the Icelandic President and Government (being reported in the news) which might result in a referendum affected the deposits of individual savers not those deposits held by local authorities. which was being negotiated on the local authorities' behalf by the Local Government Association. However, it was fair to say that the outcome of a referendum affecting the deposits of individual savers could create a mood which could impact on the local authorities' discussions with the Icelandic banks.

(3) Ms McMullan reaffirmed that the local authorities' claims for the recovery of deposits were likely to be tested in the courts. This had always been expected. Glitnir Winding Up Committee was now assuming that council deposits with the Icelandic banks were loans not deposits. The lawyers acting on behalf of the County

Council and other local authorities fail to see how a financial instrument of a deposit could suddenly change to a loan. The County Council maintains (and indeed the relevant audit documentation clearly states) that the funds it had lodged with the Icelandic banks are deposits.

## **2. Revenue and Capital Budget Monitoring Exception Report** *(Item 2)*

- (1) The IMG noted that the main issues were:-
  - (a) after management action a revenue underspend of £4.454m (excluding schools and asylum) was projected by year end; and
  - (b) overall there is a £12.050m capital expenditure that is more likely to occur after 31 March 2010 offset by real variance of £4.7m.
- (2) The movement of -£2.729m since the last month brings the pressures this month excluding asylum and schools to a projected underspend at year end of -£4454. There had been some movement on the portfolio responsible for highways and this movement was expected to increase next month because of the ongoing adverse weather conditions.
- (3) Schools traditionally projected an overspend, and, this year was not an exception with a projected overspend of £6m.
- (4) Members discussed at some length the unchanged forecast funding shortfall of £3.808m on asylum (£3.523m due to 18 plus Care Leavers and £0.285m due to unaccompanied asylum seeking children). Ms McMullan advised Members of the IMG that should money not be forthcoming from the Government for this shortfall the Council would exhaust the specific reserve that was created for this purpose by the end of this financial year. There was no further reserve available for 2010/11 and beyond, so any expected shortfall between costs and Government Grant would have to be reflected as a pressure to be financed in the 2010/11 Budget.
- (5) Ms McMullan reported on the historical negotiations on the asylum issue conducted by the late Lord Bruce

Lockhart and the most recent meeting between the Leader Paul Carter and Phil Woolas the Minister for Asylum. In answer to a question from Mr Christie Ms McMullan indicated that Dr Eddy had been helpful in the ongoing dialogue with the Government on asylum

(6) Members of the IMG were keen to learn how the money received from the Government for asylum was spent. It was agreed that this should be a confidential conversation but that a meeting should be arranged with Paul Carter, incorporating a briefing by Keith Abbott on the breakdown of figures.

Paul Wickenden/Lynda McMullan to arrange.

(7) With regards to this month's position with the Capital Budget the IMG noted that the spend profile on a number of the capital projects would be re-phased into later years.

(8) In answer to a question who has responsibility for dealing with writing off of any of the outstanding debt which currently stood (as at November 2009) for Kent Adult Social Services at £18.927m Ms McMullan responded there were a range of delegation levels for officers with the highest level being the responsibility of Governance and Audit Committee.

(9) Members then asked a range of detailed questions on the report which included:-

- (a) the slippage on the road signs and lining;
- (b) Dover Sea change;
- (c) Salt storage infrastructure; and
- (d) The Turner Centre settlement

Mike Hill/Richard Morsley

(10) With regards to the Turner Centre settlement the advice was that this issue should be taken up direct with Mike Hill the portfolio holder.

### **3. Draft Budget and Medium Term Plan** *(item 3)*

(1) Mr Chittenden raised a number of queries on the draft budget 2010/11

- (a) Provision for Kent TV was set out on page 49 under the Strategic Development Unit heading;
- (b) With regard to the Langley Park – Park and Ride Mr Chittenden was advised to direct his question outside of the meeting to the portfolio holder Mr Chard;
- (c) Mr Wood explained the background to how the

Nick Chard

figure of £68-69m for Prudential Borrowing had been arrived at;

- (d) For the detail relating to the Household Waste Recycling Centres referred to on page 31 to speak to Mr Hallett the Finance Manager for the Environment, Highways and Waste Directorate
- (e) Whether the heading General Efficiency Savings referred to more than the staff reductions. Ms McMullan indicated that she would be briefing the Liberal Democrat Group on 18 January but there was a substantial work on this; and
- (f) With regard to the taking out of £0.5m from Supporting Independence Ms McMullan advised Mr Chittenden that this provision had been set aside some years ago as part of "Towards2010" but had generally underspent each year.

**4. Aylesham Village Expansion – Development Contributions and the Provision of Community Infrastructure –Kent County Councils approach**  
*(item 4)*

(1) The IMG received a paper which provided further information on the County Councils overall approach to development contributions and how this was being applied to the Aylesham Village expansion.

(2) The IMG noted that the KCC Guide to Development Contributions and the Provision of Community infrastructure was to be reviewed to reflect the current economic conditions. The Guide provides a starting point in any negotiation based on the assumption of new infrastructure rather than a figure to be relied upon for budgetary purposes.

(3) It was noted that the system adopted by the County Council cannot always provide the perfect solution, particularly in the current economic climate. Circumstances are often highly challenging bearing in mind the County Council is not the determining planning authority. The Chairman expressed his concern that the dilemma which this can potentially present for an elected Member who is both a member of the County Council and the determining local authority.

(4) The IMG understood that recent experience demonstrated that at planning appeals and public inquiries, the Planning Inspectorate is increasingly allowing the grant of planning permission (when balancing competing considerations) by deferring to the delivery of housing numbers in favour of legitimate requests for development contributions. As a consequence in addition to the reports to the IMG the Finance Strategy Board were being advised of the challenges.

(5) Through the negotiation phase the County Council seeks to achieve innovative solutions to meeting the implementation of the County Council's overall strategy.

(6) Whilst the negotiations with Dover District Council were ongoing and had been very challenging Mrs Cooper's and Mr Smith's understanding was that the latest proposal is receiving favourable consideration by the Dover District Council. The formal response of Dover District Council was still awaited.

(7) It was suggested that the Scrutiny Board should pick up this issue and allocate it to the most appropriate Scrutiny Committee to ensure that this emerging issue did not have an adverse impact on the County Council's budget.

*(Footnote: The Planning Advisory Group have also been discussing the issue of development contributions)*

Mr Hotson/Paul  
Wickenden