

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 25 January 2010.

PRESENT: Mrs T Dean (Chairman), Mr R W Bayford, Mr R Brookbank, Mr A R Chell, Mr L Christie (Vice-Chairman), Mrs V J Dagger (Substitute for Mr R E King), Mr G A Horne MBE, Mr R F Manning (Vice-Chairman), Mrs J Law, Mr R J Lees (Vice-Chairman) and Mr J E Scholes

ALSO PRESENT: Mr J D Simmonds and Ms S J Carey

IN ATTENDANCE: Ms L McMullan (Director of Finance), Mr D Shipton (Finance Strategy Manager), Mr A Wood (Head of Financial Management), Mr P Sass (Head of Democratic Services and Local Leadership) and Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

31. Budget 2010/2011 and Medium Term Financial Plan 2010 - 2013 (Item 3)

Mr J Simmonds, Cabinet Member for Finance, Ms S J Carey, Deputy Cabinet Member for Finance, Ms L McMullan, Director of Finance, Mr A Wood, Head of Financial Management and Mr D Shipton, Finance Strategy Manager were present for this item.

The Committee considered the draft Budget and draft Medium Term Plan and a summary of the comments of the previous Policy Overview and Scrutiny Committees on the Draft Budget and Draft Medium Term Plan was circulated for Members' information.

The Chairman stated that throughout the POSC's consideration of the budget documents the only questions raised, with the exception of one, were from opposition Members. Mrs Dean asked the Cabinet Member whether any instruction had been given to Conservative group members not to ask questions on the budget. Mr Simmonds had not heard of such an instruction and none had come from him. Other Conservative Members of the Committee confirmed that no such instruction had been received. Mr Simmonds also said that Members had raised budget questions with him outside the POSCs and he considered Mrs Dean's question mischievous.

In response to a question from Mr Christie about previous comments made by the County Council that the Government was 'starving' the Council, Mr Simmonds explained that had the Council had its fair share of funding, an additional £70 million would have been available to Kent this year; the Cabinet Member had no doubt that other areas of the country had benefited more than Kent and the South East Local Authorities.

In response to a question from Mr Christie about KCC's Council tax increase and the average formula grant, Mr Simmonds explained that it was important to compare like for like. The Chairman asked whether it was possible to look more closely at the Government formula and which parts of the formula were inscrutable? Ms McMullan explained that a number of years ago much of the formula was in effect 'blackboxed'. There were changes to the funding formula in relation to census information and an artificial ceiling was put in; the Council successfully changed the funding formula following a 3 year debate with the government but it was now at a standstill position. She gave the example of social care for the elderly where local authorities in London receive a higher grant to meet higher London cost but place their elderly in homes in Kent which received less. Ms McMullan explained that a report about differences in funding produced about 3 years ago was available to Members; it was a complex picture and showed that KCC was disadvantaged and the Council couldn't benefit from some of the grants. Ms McMullan offered to annotate this report to update it with the key areas of additional funding in the past three years, i.e. Building Schools for the Future funding, and make the report available to Members.

The Committee had a discussion about whether they required this report, there was a view that Members should be looking forward rather than back and Mrs Law proposed that a vote be taken on asking Financial Services to update the report and make it available to Members. Mr Brookbank seconded.

The Chairman stated that, in her opinion, the proposition was unnecessary, given that Ms McMullan had offered to supply the updated report and also that the information could be obtained by Members, either using their rights as elected Members to receive information on a 'need to know basis' or using the Freedom of Information Act. However, Mrs Law stated that she would like her proposal put to the vote, where the voting was as follows.

For: 5

Against: 5

As there was an equity of votes, Mrs Dean used her casting vote for the proposal. Accordingly the report would be updated and made available to Members.

The Chairman reminded Members that they had seen figures of Chief Officer average bonuses in the three previous years, which had been 11%, Mrs Dean had suggested that this was too high and Mr Carter had offered to review it. Mrs Dean asked when it would be discussed by the Personnel Committee, and whether the budget assumed bonuses for the Chief Officer Group. Mr Simmonds confirmed that it had been agreed with Chief Officers that there would be no bonuses in the next financial year for the Chief Officer Group; it was the Leader's intention to bring the issue of bonuses to a future meeting of the Personnel Committee.

In response to a question from Mr Manning about clarifying the pressures on the budget, Mr Simmonds explained that Children's Services had received additional money following cases like Baby P and the Council had seen a 44% increase in child welfare referrals mainly from the Police. Regarding Highways and the recent bad weather, Mr Simmonds confirmed that the Council had reserves for such events, and had 20,000 tonnes of salt at the before the onset of the snow. Total costs of the adverse weather conditions had been £1.3million. Moreover the liabilities within the

Government's Personal Care Bill were causing concern and discussions were taking place about how much these might cost.

Ms McMullan referred to page 55 of the Draft Medium Term Plan, 2011/12 which contained pressures of just under £48million.

Mr Scholes raised a concern about the costs involved in repairing all the potholes around the County; an additional £1 million had been allocated for highways repairs following the bad weather but queried whether this was enough. Mr Simmonds explained that the situation would be continually assessed and there might have to be additional expenditure, the Cabinet Member for Environment, Highways and Waste was looking at the quality of repair of the potholes. Mrs Dean referred to page 64 of the Draft Medium Term Plan, a saving of £2.4million was shown in the Highways maintenance budget area which related to savings on existing contracts, Mrs Dean asked whether this would be reapplied to highways. Mr Simmonds explained that next year an additional £10million was going into the Highways Service (the second half of a two year £20 million commitment) and there was no lack of commitment from KCC to Highways, Ms McMullan explained that the money was reinvested back into the Directorate's budget.

In response to a question from the Chairman about whether the Council was exercising the break clause in the Ringway contract Ms McMullan explained that no decision had yet been taken on the break clause and this would be considered by the new director of Highways.

Mr Lees explained that as a new Member who joined KCC in June 2009 he would have welcomed some budgetary information from previous years. Mr Brookbank agreed that rough comparators between years would be useful for new Members although previous budget information was available on the website or from the library. Mr Bayford (also a new member in June 2009) explained that he was content with the information he received. Mr Simmonds explained that the Finance Directorate also produced monthly and quarterly monitoring reports for the Cabinet meetings; these were also considered by the Budget IMG.

Mrs Law asked about the pressures of the Personal Care Bill, particularly with the changing demography of the County and Telecare. Mr Simmonds explained that the aim of Telecare was to keep people in their own homes, Mr Gibbens, the Cabinet Member for Kent Adult Social Services, was arranging a trip to the Telecare facilities; any Member was welcome to join the visit. There was support for the Telecare scheme and the combination of services which seemed to be dealing well with the changing demographics of the County, particularly in the recent bad weather.

The Chairman raised the issue of the Civic Amenity site previously planned for Tonbridge and Malling, which appeared to have been removed from the capital programme. Mr Simmonds explained that 12 locations had been investigated and none had been deemed suitable; officers would continue to look for a suitable site. Ms McMullan referred to page 31 of the Draft Budget Book, the 'approval to plan' section contained funding for recycling centres. Mr Simmonds explained that currently there was no specific project to which to allocate funding but he would ask the Cabinet Member for Environment, Highways and Waste to provide further information to Mrs Dean and other Tonbridge and Malling Members regarding the

reasons behind the project being removed from the capital programme. If a suitable site were found it would be considered in the normal way.

Mr Christie asked how if recent government grant settlements had been so bad for KCC, the Council could claim to have the lowest council tax for 2010/11, whilst continuing with high quality front line services, and how much of the budget was made up of Government Grant? Mr Simmonds explained that £110million of savings had been made in the last three years through good housekeeping and a further £200million of savings were due to be made over the next three years. The savings to date had been through cutting back office functions whilst maintaining front office services, technology had made services more efficient and more effective. Ms McMullan provided a rough estimate that 61% of the Council's budget in 2010/11 will be made up of Government Grant. The corresponding figure for 2009/10 is 62.7%.

The Chairman asked for clarification on the staffing reduction figures, she understood that 770 posts were due to be deleted. Where would these reductions fall and how could Members be reassured that front line services would not be diminished? Mr Simmonds explained that negotiations were ongoing, the process had been ongoing for three years, £110 million savings had been made already and vacancy management meant some vacant posts were not being filled. Ms McMullan explained that the process varied by directorate, a consultation on a substantial restructure of the Children, Families and Education Directorate was due to begin at the end of February beginning of March. In response to a question from Mrs Dean about whether the consultation could have started earlier Ms McMullan explained that the Council was 4 – 6 months ahead of other authorities, restructuring would take into account future proposals. Ms Carey gave an example of where investment was being made to automate licences in one area which would reduce that service by one post but would maintain service levels and that this sort of action was taking place across the council. Ms McMullan explained there were only proposals at this stage for a reduction in 463 posts with further savings in future years. Mr Simmonds explained that the Total Place initiative would make savings in the next two years of the Medium Term Plan of £5million in each year, and the Council was looking at possible economies through relationships with Districts and partnership working. The Council worked hard to get its excellent rating, delivering value for money for residents.

In response to a question from Mr Christie around a separate precept for Asylum costs, Mr Simmonds explained that the issue of Asylum costs had been going on for years with comprehensive negotiation with the Government. The County Council estimates it will be £4million out of pocket in 2009/10, and that this shortfall will continue into future years based on the current grant rules. Asylum was a national issue not solely the problem of KCC. Mr Christie explained that his concern was a separate precept being set for such a relatively small amount. £4million was only 0.17% of the total revenue spend of £2.3billion. This had been done before when £3 was added to every household's Council Tax but when the Government came up with the money this £3 was never repaid. McMullan explained that in 2002/03 the Council set aside £10million as a specific reserve for asylum costs, but this was due to run out at the end of this financial year. It was noted that there was a £4million gap in the Council's budget that would have to be levied through Council Tax. Mr Simmonds explained that Kent County Council was one of five authorities in the same position, other authorities had also raised a separate precept, Kent County Council provided an excellent service to Asylum Seekers and the Council deserved payment for it,

Kent Council tax payers should not have to subsidise the costs of Asylum. Ms McMullan stated that the bulk of the costs related to asylum related to individuals leaving care, but agreed to provide committee members with a detailed breakdown of the asylum costs.

In response to a question from Mrs Law about localism and Total Place efficiencies, Mr Simmonds explained that the Council would like more control over the money being spent on quangos. In response to a question from Mrs Dean, Ms McMullan confirmed that the remaining two years of the Medium Term Plan contained provision for savings of £5million in each year from Total Place.

Mrs Dean asked for reassurance that the recommendations of the Select Committees had been taken into account when preparing the budget, Mr Simmonds stated that they had been and the Finance department would confirm to Mrs Dean where the resources, particularly from the work on Member Information, had been included in the budget.

Mr Christie asked about two tier working and whether unitary authorities were being considered in discussions on future savings, Mr Simmonds explained that there had to be a more economical way of providing services. The Chairman asked whether there was any published evidence that unitary authorities led to lower council tax, Ms McMullan explained that there was emerging evidence from some of the newer unitary authorities that there were efficiencies, more information would be available when the council tax rates were released.

In response to a question from Mr Horne about the Learning and Skills Council and the transfer of service over to the Council, Mr Simmonds explained that the funding package from government had not yet been agreed, Ms McMullan explained that the risks were being managed and that the Council was relatively content although there was still no detail about the funding package.

Mrs Dean referred to page 55 of the Draft Budget Book, £4 million expenditure on modernisation of the Council, Ms McMullan explained that this referred to workforce reform and related to investment in technology, redundancy payments etc. in order to deliver future savings. In response to Mrs Dean's question on the one-off contribution from reserves, Mr Wood explained what three items made up the total budget for 2010/11.

Mr Christie questioned the pay and salaries of staff, the Government had set a 1% limit of increase for 2011/12 but the Council budget assumed a total pay freeze for 2010/11 and the Medium Term Plan was based on no increase for three years. Mr Simmonds explained that it was not an easy judgement, 100 – 150 more staff might be affected if the pay freeze was not in place for 2010/11. He added that KCC was a very good employer; that there were other good reasons to work for KCC than just the salary and that eligible staff still received incremental progression and the majority had accepted the reasons for the pay freeze. The action also gave a clear message to organisations that provide KCC with services. Mr Simmonds pointed out that while there was a zero cost of living increase in 2010, no decision had been made about the level of increase for the following two years.

Mrs Dean asked whether Mr Simmonds now regretted the decision of the County Council in June 2009 to increase the Member allowances by between 8% - 30%. Mr

Simmonds stated that this was retrospective and looked back over a four year period and the Council needed to widen the basis on which people were encouraged to stand for election.

Mr Christie asked about Healthwatch, there was a proposal to reduce the service by £100k, what was the budget of Healthwatch and how many calls had been received in the past 12 months. Mr Shipton explained that the total budget was £300k, the reduction was coming from reducing the money paid to the contact centre for handling calls. Information on call numbers would be provided. Mrs Dean asked how much was spent on advertising the Healthwatch service, she then explained that her calculations showed each complaint cost £600 to deal with and 14 complaints had been referred to the Health Authorities in the last 2 years. Mr Simmonds explained that he was not comfortable with the cost of the service and it was being looked at by the Cabinet Member for Public Health and Innovation.

RESOLVED that the Cabinet Scrutiny Committee:

1. Thank Mr Simmonds, Ms Carey, Ms McMullan, Mr Wood and Mr Shipton for attending the meeting and answering Members' questions. Particular thanks were offered to the Finance staff who Members of the Committee thought were amongst the most open and helpful in the Council in this and previous years;
2. Welcomes the offer of the Director of Finance to provide an annotated (to enable a brief update) copy of the report into funding received from Government by the County Council;
3. Welcomes the assurance of the Cabinet Member for Finance that the issue of Chief Officer Group bonuses will be considered by a future Personnel Committee;
4. Welcomes the offer of the Director of Finance to provide a breakdown of Asylum costs to the Committee;
5. Welcomes the offer of the Finance Strategy Manager to provide written confirmation of the money spent and allocated to implement Select Committee recommendations;
6. Welcomes the offer of the Finance Strategy Manager to provide further information on the call numbers relating to Healthwatch and the cost to KCC of advertising the service.