

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held at Sessions House, County Hall, Maidstone on Wednesday, 1 February 2006.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr A R Bassam, Mr R H C Bliss, Mr A H T Bowles, Mr J R Bullock MBE, Mr C J Capon, Mr B R Cope, Mrs T Dean, Mr J B O Fullarton, Mr C Hart, Mr C J Law, Mr W V Newman (substitute for Mrs M Newell), Mr R J E Parker, Mr J E Scholes and Mrs P A V Stockell.

IN ATTENDANCE: Mr J Wale, Assistant to the Chief Executive and Mr S C Ballard, Head of Democratic Services.

UNRESTRICTED ITEMS

50. Draft Budget 2006/07 and Draft Medium Term Plan 2006-09 (incorporating the Budget and Council Tax Setting for 2006/07)
(Item 2)

(1) Mr N J D Chard, Cabinet Member for Finance, and Mr D C Lewis, Strategic Director, Resources, attended to answer Members' questions on this item, which covered the following issues:-

Draft Budget 2006/07

(a) Cuts in Front-line Services

In answer to a question from Mr Parker, Mr Lewis said that only two cuts in front-line services were proposed - in roads maintenance and in adult education.

Draft Medium Term Plan 2006-09

(b) Foreword

Mrs Dean suggested that the fourth paragraph should acknowledge that Kent schools had had a reasonable settlement. Mr Lewis said that, while this was true, schools still faced a testing time because of workforce reform, etc.

Mr Lewis agreed to consider Mrs Dean's suggestion that the wording of the penultimate paragraph (about growth areas) required amendment.

(c) Section 1 - Introduction and Medium Term Priorities

(i) *Para 1.2 Government Settlement*

In answer to a question from Mr Smyth, Mr Chard and Mr Lewis maintained that the Government settlement for 2006/07 had resulted in funds being moved away from Kent to other parts of the country.

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Without the “floor” system even more funds would have been re-distributed away from Kent. Mr Chard and Mr Lewis explained that a major problem was that the basis of the Government funding allocation was totally opaque this year so it was impossible to assess whether the formulae which the Government had used for the allocation of funds were fair or not. A Freedom of Information request had been made to try to discover the basis of the funding allocation.

(ii) *Para 1.4 Pressures on Kent*

Mrs Dean said she accepted that new pressures on Kent were high but she and Dr Eddy queried how we knew that these were higher than those on other councils. Mr Lewis said that he was satisfied that the combination of pressures on Kent was greater overall than those on most other councils.

(iii) *Para 1.37 Infrastructure in Growth Areas*

Mrs Dean and Dr Eddy expressed concern that this paragraph seemed to imply that the Government was making no contribution to the costs of infrastructure in growth areas. Mr Lewis agreed to reconsider the wording but said that the issue was that Government funding tended to arrive well after development had started and was therefore too late for major infrastructure such as schools. The Government’s most recent proposals on developer contributions were welcome but these would not take effect until 2008, well after much of the new housing development would have taken place.

(iv) *Para 1.51 Prudential Borrowing*

In answer to a query from Mrs Dean, Mr Lewis explained that decisions on Prudential Borrowing were always taken with the affordability and sustainability of the impact on Council Tax in mind.

(v) *Para 1.59 Savings in Back-office Services*

In answer to a question from Mr Parker, Mr Lewis explained that the Medium Term Plan identified savings in back-office services for 2006/07 but showed unidentified savings for 2007/08 and 2008/09. Once the Medium Term Plan had been approved by Council, officers would need to identify ways of meeting the savings requirements. No matter how efficient back-office services were, there were constant improvements in technology, etc, which would allow further savings to be made over time.

(d) Section 2 - National Context

Para 2.28 Inflation Data

In answer to a question from Mrs Dean, Mr Lewis said that he hoped that the Bank of England’s work would identify a public sector inflation figure and he accepted that it would be useful for us to let the Bank of England know our views about this.

(e) Section 3 - Portfolio Priorities

Environment, Highways and Waste

In answer to a question from Dr Eddy, Mr Lewis explained that the cost of new accommodation for Re-Shaping Kent Highways shown in the Investment Plans as £27.840m was the gross cost. It would be offset by £10.39m of capital receipts. Mr Lewis added that there had been a change of strategy. Originally the new accommodation was to have been leased but subsequently it had been decided that acquiring freeholds would offer better long-term value for money to KCC. Mr Chard said that it was not correct to say that the money spent on highways accommodation would otherwise have been spent on highways maintenance.

In answer to a question from Mr Smyth, Mr Chard confirmed that nothing had been included in the budget for the sale of landfill allowances because it was still not certain that the Government would implement this scheme or, if it did, how the market for allowances would operate.

(f) Section 4 - Risk Management Strategy

(i) *Structure for Managing Risks*

Dr Eddy queried whether the structure for managing risks shown on page 67 should also include the Policy Overview Committees and Cabinet Scrutiny Committee.

(ii) *Main Corporate-Level Risks*

In answer to a question from Dr Eddy, Mr Lewis explained how the main corporate level risks (as shown in the table on pages 71-72) had been assessed.

(g) Section 5 - Overview of the Revenue Plan 2006-09

Para 5.14 Asylum-seeker Grant

Dr Eddy and Mrs Dean suggested that this paragraph should be amended to make it clear that settlement had now been reached with Government on asylum-seeker grant for previous years.

(h) Appendix A - Details of Pressures, Improvements and Savings

(i) *Finance Portfolio - Second Homes Income*

In answer to questions from Mrs Dean and Dr Eddy, Mr Lewis said that £2.6m of second homes funding was expected to be raised in 2006/07. £0.6m would be allocated to the District Councils pro rata to the amounts they had collected, and the remaining £2m would be added to the KCC base budget (as a Financing Item in the Finance Portfolio). In other words it would be used to reduce the level of Council Tax.

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Mr Lewis added that the Leader had indicated that £400k of the £2m would be made available to Local Boards pro rata to their population. Local Boards would be able to recommend how their share of the £400k should be allocated, probably using a similar procedure to that which applied to the allocation of Capital Grant.

(ii) *Business Growth Incentive Scheme*

In answer to a question from Mr Law, Mr Chard said that KCC was not seeking influence over how District Councils spent their Business Growth Incentive Scheme funds in return for allocating them a share of our second homes funding. However, KCC did get its share of this income.

(2) RESOLVED that:-

- (a) Mr Chard and Mr Lewis be thanked for attending the meeting to answer Members' questions;
- (b) the Committee's discussions, as set out above, be drawn to the attention of Cabinet on 6 February.

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