



Direct Dial/Ext:
Fax:
e-mail:
Ask for: Karen Mannering
Your Ref:
Our Ref:
Date: 24 January 2012

Dear Member

CABINET - WEDNESDAY, 25 JANUARY 2012

I am now able to enclose, for consideration at next Wednesday, 25 January 2012 meeting of the Cabinet, the following report(s) that were unavailable when the agenda was printed.

Agenda No	Item
5	<u>Budget 2012/13 and Medium Term Financial Plan 2012 - 15 (To follow) (Pages 1 - 18)</u>

(Please bring with you to the meeting the Draft Budget and Medium Term Plan previously circulated)

Yours sincerely

Peter Sass
Head of Democratic Services

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Appendix 2
(updated version)

By: Alex King, Deputy Leader and Cabinet Member for
Democracy and Partnerships

Peter Sass, Head of Democratic Services

To: Cabinet – 25 January 2012

Subject: **Draft Budget 2012/13 and Medium Term Financial
Plan 2012/15**

Classification: Unrestricted

Introduction

1. The Policy Overview & Scrutiny Committees and the Cabinet Scrutiny Committee considered the budgets that related to their current areas of responsibility. This report provides a summary of the comments on the Draft Budget 2012/13 and Medium Term Financial Plan 2012/15 made at the following meetings:

Adult Social Care and Public Health Policy Overview and Scrutiny
Committee
10 January 2012 (**Annex 1**)

Corporate Policy Overview and Scrutiny Committee
11 January 2012 (**Annex 2**)

Environment, Highways and Waste Policy Overview and Scrutiny
Committee
12 January 2012 (**Annex 3**)

Education, Learning and Skills Policy Overview and Scrutiny
Committee
13 January 2012 (**Annex 4**)

Regeneration and Economic Development Policy Overview and
Scrutiny Committee
19 January 2012 (**Annex 5**)

Specialist Children's Services Policy Overview and Scrutiny Committee
19 January 2012 (**Annex 6**)

Customer & Communities Policy Overview and Scrutiny Committee
20 January 2012 (**Annex 7**)

Cabinet Scrutiny Committee
23 January 2012 (**Annex 8**)

Recommendation:

The Cabinet is invited to consider the comments of the Policy Overview and Scrutiny Committees and the Cabinet Scrutiny Committee in making recommendations to the County Council on the revenue and capital budget proposals

Peter Sass, Head of Democratic Services

(01622) 694002

Email: peter.sass@kent.gov.uk

**Adult Social Care and Public Health Policy Overview and Scrutiny
Committee**

10 January 2012

**73. Budget 2012/13 and Medium Term Financial Plan 2012/15
(Item C1)**

Miss M Goldsmith, Families and Social Care Finance Business Partner, was in attendance for this item.

1. Miss Goldsmith introduced the report and responded to comments and questions from Members. The following points were highlighted:-

- a) Members requested and were given more detail about various lines of the budget and made the point that it is difficult to compare this with past budgets as items are either listed differently or different items have been included (e.g. grants are now held centrally, rather than within Portfolio budgets);
- b) Members commented that the Informal Member Group which had met through the second half of 2011 to look at the budget and identify potential areas of saving had seemingly wasted its time as the budget now presented is different and they do not feel able to offer constructive comment; and
- c) Members asked how they could have input into and influence over the grants paid by the KCC to voluntary organisations, and be able to compare 2012-13 grants to previous years', and Mr Lobban undertook to provide a list detailing which grants are received by individual voluntary organisations.

2. RESOLVED that:-

- a) the revenue and capital budget proposals for the Adult Social Care and Public Health portfolio be noted, with thanks; and
- b) Members be provided with a list detailing which grants are received by individual voluntary organisations.

Corporate Policy Overview and Scrutiny Committee

11 January 2012

117. Budget 2012/13 and Medium Term Financial Plan 2012/15

(Item B3)

(1) Mr Simmonds, Mr Wood and Mr Shipton introduced a report which consulted the Committee on the budget proposals for the Business Strategy & Support Directorate and Financing Items budgets within the Corporate Services portfolios, with reference to the draft KCC budget and Medium Term Financial Plan (MTFP) launched on 20th December 2011.

(2) Members were invited to comment on the key issues on the proposed budget changes for the services provided by the Business Strategy & Support Directorate.

(3) Mr Simmonds, Mr Wood and Mr Shipton answered questions and noted comments from Members which included the following:-

- The Cabinet Member and Officers confirmed that they had found the recommendations from the IMG on the Budget very helpful.
- Mr Shipton explained that the budget for “Total Management, Support Services and Overheads” included costs which previously were within individual Directorates budgets had been centralised, for example the cost of managing County Council buildings, which used to be shown in the relevant service budgets, but had now been transferred to the Property and Infrastructure budget.
- A questions was asked about how the Governments one off grant payment in respect of a zero Council Tax was shown in the MTFP, Mr Wood referred Members to Page 61 of the MTFP which showed the Council tax freeze grant of £14m for 2012/13 and zero for 2013/14. This demonstrated that its loss would be a pressure in 2013/14 as government funding to KCC would reduce
- It was suggested that some Local Authorities might choose to set a Council Tax level above zero to relieve the pressure on their budget in future years. Also a better way of looking at the Council Tax Freeze grant was that it was a grant to the people not the Council.
- Mr Wood explained that in last years budget £10m of savings from procurement efficiencies across four years had been identified. In order to deliver these the authority needs to invest in additional specialist capacity within the Procurement Team at a cost of £1m, this had been funded by increasing the efficiency saving by the same amount.
- Regarding the impact that recovering money from Icelandic Banks would have on reserves, Mr Wood stated that the money held in reserves for this would be released once the money was returned. The Budget had always assumed a high rate of return so therefore there would only be a potential small surplus to add to reserves.

(4) Mr Simmonds paid tribute to all the work that officers had put into preparing the budget.

(5) The Chairman suggested that the process of a small group of Member looking in detail at the budget for a specific Directorate had been very useful, both for Officers and the Members involved. He expressed the view that this process should continue in some form under the new governance arrangements.

(6) RESOLVED that the comments by Members and the revenue and capital budget proposals for the Corporate Services portfolios be noted.

**Environment, Highways and Waste Policy Overview and Scrutiny
Committee**

12 January 2012

Budget 2012/13 and Medium Term Financial Plan 2012/15

(Item B2)

(1) The Committee considered budget proposals for the Environment, Highways and Waste Portfolio, with reference to the draft KCC budget launched on 20 December 2011. Members were invited to comment on the key issues on the proposed budget changes for the services provided by the Enterprise and Environment Directorate.

Revenue Budget Proposals

(2) The draft budget book included a portfolio summary, an updated A to Z of services and for the first time a detailed variation statement for each line in the A to Z showing all the changes between 2011/12 and 2012/13. The introduction of an A to Z of services rather than a portfolio by portfolio presentation of the budget was largely welcomed last year.

(3) The MTFP set out the overall assumptions about the likely resources available over the next 3 years. It also set out the forecast additional spending demands and the savings/income which would be necessary to achieve a balanced budget each year. The savings had been expressed as target amounts for efficiencies and service reforms under a number of themes. The MTFP included a portfolio by portfolio analysis of the main changes within the proposed 2012/13 budget. This was presented in the same format as the previous multi year presentation. Experience had shown that although a 3 year plan by portfolio was produced, nearly all of the issues related to the first year and the detail for years 2 and 3 were largely aspirations and changed significantly when the budget for those years came to be approved at a later date.

(4) As in 2011/12 the detailed budgets for individual service units and budget managers would be produced after County Council had agreed the draft budget in A to Z format. The detailed manager analysis would include staffing information for individual units.

Capital Budget

(5) The starting point for the capital programme was the existing published capital programme for 2011/14. The presentation of the capital programme for individual schemes had been revised to shift the focus away from planned spending year by year and more towards the totality of spend and how this was financed. It would enable debate to focus on the merit of schemes, their affordability and overall timeliness rather than the detail of re-phasing individual amounts between years.

(6) During debate Members were assured that should the Government agree to the progress KCC planned for dualling the A21, the cost of a Public Enquiry had been included in the capital budget.

(7) Mr Manning thanked all the officers for the spirit with which they had taken on board the cuts that were needed to deliver almost the same front line services.

(8) RESOLVED that the revenue and capital budget proposals for the Environment Highways and Waste portfolio, be noted.

**Education, Learning and Skills Policy Overview and Scrutiny
Committee**

13 January 2012

52 - Budget 2012/13 and Medium Term Financial Plan 2012/15

*Report by Mr Whiting, Cabinet Member, Education Learning and Skills (ELS),
Mr P Leeson, Corporate Director, ELS)*

1. Mr Abbott introduced the report and highlighted key points that included the following:

- The changes to the revenue budget were detailed in the summary on page 74 of the separate Medium Term Plan Budget book and on page 33 of the report. The main change being the restructure of the ELS Directorate which was still in consultation and would conclude on 25 February 2012.
- The Dedicated Schools Grant would remain unchanged at £4885 per pupil. Discussions were due to be held with the School Funding Forum on the school budgets.
- The national funding for the Pupil Premium will double next year in line with previous DfE statements, however the main rate of funding per pupil has only increased from £488 to £600. This is because the eligibility to receive Pupil Premium funding is to be significantly widened to include all those who have had free school meals at any point in the previous 6 years. Preparatory work is being carried out on how this would affect individual schools.

2. Members were invited to make comments and ask questions which included the following:

- a) Referring to page 74 of the MTP Book; the top line of the base budget reads £57.3m and the bottom line of budget controlled read £59m, which indicated a £2m increase. However in reality there is a reduction of over £10m. The change in the figures is because the corporate treatment of EIG grant income has changed which means that the revised base budget for 2011/12 was higher at £69m (having removed £12m of EIG grant income from the ELS budget) and the comparable base budget for 2012/13 is £59m. He questioned whether a £10m reduction (20% reduction in the education budget) was acceptable at a time when education and training has a high profile.
- b) On page 65-66 of the MTP Book summary of one year on savings and mitigations, ELS had one item "Home to School Transport" of £900k. The Member then referred to the service reforms the ELS Directorate had 1/3 of the budget savings of £8m, a large portion of the savings.
- c) The Member had concerns about Connexions and considered that with youth unemployment at its highest any reduction in provision or service would have a negative impact.

- d) Referring to the MTP Book which read that ELS Directorate front line services restructuring, including Kent Challenge, had £6m savings. He raised concerns over the reductions in staffing and how this would impact on individual schools in support and services especially if the school is in special measures.
 - e) The Member considered that this was not being done by choice but by the coalition government on local government but felt that education was bearing the brunt of the savings.
- In response, Mr Whiting advised that there had been significant changes in school funding and the local authority's role in education, in that the academies would be supported directly by the YPLA and government centrally. The ELS restructure took into account the LAs reduced role in schools, with the LAs main focus on standards and provision.
 - The careers function currently within the Connexions budget was now going directly to schools to assist pupils with their career choices, which we expect will result in reductions from the ELS budget. Mr Whiting stated that this was not a reduction in the investment in the children in Kent but a rebalance. Mr Leeson concurred with Mr Whiting's comments that this was a significant budget reduction.
 - A later paper in the agenda referred to the ELS Directorate restructure and a 25% reduction in staffing to meet necessary savings.
3. RESOLVED that The comments and questions by Members on the Revenue and Capital Budget proposals for the Education, Learning and Skills portfolio and the report be noted, with thanks

**Regeneration and Economic Development Policy Overview and Scrutiny
Committee**

19 January 2012

118. Budget 2012/13 and Medium Term Financial Plan 2012/15

(Item B9)

(Report by Mr K Lynes, Cabinet Member, Regeneration and Economic Development and Mr D Cockburn, Deputy Managing Director Corporate Director Business Strategy and Support)

(Ms J Hansen, Acting Finance Business Partner)

1. Ms Hansen referred to the base budget adjustments advising that staff had moved from the Strategic Policy team in to the Economic Development Team as part of the restructure. Staff travel had increased by £3k to allow for the increase in the casual user rate. There had been a £10k price increase for contracts and an increase of £220k to the Cyclopark base revenue budget, of which £125k is the KCC grant to the project and the balance is to fund the net running costs. There was a saving of £300k, removing the Community Events Grant. Ms Cooper added that with a £2.2m reduction to the budget for growing the economy, her team did not have any resilience should another Pfizer happen tomorrow. However, she understands that all units are facing similar challenges.
2. Members were given the opportunity to make comments and ask questions which included the following:
 - In response to a question, Ms Hansen advised that the Cyclopark revenue payment was an on going contribution but as the project got underway we would be generating an income.
 - Members welcomed Mrs Tweed's, Chairman of the Communities POSC, invitation to join the Communities POSC on a visit to the Cyclopark followed by a visit to the Sheikh temple. Mrs Tweed agreed to forward the final details to Members.
3. RESOLVED that the Members comments and questions on the revenue and capital budget proposals and the report, be noted with thanks.

Specialist Children's Services Policy Overview and Scrutiny Committee

19 January 2012

Item C2 - Budget 2012/13 and Medium Term Financial Plan 2012/15

Miss M Goldsmith, FSC Finance Business Partner, was in attendance for this item.

1. Miss Goldsmith introduced the report and she and Mr Ireland responded to comments and questions from Members:-

- a) Members requested and were directed in the papers to detail of the saving of £893,000, listed in the Medium Term Financial Plan against Children's Centres;
- b) the proposed removal of qualified teachers from Children's Centres is the subject of a current consultation being led by Mr Ireland and Mrs Whittle. The proposal has two aims:- re-shaping the role and work of Children's Centres as well as delivering a budget saving.

2. Mrs Whittle added that consultation on this issue will be as robust as possible and will respond to advice on the subject given by the Children's Minister. Consultation will include meetings with the union representing the teachers employed at Children's Centres.

3. RESOLVED that the revenue and capital budget proposals for the Specialist Children's Services portfolio be noted.

Customer & Communities Policy Overview and Scrutiny Committee

20 January 2012

42. Budget 2012/13 Medium Term Plan 2012/15

(Item B4)

(1) Mr Hill and Mr Tilson presented the report which consulted the Committee on the budget proposals for the Customer & Communities portfolio, with reference to the draft KCC budget launched on 19/20 December 2011. Mr Hill commended officers for achieving a balance budget.

(2) Mr Hill and Officers answered questions and noted comments from Members which included the following:-

- In response to a question on business rates for Youth Centres and the sum identified for this in the Budget, Mr Tilson explained that as there was a potential change in the legislation which was not within the authority's ability to control, this sum had been set aside as a prudent measure in case the exemption currently afforded to Youth Centres was removed.
- Reference was made to an increase in the Youth Service's budget for 12/13 as the Budget Book actually showed a slight increase when the conversation about the Youth Service had talked about savings. Mr Tilson stated that the increase in expenditure was due to the Youth Opportunities Fund and how this allocation of the Early Intervention Grant (EIG) was now being shown within the base budget of the service. The expenditure had always been made by the Youth Service but in the past this budget, had been an in year transfer from Education, Learning and Skills (previously Children's Families and Education) to Customer and Communities. This year the Early Intervention Grant had been split between Directorates and added to their base budgets which made it look as though the net budget has increased.
- Mr Tilson explained that the budget to carry out enhancement and maintenance work on youth centres (and property occupied by Customer and Community Services more generally) was still available to carry out necessary works but was now in one centralised budget within Corporate Landlord. The pressures have not been passported to another department as the funding went along with the demand.
- Mr Tilson confirmed that budget information on the Beaney and Kent History Centre projects would remain in the Medium Term Financial Plan until the projects were completed and would therefore continue to be monitored for the next year.
- Regarding the Stronger Safer Communities Fund, Mr Tilson explained that there was a reduction in funding from the Home Office over the past three years and that 2010/11 and 11/12 reductions had been shown in the MTFP presented to Cabinet. This funding was passed to District/Borough Councils, with the County Council acting as a conduit so no saving had actually been delivered by the authority.

- In relation to the saving of £7m to be achieved in the Supporting People budget, £4m of which will be delivered in 12/13 with £3m already delivered in 11/12, Ms Honey confirmed that this was achievable. Ms Slaven explained that this saving would be achieved over two years by adjusting the value of contracts, modifying the levels of service and in one instance reducing the duration that the floating support service could be accessed from two years currently to one year. There would not be a reduction in the number of people able to access the service and this was to be achieved through better commissioning of services and working with providers in a different way. She confirmed that the service was on target to deliver the £7m saving.

(3) RESOLVED that the comments by Members and the revenue and capital budget proposals for the Customer and Communities portfolios be noted.

(Mr Tolputt declared a personal interest as a Governor of a Youth Centre)

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, 23 January 2012.

PRESENT: Mrs T Dean (Chairman), Mr G Cowan, Mr A R Chell, Mr D A Hirst, Mr E E C Hotson, Mr M J Jarvis, Mr R E King, Mr R L H Long, TD, Mr M J Northey, Mr J E Scholes and Mr C P Smith

PARENT GOVERNORS: Mr P Myers

ALSO PRESENT: Mr A J King, MBE, Mr J D Simmonds, Ms S J Carey and Mr L Christie

IN ATTENDANCE: Mr D Shipton (Acting Head of Financial Strategy), Mr A Wood (Corporate Director of Finance and Procurement), Mr K Abbott (Finance Business Partner, ELS Directorate) and Mr A Webb (Research Officer to the Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

43. Draft Budget 2012/2013 and Medium Term Financial Plan 2012 - 2015

(Item 4)

Mr A King, MBE, Deputy Leader of the Council, Mr J Simmonds, Cabinet Member for Finance and Business Support, Miss S Carey, Deputy Cabinet Member for Finance and Business Support, Mr A Wood, Corporate Director of Finance & Procurement, Mr D Shipton, Acting Head of Financial Strategy and Mr K Abbott, Director, School Resources were present for this item.

- (1) Mr Wood introduced the Cabinet Budget 2012/13 and Medium Term Financial Plan 2012/15 Report. He thanked District colleagues for making information available on their Council Tax base and Collection Funds earlier to enable the draft report for Cabinet to be published before the end of January; in previous years Cabinet had met to discuss the Budget in February. This also meant that the draft Cabinet report had been made available for scrutiny by the Cabinet Scrutiny Committee for the first time.
- (2) Mr Wood went on to draw Members' attention to the following points:
 - The Early Intervention Grant had increased by £1.724m compared to the original indicative figure. The increased grant was intended to fund the Government's pledge to increase the number of free places for 2 year olds but was un-ring-fenced. The revised proposed budget identified additional estimated spend of £0.86m on places for 2 year

- old placements in 2012/13, leaving a balance of £0.864m for other purposes.
- That consultation on the Budget had been undertaken with Policy Overview and Scrutiny Committees, trade unions, business and the public.
 - That the notified tax base had increased by 0.74% (corresponding to an additional £2.6m compared to the estimate included the draft Budget) despite the reported slow down in the housing market.
 - Referring to Table 6.3, an additional £2.2m was expected from the net surplus in District Council collection funds. He confirmed that it was usual for a small surplus to be identified but this had to be treated as one-off funding for the forthcoming budget and cannot be factored in base on-going funding.
 - Referring to Table 7.6, there had been a number of changes to emerging pressures since the release of the draft Budget, resulting in the figure being revised from £9.1m to £7.6m.
 - This £7.6m, combined with the collection fund surplus of £2.2m, meant there was nearly £10m available to be allocated and Section 8 of the report set out proposals for how it would be used in 2012/13.
 - In the Capital programme, £49m had come off the Education, Learning and Skills 3 year programme due to changes in Government grants and academy conversions. He emphasised that £33m corresponded to the estimated conversion to academies during the forthcoming MTFP period and this money would be controlled by individual academies rather than the local authority.
 - That it was recommended that Council Tax remained frozen for 2012/13, which would make Kent eligible for the Government's Council Tax Freeze Grant.

(3) Mr Simmonds explained that Cabinet Members had thought about the options regarding Council Tax in detail, and were conscious that the £14.4m from Government was only going to be a 'one off'. Cabinet members were also aware that not increasing Council Tax means income would be forgone each year but the recommended option was to accept the grant from Government. Of the £10m still in the Budget to be used, Mr Simmonds explained that £7.5m would be put into a Council Tax equalisation reserve to smooth the effect of the one-off grant over the medium term with the remaining £2m put into an Invest to Save reserve to stimulate significant and sustainable savings in future years' budgets.

(4) On future years of the Government settlement, Mr Simmonds explained that Government had been true to its word in the 2012/13 settlement, but that he was being cautious beyond that. Mr Wood referred to Appendix A of the Medium Term Financial Plan (MTFP) which identified reductions in Formula Grant of £9m in 2013/14 and £22m in 2014/15. This reflected the overall reductions for Local Government in the Spending Review projections, but there was a risk that councils could be asked to find further savings. He emphasised that the MTFP does not present the worst case scenario

(5) On the effects of the academy programme on the Council Budget, Mr Abbott explained that officers were working through estimates of the effect of the conversion of schools during the current financial year and predicted

conversions during 2012/13 and this would be available within four weeks. Regarding discussions about making the formula used for the Dedicated Schools Grant fairer, Mr Abbott explained that the outcome of the consultation in the Autumn was due to be published later in the year. He also reminded members that the Government had launched a four week just before Christmas on the specific issue of local authority central functions, but there would be no changes until April 2013 at the earliest.

(6) Regarding the Early Intervention Grant (EIG), Mr Shipton explained that since notification of the un-ring-fenced grant for 2011/12 was received so late there was little choice other than to allocate funding to the services which had previously received specific grants (albeit reduced to reflect reduced overall allocation).. For 2012/13, it was intended that the grant income would be treated like any other un-ring-fenced grant, i.e. as general income to the whole Council, with the monies sitting in the Finance portfolio rather than as grant income in individual portfolios/services.

(7) Responding to a question on where financial responsibility for failed academies would lie, Mr Abbott explained that it would sit first and foremost with the trust set up to administer each academy. There was currently no statutory provision for academies to be able to be returned to Council control, nor any requirement for the Council to be involved, but the Secretary of State may look to another trust to take over. Although there would be no direct consequences for the Council, there may be an indirect effect if parents decided to transfer their children from failing academies into local authority maintained schools.

(8) On the impact of a reduction in Council Tax Benefit, Mr Shipton explained that it was too early to identify all the implications, but the biggest risk to the County Council would be if the benefit became converted into a Council Tax discount, since 70% of the Council Tax base came to the County Council. An initial meeting was scheduled for the following week with District Councils to discuss how they might implement the localisation of Council Tax Benefit.

(9) Referring to paragraph 6.4 of the Cabinet report, Mrs Dean explained that she had met with Andrew Stunell, who had welcomed any evidence which suggested that top tier Councils should receive a higher proportion of the New Homes Bonus. Mr Shipton stated that Kent's response to last year's consultation had put forward the case that the 80/20 split did not represent the respective level of spending by local councils on providing services although there has been no specific research on how much is spent supporting new housing. Miss Carey referred to the letter written to the Department for Communities and Local Government on 17 January 2012 raising this issue.

(10) There was a detailed discussion about the recommendation to freeze Council Tax and to accept the grant from Government. Mr Wood explained the two 'extreme' scenarios of the possible options as follows:

1. If the authority had planned to increase Council Tax by the maximum amount without triggering a referendum (3.5%), it would add £20m onto the tax base each year, equating to £100m over five years.

Taking the grant and freezing the Council Tax would only compensate for the loss of income in 2012/13

2. on the other if the council had been planning for no increase then taking up the grant from Government would in effect be a one-off bonus in 2012/13 and the impact on services from freezing Council Tax would already be identified in the MTFP either by future increases or reduced services.

Since the published MTFP for 2011/13 had no specific increase planned KCC was closer to the second scenario. Mr Simmonds added that in the current difficult economic climate, the Council would do everything to avoid asking households to pay more Council Tax. Under the Council Tax equalisation proposals the grant would be invested to help reduce demand for services (and therefore savings to compensate for the tax income forgone) in future years.

(11) Members expressed a number of views, including that:

- There was a danger that elections might encourage Government to keep proposing the same measure in future, but may result in a greater level of budget cuts after the election.
- There was an awareness of the difficult economic climate for households, and that previous thinking was nearer a 0% rather than a 3.5% increase in any case.
- It was recognised that it was only a one-off sum, and that it would be used to manage demand as well as existing pressures.
- One-off grants were not sustainable and accepting the grant might result in having to find greater savings later.
- In respect of the effect on services, circumstances were changing and that in future the model of Councils and the way services would be provided may be different.
- That if the £14m was definitely going to be used to manage future demands and Cabinet did things differently, the recommendation to accept the grant would be more reassuring.

(12) Mr Wood explained that he saw the grant as a grant to the people of Kent, and to not accept it could be seen as going to ask households to pay for something which the Government had instead offered to fund. He also pointed out the importance of seeing the £14m grant in the context of the Council's annual spend of £900m. Half of the grant would be going into the Council Tax equalisation reserve, and it was important to remember the other measures being taken to balance overall pressures in the Budget.

(13) There was a brief discussion about the difference between the new £2m Invest to Save Reserve and other invest-to-save initiatives, as well as the various reserves referred to in the Statement of Accounts.

(14) Regarding the proposed additional spending of £1m on the Procurement team, Mr Wood explained that within the Budget and MTFP, a target of £20m savings had already been set to be delivered through better procurement although no resources had been identified how this would be achieved. The

£1m spent recruiting the team to deliver these savings, effectively meaning the savings target had been increased to £21m. Mr Simmonds added that approximately 50% of KCC procurement was with Kent businesses and there was potential for this to increase to over 60%.

(15) On the pressure which had arisen in Specialist Children's Services, and the question of when the demand for Looked after Children (LAC) placements would fall, Mr Simmonds felt that the costs of rectifying the situation had been necessary as demand for placements had increased beyond the level upon which forecasts were based. He identified that the pressures for a council like Kent were more difficult than other authorities due to the very large proportion of LAC placed in Kent by other authorities and the impact this has on the local care providers.

(16) On the pressure around unaccompanied asylum seekers, and how this could be resolved, Mr Simmonds explained that Kent continued to have discussions with Government, and that it was necessary to have a 'meeting of minds' to resolve the issue. Mr Abbott explained that the situation arose due to conflicting interpretations of immigration legislation by the Home Office and a council's responsibilities under the Children Act as identified by the Department of Education and the Council's lawyers.

RESOLVED: That the Cabinet Scrutiny Committee:

(17) Thank Mr King, Mr Simmonds, Miss Carey, Mr Wood, Mr Shipton and Mr Abbott for attending the meeting and answering Members' questions.

(18) Ask that the Director of School Resources provide a breakdown of the financial effects on the Council of the transferral of schools to academy status, when it has been completed.

(19) Ask that the Corporate Director of Finance and Procurement provide a briefing note on how un-ring-fenced grants, such as the Early Intervention Grant, were now being administered within the authority, and how this related to the additional monies being made available for Youth Services commissioning.

(20) Ask that the Corporate Director of Finance and Procurement provide full details of the financial reserves held by the County Council.