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Date: 29 January 2010

Dear Member

CABINET - MONDAY, 1 FEBRUARY 2010

I am now able to enclose, for consideration at next Monday, 1 February 2010 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No Item

4. **Medium Term Plan 2010/13 (Incorporating the Budget and Council Tax Setting for 2010/11) - Update (To follow) (Pages 1 - 46)**

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

Yours sincerely



Peter Sass
Head of Democratic Services & Local Leadership

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To: Cabinet 1st February 2010

From: Paul Carter, Leader of the Council
John Simmonds, Cabinet Member for Finance
Peter Gilroy, Chief Executive
Lynda McMullan, Director of Finance

Subject: Budget 2010/11 and Medium Term Plan 2010/13 - Update

Summary: To update the Cabinet on the proposed 2010/11 Budget and Medium Term Plan 2010/13 published on 5th January. Cabinet is asked to endorse the proposed budget and Council Tax levels for 2010/11 for submission to the County Council on 18th February 2010.

The update includes:

- The Final Local Government Finance Settlement figures announced by Central Government on 20th January 2010
- The tax bases notified by District Councils by 29th January 2010 (this is why the report was not available prior to the meeting)
- The surpluses/deficits announced on the District Council's collection funds as at 29th January 2010 (also a reason for the report not being available prior to the meeting)
- Feedback from consultation with the public, Youth County Council, the business community, Trades Unions, and Policy Overview and Scrutiny Committees

1. Introduction

- 1.1 The draft 2010/11 Budget and Medium Term Plan (MTP) 2010/13 was published on 5th January 2010 for formal consultation. The proposals included a revised estimation of pressures for 2010/11 and the medium term in light of the economic situation (particularly inflation) and the need for estimated savings of £200m over the next 3 years. The proposals also included a range of efficiency savings and income generation necessary to balance the budget in light of the Formula Grant and other grant settlements, and the desire to keep Council Tax increases to a reasonable level.
- 1.2 At the time the draft proposals were published there were a number of unknown factors which could influence the final budget, these are dealt with in this update:

- (1) The final Local Government Finance Settlement was announced on 20th January 2010 which confirmed no change in the Formula Grant from the provisional figure announced on 26th November 2009 and reported to Cabinet on 11th January 2010.
 - (2) The Area Based Grant (ABG) has had two additions totalling £913k, the vast majority of which relates to a transfer of staff from the Learning and Skills Council. There are also some minor changes to specific grants.
 - (3) District Councils are required to notify preceptors of the updated tax base by 31st January. This is essential to enable Authorities to calculate the level of Council Tax based on the charge for a Band D property and the total Council Tax precept from each Council.
 - (4) District Councils must also calculate and notify preceptors of any surplus or deficit on their collection funds for the current year. These amounts have to be shared out pro rata to all preceptors and must be taken into account when calculating the overall budget and Council Tax requirements for the following year.
- 1.3 We are still awaiting confirmation that the full costs of the Asylum Service will be met from the Home Office grant. Negotiations are still continuing and at this stage the amounts being offered do not meet the costs we have incurred to date or estimate we will incur in 2010/11. If this is not resolved before the County Council meeting on 18th February, there will be no other choice other than to make an additional surcharge on the Council Tax.
- 1.4 We have still not received any indicative or final figures for the transfer of responsibility for funding Further Education (FE) colleges or Work Based Learning (WBL) providers from the LSC. Although this should not have any impact on other council services or the level of Council Tax it is a significant transfer and remains a potential risk.
- 2. Consultation**
- 2.1 We have undertaken a range of consultations to inform the Budget and MTP. These have included formal consultation on the published draft Budget and MTP and informal consultation on KCC's spending priorities and Council Tax levels.
- 2.2 A workshop was held on 10th October 2009 organised by Ipsos MORI. This is the fifth year that such a workshop has taken place in order to seek views from a representative sample of Kent residents about spending priorities and levels of Council Tax. An executive summary from the main report by Ipsos Mori is attached as Appendix 1. The priorities and Council Tax levels identified by the representative groups closely match those in the draft Budget proposals.

- 2.3 A similar workshop session was undertaken with representatives from the Kent Youth County Council (KYCC) on 27th October 2009. As with the public event KYCC members were given the opportunity to express what their spending priorities would be and suggest an appropriate level of Council Tax. A summary of the report to the Youth County Council is attached as Appendix 2.
- 2.4 Policy Overview and Scrutiny Committees considered the draft Budget and MTP at their meetings between 12th and 22nd January 2010. Previously, in the November round of meetings, many POSCs had set up Informal Member Groups to consider the spending priorities for their portfolios. A summary of the comments and recommendations from POSCs January meetings is attached as Appendix 3.
- 2.5 Cabinet Scrutiny Committee considered the draft 2010/11 Budget and MTP 2010/13 at its meeting on 25th January 2010, the minutes of that meeting are attached as Appendix 4.
- 2.6 A forum was held with Kent business leaders on 26th January 2010. This forum focussed on the proposed 2010/11 Budget and MTP 2010/13 with a particular emphasis on the benefits and implications for businesses in Kent. The main points raised by the business leaders are attached as Appendix 5.
- 2.7 We have engaged in both formal and informal consultation on the County Council's budget with Trades Union representatives. In this year's local pay bargaining we have formally proposed that there should be no cost of living increase for staff in the Kent Scheme for 2010/11. Trade unions have expressed a wish for KCC to match the national settlement, and until this is known they have stated that their response is "reserved". The employer's side of the National Joint Council has now made a proposal for no increase in the national scheme but as yet no final decision has been taken.
- 2.8 We are also consulting Trades Unions representatives about proposed changes to the Performance Pay Progression Scheme, which if agreed would come into force from April 2010, albeit that any financial impact would be in April 2011.
- 3. Local Government Finance Settlement**
- 3.1 The final settlement was announced on 20th January 2010 and confirmed no change in the level of Formula Grant from the provisional settlement announced on 26th November. KCC's Formula Grant for 2010/11 is £275.715m, an increase of 3.2% on a like for like basis.
- 3.2 We responded to the Government's consultation welcoming the added certainty that three-year settlements have made and that the Government has honoured the third and final year of the current settlement.

- 3.3 Nonetheless, we did express our concern that the next three-year settlement has been delayed, that the 2010/11 settlement falls woefully short of the unavoidable pressures we are facing, and that Kent's increase continues to be less than the national average.
- 3.4 There have been a couple of changes to the ABG which has increased from £95.706m to £96.619m. The changes relate to an additional £781k for the transfer of staff from the LSC and an additional £132k to meet the Government's guarantee that all 16 and 17 year olds who are not in education, employment or training (NEETs) in January will have a place on an Entry to Employment programme.
- 3.5 We have no information on the transfer of funding for Further Education (FE) colleges or 15 WBL providers and whether this will be paid through ABG or be handled as additional income rather than a grant. These should have no impact on the net budget requirement as they would simply increase gross expenditure and income but it remains a serious concern that we are so close to the point of transfer and we still have no information on the amounts involved. We are also still awaiting the announcement of a few other specific grants e.g. targeted Standards Fund. These will now have to be handled as in year adjustments.
- 3.6 The estimated Dedicated Schools Grant (DSG) is unchanged from the draft budget. Pupil numbers will be confirmed in the next few weeks following validation of the Annual Census and schools' budgets are due to be finalised by 5th March. As previously reported the final DSG figure will not be known until June.

4. Council Tax Base

- 4.1 KCC's calculation of Council Tax depends on the number of equivalent band D properties within the area. This constitutes the tax base and is the basis of the precept we make on District Councils. District Councils must notify all preceptors of the tax base by the end of January. This calculation is based on the assessment of the number of properties in each band as at 30th November less each council's estimate for discounts for single occupancy, empty properties, exemptions and collection rates. This is then converted to the band D equivalent.
- 4.2 For the purposes of the draft 2010/11 budget we previously estimated a band D equivalent tax base of 544,473.83. This represented a 0.807% increase on the equivalent figure for 2009/10. The band D rate would have to increase to £1,045.35 (1.86% increase on 2009/10) to levy the total council tax yield necessary to fund the proposed 2010/11 Budget (assuming the costs of the Asylum Service are fully met from Home Office grant). If we get no additional Home Office funding to cover the estimated shortfall on Asylum, the band D council tax would have to increase to £1,052.64.

- 4.3 The *actual* band D equivalent tax base now notified by District Councils is 543,481.11. The tax base includes the impact of the additional tax yield as a result of including the element raised through districts' discretion to reduce the discount granted on empty properties. The notified tax base represents 0.62% increase on 2009/10 and will result in £1.045m less council tax yield than estimated in the draft Budget and MTP.
- 4.4 Table 1 below provides details of the band D equivalent tax base for each District Council for 2010/11 and previous years

Table 1 Band D Equivalents	2007/08	2008/09	2009/10	2010/11
Ashford	44,533.00	44,555.50	44,707.10	44,892.50
Canterbury	50,904.00	51,275.00	51,540.00	51,938.00
Dartford	32,874.94	33,507.59	34,098.03	34,458.77
Dover	39,483.81	39,795.66	39,810.15	40,200.35*
Gravesham	34,765.31	34,957.82	35,489.01	35,048.94*
Maidstone	57,738.10	58,514.80	59,057.60	59,765.20*
Sevenoaks	49,187.56	49,705.82	50,021.05	50,426.50*
Shepway	39,125.37	39,373.38	39,344.82	39,410.85*
Swale	45,772.01	46,379.34	46,798.58	47,276.32
Thanet	45,600.57	46,179.22	46,452.65	46,644.96
Tonbridge & Malling	46,709.13	47,350.82	47,951.43	48,623.10*
Tunbridge Wells	43,854.52	44,262.76	44,844.40	44,795.62
Total	530,548.32	535,857.71	540,114.82	543,481.11
% Increase	1.1%	1.0%	0.79%	0.62%

*denotes provisional figure derived from monitoring or council reports

5. Collection Funds

- 5.1 Legislation requires that where a District Council has collected more or less Council Tax than planned that the surplus or deficit on the collection fund must be shared pro rata with all preceptors. Across all District Councils there is an overall surplus of £1.909m, of which KCC's share is £1.416m.
- 5.2 Cabinet Members should be aware that surpluses and deficits can arise for all sorts of reasons e.g. collection of debts, change in the number of single occupancy discounts, change in number of empty properties, etc. Such factors are unpredictable and the impact results in a one-off adjustment each year which cannot be fully factored into future years' tax bases.

- 5.3 Table 2 below provides details of KCC's share of the 2009/10 and previous year's surpluses and deficits on collection funds. This is included to demonstrate the relative accuracy of the tax base estimates and the amount from the 2009/10 collection funds which needs to be factored into the 2010/11 Budget.

Table 2 Collection Fund	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Ashford	2,190	-569,338	-268,376	245,609
Canterbury	0	0	0	217,989
Dartford	439,503	443,666	597,517	654,915
Dover	250,870	272,584	0	0*
Gravesham	71,461	-1,052,996	-750,865	-162,360*
Maidstone	591,715	280,039	77,638	46,396*
Sevenoaks	423,000	418,600	0	0*
Shepway	-290,747	-629,030	-404,429	-357,926
Swale	-203,050	462,090	292,210	431,890
Thanet	-63,066	82,264	41,414	-244,513*
Tonbridge & Malling	135,168	-132,214	266,318	583,770*
Tunbridge Wells	148,300	179,800	378,680	0
Total	1,505,344	-244,535	230,107	1,415,770

* denotes provisional figure
- represents a deficit

6. Other Issues

- 6.1 We are still in negotiation with the Home Office over the adjustments to the grants for Asylum Seekers. At this stage we not in a position to change the proposals in the draft budget, however, the situation could still change and we need to be flexible up until County Council meet on 18th February.
- 6.2 On 19th January 2010 the latest inflation figures were announced. The consumer Price Index (CPI) showed a rise of 2.9% between December 2008 and December 2009 (an increase of 1% on the November figure), and the Retail Price Index (RPI) showed a rise of 2.4% (an increase of 2.1% on November). However, this is not an indication that we are heading for large inflationary pressures in next year's budget.
- 6.3 Underneath the headlines figures it has not been fully exposed that the main reason is not rising prices now, but the impact of the recession autumn 2008 where prices were falling e.g. the reduction in VAT and interest rates last December had a significantly depressing effect on the 2008 indices against which the current prices are compared. Of the 1% increase in CPI, 0.7% reflects the events of a year ago. We can expect further increases in the next couple of months figures as the re-establishment of VAT takes effect but this should not affect the Council's services.

- 6.4 This volatility in inflation indices and their amplification due to recessionary effects over a year ago means we will have to pay particular attention when negotiating prices with suppliers.

7. Conclusions

- 7.1 In summary there have been the following changes since the draft 2010/11 budget and MTP 2010/13 were published:
- Allocation of additional £913k ABG for the transfer of staff from the LSC and the guarantee of an Entry to Employment programme place for all 16/17 year old NEETs
 - Increase in the notified band D equivalent tax base of 0.62% on 2009/10 (compared to 0.8% in the draft budget proposals), reducing the Council Tax yield from the amount included in the draft budget by £1.045m
 - Identification of £1.416m overall surplus due to KCC from District Council collection funds
 - Little improvement in the forecast grant for Asylum Seekers.
- 7.2 The overall effect is that there is £371k of one-off funding available in 2010/11 as a result of the change in the estimate band D equivalent tax base and the collection fund surplus. It is proposed this be added to contributions to/from reserves within the Finance portfolio pending clarification of outstanding issues. At this stage we do not see the need to revise the estimated tax base into the base budget for 2011/12 and beyond. The impact of the revised Budget Requirement on the 2010/11 Budget and MTP 2010/13 is summarised in Appendix 6.
- 7.3 The additional surcharge on Council Tax of 0.71% to cover unfunded Asylum Costs still needs to be levied in light of continuing uncertainty from Home Office.
- 7.4 Table 3 summarises the proposed Council Tax for 2010/11.

Table 3 – Calculation of Council Tax	Published Proposed Budget 2010/11	Revised Proposed Budget 2010/11
Proposed Budget Requirement (excl Asylum)	£940.556m	£941.840m
Financed from:		
Formula Grant	£275.715m	£275.715m
Area Based Grant	£95.706m	£96.619m
Council Tax collection surplus/deficit	0	£1.416m
Precept requirement from Council Tax	£569.135m	£568,090m
Band D equivalent tax base	544,473.83	543,481.11
Council Tax band D rate 2010/11	£1,045.35	£1.045.35
Council Tax band D rate 2009/10	£1,026.27	£1.026.27
Increase	£19.08 1.86%	£19.08 1.86%
Provision for unmet Asylum costs	£4.000m	£4.000m
Revised precept requirement	£573.135m	£572.090m
Revised Council Tax band D rate 2010/11	£1,052.64	£1,052.64
Revised increase	£26.37 2.57%	£26.37 2.57%

- 7.5 The final position for the Children, Families and Education Portfolio in relation to the estimated DSG will be subject to recommendations from the Schools Forum and the finalisation of individual school's budgets. Recommendations on the final CF&E portfolio budget need to be delegated to the Portfolio Cabinet Member.
- 7.6 There are no changes to the published draft Capital budget 2010/13 other than the re-phasing of schemes identified in the Revenue and Capital Budget Monitoring Exception Report as item 3 on the agenda of this meeting.

8. Recommendations

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to matters relating to, or which might affect, the calculation of Council Tax.

Any Member of a Local Authority who has not paid Council Tax for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

8.1 Cabinet is asked to endorse the following proposals for submission to County Council on 18th February 2010:

- (1) the Revenue Budget proposals for 2010/11. Cabinet is asked to note the proposed changes as a result of ABG, the equivalent band D tax base from the estimate included in the published draft Budget, and the surplus/deficit on the District Councils collection funds. Cabinet is asked to endorse the resulting change to overall budget requirement.
- (2) the revised budget requirement of £941.840m before the provision for unmet Asylum costs and deducting ABG and requirement for £4m to cover unmet Asylum costs.
- (3) a requirement from Council Tax of £568,090m before the provision for unmet Asylum costs and £572,090m including Asylum costs to be raised through precept on District Councils
- (4) Council Tax levels for the different property bands as set out below, representing an increase of 1.86% excluding Asylum costs (2.57% including Asylum costs) over 2009/10

Council Tax Band	A	B	C	D	E	F	G	H
Excl. Asylum	£696.90	£813.05	£929.20	£1,045.35	£1,277.65	£1,509.95	£1,742.25	£2,090.70
Incl. Asylum	£701.76	£818.72	£935.68	£1,052.64	£1,286.56	£1,520.48	£1,754.40	£2,105.28

- (5) the Capital investment proposals, together with the necessary borrowing, revenue, grants, capital receipts, renewals, external funding and other earmarked sums to finance the programme. Delivery of the programme will be subject to the approval to spend on individual schemes and the level of Government support available in future years
- (6) the Prudential Indicators as set out in Appendix D of the draft MTP 2010/13

8.2 Cabinet is also asked to endorse the revenue and capital budget proposals for each of the nine portfolios of the County Council, as set out in the draft 2010/11 Budget and MTP 2010/13 (as amended as a result of the changes outlined in this report and summarised in Appendix 6) and recommend them to the County Council. A revised 2010/11 Budget Book and MTP 2010/13 reflecting the changes in this report will be produced for County Council on 18th February.

- 8.3 Cabinet is asked to agree that final recommendations on the level of Council Tax in light of any further progress on Asylum costs be delegated to the Cabinet Member for Finance in consultation with the Leader. Cabinet is also asked to agree that the final recommendations in relation to schools budgets and the DSG be delegated to the Cabinet Member for Children, Families and Education.

Officer Contacts

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Background Documents

Autumn Budget Statement – Cabinet 12th October 2009

Budget 2010/11 and Medium Term Financial Plan 201/11 to 2012/13 considered by Policy Overview and Scrutiny Committees between 11th November 2009 and 19th November 2009

Provisional Local Government Finance Settlement 2010/11 – 26th November 2009

KCC response to the Provisional Local Government Finance Settlement – 6th January 2010

Provisional Local Government Settlement 2010/11 – Cabinet 11th January 2011

Draft 2010/11 Budget and Medium Term Plan 2010/13 launched 5th January 2010 and considered by Policy Overview and scrutiny Committees between 11th January 2010 and 19th January 2010

Executive Summary

Executive Summary

The political, economic and social context, in which Kent County Council's community budget modelling discussion days have taken place, has changed radically over the last four years.

In the early years of the discussion days, the context was of economic boom and house price inflation. This year, the recession has resulted in people spending less and saving more. Surveys show that most think taxes will rise, whatever party is in power. Most also think that they will be worse off in future years. Political parties are all now explicit about the inevitability of public sector cuts after the next general election. Local government pension schemes are under scrutiny.

An Ipsos MORI poll for the Royal Society for Arts found that British people feel council tax should be the last to increase if greater taxation is required to pay off our national debt.¹ This may be true at a 'top-of-mind' level. But it does not mean that people are not discriminating. KCC's 2009 budget modelling discussion day was further evidence of this. By enabling participants to make relatively informed and meaningful decisions, 'ordinary folk' can make considered, practical judgements.

Engaging local people as 'members of KCC's Cabinet for the day'

The central objective of the discussion day, held on Saturday 10 October 2009, was to engage 'ordinary' residents in something akin to the process which the Council has to undertake when setting its 2010/11 budget.

Residents generally claim to know little about the complexities of councils' budgets – their concerns are with council tax levels and services, not generally the linkages between them. Budget consultation therefore risks engendering unconsidered views, uninformed by the range of statutory obligations, demographic changes, social needs, financial management and other issues which councils need to consider. This was the challenge which the discussion day sought to meet.

Participants were first invited to articulate, unprompted, their views and concerns about living in Kent and the services provided by the Council. After being briefed by the Council on the issues facing the county and the nature of its budget, participants were made 'members of KCC's Cabinet for the day', being set to work in small groups (by age) on a budget modelling task – to consider whether more or less money should be spent on a range of 46 specific services across five broad themes, and whether council tax should reduce or increase as a result. This 'trade off' discussion was informed by Council representatives acting as 'expert witnesses', who briefed participants about the detail of each service area.

The 52 participants attending the discussion day were as good a non-self selecting cross section as can be achieved, recruited at random, face-to-face

¹ For more see URL: <http://www.ipsos-mori.com/researchpublications/researcharchive/poll.aspx?oItemId=2473>

(quotas were set to ensure a broad demographic representativeness - for gender, age, social class, and district council area), mostly in residents' own homes. Their responses to questions in the 'instant voting sessions' during the day indicated that they were *attitudinally* broadly representative of Kent folk, as well as *demographically*. None had participated in qualitative work before; they had not been conditioned by previous consultations or engagement with the Council (e.g. as panel members); they represented a great range of life experience, both positive and negative.

Ultimately, the KCC budget modelling exercise was a game. Participants understood that, in real life, councillors take a range of other evidence into account, along with statutory obligations and further consultations. Participants were not therefore making decisions. If given another set of budget options, another set of choices could have been made. Rather, the exercise was intended to find out what was important for residents, how this related to their experience and attitudes, and how they traded off their priorities with the need to pay, through the council tax, for the choices they make.

By the end of the day, 'cabinets' net increase in council tax averaged some 1.9%

The six cabinets ranged in their decisions on council tax from increases of 0.5% to 3.6%. Inevitably, discussions in each cabinet took a different route. Averaging out those differences would result in an increase in council tax of 1.9%. This, we feel from the discussions, is in the region of what most would feel to be the right trade-off between increased tax and increased spending.

This increase was intended to meet statutory obligations and a range of service improvements and reductions. Although at the beginning of the day the majority of participants had felt that council tax was too high for the services the Council provides, by the end most of them had accepted some increase in council tax, providing that the money is being spent on the issues which are important to them.

Cabinets' priorities

Participants' decisions on the 46 budget options are set out in [Table 1](#). Around half (twenty one) of the options found broad agreement across the six cabinets. Five or six cabinets were in agreement on eleven priorities. In each of these cases, they agreed a proposed budget growth or rejected a proposed budget saving (these are in green in Table 1). Five or six cabinets also agreed ten budget options with least priority. In these cases, they rejected a suggested budget growth or agreed a proposed budget saving (these are in red in Table 1). Views on the remaining twenty five options were more evenly balanced.

Table 1: Cabinets' priorities for spending (in green) or saving (in red)

Agreed pressures	Rejected savings
Growth agreed by all <u>six</u> groups <ul style="list-style-type: none"> Therapeutic fostering (£0.3m) Increased demand on services for elderly and disabled (£5.4m) Funding clients whose 'self funding' has exhausted (£1m) 	Savings rejected by all <u>six</u> groups <ul style="list-style-type: none"> Remove funding to attract teams to Kent for the Olympics (£2.0m)
Growth agreed by <u>five</u> groups <ul style="list-style-type: none"> Kent Children's University (£0.1m) Participatory budgeting (£2.0m) 	Savings rejected by <u>five</u> groups <ul style="list-style-type: none"> Withdraw pre-vocational 14-16 prog (£0.5m) Increase charges to clients (£1.5m) Increase price of registrations and adult education (£0.3m) Reduce handy vans (£0.2m) Reduce highways maintenance (£3m)*
Growth agreed by <u>four</u> groups <ul style="list-style-type: none"> Expand Kent Apprenticeship Sch. (£0.2m) More reading recovery teachers (£1.2m) Fostering beyond the age of 16 (£1.0m) More occupational therapists (£1.4m) Improved healthcare (£0.5m) New recycling and processing facility (£1m)* Enhance youth facilities (£0.5m) 	Savings rejected by <u>four</u> groups <ul style="list-style-type: none"> Library closures or reduced hours (£2.2m) Force households to reduce waste (£2m)* Reduce amenity sites no./hrs (£0.3m)*
Growth agreed by <u>three</u> groups <ul style="list-style-type: none"> Staff pay award (to £7.6m) Partnership with Parents (£0.3m) Increased fostering (Baby P) (£1.2m) Support for drug and alcohol victims (£0.2m) 	Savings rejected by <u>three</u> groups <ul style="list-style-type: none"> Changing eligibility for care provision (£0.1m) Modernise older people's services through Telecare and Telehealth (£1.5m)
Growth agreed by <u>two</u> groups <ul style="list-style-type: none"> Price increase: social care provs (to £6.8m) Price increase: transport provs (to £2.0m) Provision for spec sch. exdusions (£1.3m) Increase highways maintenance (£3m)* Community sports facilities (£0.2m) 	Savings rejected by <u>two</u> groups <ul style="list-style-type: none"> Withdraw careers programme (£0.5m) Transfer responsibilities to schools (£1.5m) Home to school transport (£1m) Reduce street lighting (£0.8m)*
Growth agreed by <u>one</u> group <ul style="list-style-type: none"> Improve KCC ICT systems (£2.0m) Improve educ. outcomes for ages 3/4 (£1m) Waste contracts: price increase (£2m)* Shome County Park (£0.3m)* Hosting major events (£0.4m)* Traffic management centres (£0.5m)* 	Savings rejected by <u>one</u> group <ul style="list-style-type: none"> Remove advisory support to schools (£1m) Reduce community wardens (£0.8m) Transferring learning disability residential clients to supported accommodation £1.2m)
Growth agreed by <u>no</u> groups <ul style="list-style-type: none"> Increase community wardens (£0.3m) 	Savings rejected by <u>no</u> groups None

* Considered by five groups only as the younger East Kent group did not have time to consider Environment, Waste and Highways options.

Key

Green	Budget agreed by all (or all but one) groups as A HIGH PRIORITY FOR MAINTAINING OR INCREASING FUNDING i.e. spending option agreed, or saving option turned down.
Red	Budget agreed by all (or all but one) groups as A LOW PRIORITY FOR MAINTAINING OR INCREASING FUNDING i.e. spending option turned down, or saving option agreed.

There is more consensus between cabinets than may appear at first sight

On the face of it, there was a smaller proportion of broadly consensual decisions between cabinets than in previous KCC budget modelling discussion days. This may reflect the larger number of budget options under consideration and that participants have previously only considered *growth* options. This year, participants considered not only growth items but also the *removal of existing services*.

Three potential growth items – items 1a, 1b and 1c in Table 1 above (staff pay award and price increases for social care and transport providers) – were the cause of much of the differential between cabinets. The three lowest growth cabinets spent nothing on these items. The other three cabinets spent between £5.7m and £8.8m – equivalent to between around 1.1% and 1.6% on council tax. Without these items, there would have been a consensual increase in net expenditure of between £6.2m and £7.3m (between 1.2% and 1.4% in council tax) across 43 budget options between four of the six ‘cabinets’.

The outcome, when the staff pay award and price increases for social care and transport providers are excluded, is set out in [Table 2](#).

Table 2: Summary of budget decisions per service head when the staff pay award and price increases for social care and transport providers are excluded

	Aged 18-30		Aged 31-54		Aged 55+	
	East Kent £m Net	West Kent £m Net	East Kent £m Net	West Kent £m Net	East Kent £m Net	West Kent £m Net
Net total excluding staff pay and price increases for social care and transport providers	6.2	7.3	2.8	7.6	6.7	12.4
Resulting increase in council tax	1.2%	1.4%	0.5%	1.4%	1.3%	2.3%

A number of broad themes emerged from our six ‘cabinets’

Budget ‘decisions’ reflected the unprompted priorities participants identified before the budget modelling: social care predominates. At the start of the day, most participants identified Children, Families Education as their main priority, but – in the light of the particular budget options before them – their budget decisions showed a clear priority for adult care. Other priorities were employment and education, waste management, roads and pavements, and youth facilities and public transport. For the most part, the budget options put before the ‘cabinets’ reflected these priorities. But their budget decisions illustrated what was most important *within* each of these priorities. There were

varying degrees of consensus on the budget options each of the five service areas.

(i) **Adult Services** were a very high priority for all cabinets. All agreed considerably more additional expenditure (average £4.4m) than the net saving implied by accepting all available growth and cuts options (£2.4m). All but one cabinet refused to agree to increasing charges to clients or to reduce the Handy Van service (£0.8m). Cabinets' unanimous decision to save £1.2m by transferring learning disability clients to supported accommodation was largely made on the basis of clients' good, rather than saving money. There was strong support for most of the initiatives which enabled people to live successfully independently and little support for increasing charges to access adults care services.

Participants made the distinction between those who are capable of helping themselves and those who are too vulnerable to do so. Budget growth to reflect increased demand for elderly and disabled services (£5.4m), and for clients whose self funding was exhausted (£1.0m), were the least controversial of all forty six options. 'There is no choice', was a frequent comment. But support for increased expenditure for those who are perceived to have 'brought problems on themselves' (such as the discussion on options for victims of drugs and alcohol misuse) was minimal.

There was mixed reaction to modernising services through Telecare and Telehealth: several participants felt that human, face-to-face contact was an essential element of care services for older people. These participants felt that older people are often lonely and isolated from their communities and care services offered an important source of regular human contact, helping to safeguard older people's general well-being and health.

This clear emphasis on social care seems to us to be an important communication issue for the Council, ensuring that residents generally understand that this is where a lot of their council tax goes, especially given that for most of their lives most residents do not use the service. People can generally comprehend the impact of medical and demographic changes on social need.

(ii) There was much consensus on the **Community Services** options. All (or all but one of) the cabinets agreed their approach to six of the nine budget options in this service area. £2.0m of grants were agreed for participatory budgeting which reflected participants' priority both for community facilities and community engagement. But all groups declined to increase the number of community wardens (£0.3m), which were generally not well-received. Many participants had not heard of them or were unclear about what they were responsible for. This stands in contrast to five years ago when participants thought the initiative promised much. Indeed, there was general agreement this year to *reducing* the number of wardens (saving £0.8m). Potential savings were turned down involving increasing the price of registrations and adult education (£0.3m) and removing funding to attract national Olympic teams to the county (£0.3m), in the context of participants' concerns for the county's economy and employment prospects.

There was a broad rejection of the proposal to reduce the current level of library provision. Across the age groups, libraries were considered to be

a very important community asset that should be maintained, despite very few participants stating that they use them.

Participants generally rejected the proposal to increase charges for adults' education services and registration. Again this view very much stemmed from concern about the current economic climate and the need for services to support and help as many people as possible to manage issues like unemployment and retraining.

Improving facilities for young people was a general principle supported, and often raised spontaneously, by most groups. Participants suggested that one reason young people got into trouble or cause mischief is due to the lack of activities for them locally. They broadly supported some sort of funding increase to improve this service area.

(iii) There was less consensus on Children, Families and Education options. Two growth propositions were agreed by all (or all but one) of the cabinets: support for the Kent Children's University (£0.1m) and therapeutic fostering (£0.3m). In the context of participants' worries about the country's economy and employment, there was some support for the savings made by transferring additional responsibilities to schools and reducing Home to Schools transport services. There was stronger support for removing school advisory support services, conversely, participants rejected the proposal to withdraw pre-vocational support to schools (£0.5m), although this was again derived from concern about the current economic climate and job opportunities for young people. They declined to support an increase of funding to early years providers because they did not generally think that KCC should be thinking about 'educational outcomes' for 3-4 year olds. There was also a mix of opinion on whether the Council should invest more in schools for children with Special Educational Needs (SEN) and challenging behaviour; views were dependent on whether participants perceived challenging behaviour as a unwitting result of a child's SEN or as indulgent and wilful.

(iv) Recycling and road maintenance were important second-order issues for most cabinets. All (or all but one) cabinets agreed funding for a new recycling facility (£1.0m) and rejected the proposal to save money by reducing access to amenity sites (£0.3m) or by forcing residents to reduce their waste (£2.0m). They rejected proposals to both invest in or save money on the highways maintenance budget (+/-£3.0), but were not convinced this was the time for the major investment in traffic management centres (£0.5m). Like last year, there was also general support for the proposed limited reduction of street lighting.

(v) Whether or not to agree a pay award for staff, or price increases to social care and transport providers, were among the most difficult decisions for cabinets and there was no consensus. Some groups suggested differential pay awards depending on current staff pay levels, where low paid employees would receive a pay increase but high earners would receive little or nothing. There was some agreement over paying more to providers of social care and transport services as these were considered essential services, serving a 'social good'. However, none of the six cabinets considered that 'this was the right time' to spend (£2m) to improve internal ICT systems for Council staff.

Some broadly-held principles underpin these 'decisions'

(i) Participants did not claim to know much about the Council and its services before attending the discussion day. At the start of the day, half of participants felt that they knew little or nothing about how what the Council spends its money. By the end of the day, however, they almost unanimously felt well informed. As participants became more informed, so their views about the big picture evolved. At the start of the day, two thirds felt that council tax was too high for the services that the Council provides, reducing to one third by the end, while two thirds ended the day feeling that council tax was about right ([Appendix 3](#)).

(ii) The very different economic backdrop to this year's discussion influenced outcomes. At the start of the budget discussions, most views were largely guided by a detachment from the Council. But as the discussion proceeded, many participants felt that residents should have a greater sense of shared responsibility. The general concern to keep council tax low at the start moved, following discussion, to the view that most participants judged that services should be protected wherever possible. And although they initially tended to be supportive of charges, or paying for services at the point of delivery, this changed as they considered specific options: after discussion of the implications, they rejected increasing charges for adult education and adult care.

(iii) The economic backdrop also influenced views of specific budget options: participants supported projects which would help the county's economy or employment prospects, such as encouraging Olympic teams to come to Kent, rejecting the proposed withdrawal of the 14-16 pre-vocational programme, and (by four groups) supporting the Kent Apprenticeship Scheme.

(iv) The principle of spending now to save later was supported, but that preference is more difficult to maintain in the present environment. Most argued that prevention is better than cure across a range of social care and educational services such as fostering and SEN provision, where inaction could have a long-term impact on health, crime or society generally. But where expenditure could be put off without such damaging implications, then this was done: they concluded for example that this simply 'was not the time' for investment in new ICT for KCC staff, or for a major investment in traffic management schemes (despite concerns about congestion).

(v) Participants looked for evidence to support their decisions. This was not just about the natural wish for more information. It also reflected the need for reassurance that a service had got a track record before putting more money into it. In 2005 and 2006, for example, there was a measure of support for community wardens on the basis of the aims of the service. This year, there was little support for the service as participants felt that it had not proved itself.

(vi) There was some scepticism of the 'received' wisdom of contracting out council services. Some felt that, while contracting out makes sense in some cases and can improve efficiency, in other cases it is associated in their minds with poor standards, profiting from public services and poor conditions for staff leading to poor morale and performance. This view influenced those

cabinets which rejected price increases for social care and transport providers.

(vii) Participants felt strongly about the loss of community in Kent and nationally, and supported options they perceived would strengthen it. They were generally committed to participatory budgeting and initiatives which enabled people to live independently within the community. But this principle also lay behind the mixed feelings towards modernising older people's services through Telecare and TeleHealth: there was considerable concern about the loss of face-to-face interaction with older people which this 'modernisation' implied.

(viii) Participants supported 'practical' support for people. Cabinets generally rejected payments to early years providers because the budget option referred to 'improving educational outcomes' which most felt was inappropriate for three and four year olds. On the other hand they supported the Kent Children's University because it was about engendering a love of learning through non-academic subjects. Some participants favoured an emphasis on teaching people right from the start things like cooking and other practical things, instead of a focus on core academic subjects; this they felt would result in the long term in less obesity, less crime, less waste – and consequently less call on expensive public services.

Participants engaged well with the experience

Participants generally found the experience rewarding and interesting, as is clear from their exit questionnaires ([Appendix 4b](#)):

Went really well. Kept busy and entertained. The staff were all helpful and friendly.

18-30, West Kent (exit questionnaire)

Their engagement with the task led a number to comment on the need for more time, or more information, in their exit questionnaires. It gave them an insight into similar challenges and constraints often facing councillors:

Very interesting. I would like to have had more time and detail on the subjects. But it was a very good day.

31-54, West Kent (exit questionnaire)

Very informative. You would probably need more like a week [to complete the budget modelling]. Very professional.

55+, East Kent (exit questionnaire)

Overall, participants welcomed the opportunity to help the Council in the challenges it faces. It is likely to have created a number of advocates of the Council. Many felt they had participated in something important, which would be lasting value:

It was very informative and it would be nice to see the changes and to know I contributed.

18-30, East Kent (exit questionnaire)

Very useful, informative session. Well done!

31-54, West Kent (exit questionnaire)

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October 2009

Checked & Approved:

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Kent Youth County Council Summary

Report: KYCC Budget Consultation
To: Kent Youth County Council
From: Dave Shipton – Finance Strategy Manager
Date: 27th October 2009

1. Introduction

On the 27th October 2009, representatives from Kent Youth County Council (KYCC) and Finance officers from Kent County Council (KCC) met to discuss KCC's budget. The aim of the day was to consult with the young people to identify the priority areas they feel the Council should be focusing on when setting the budget for 2010/11.

To help the KYCC participants KCC officers provided details of the current year's budget and gave the young people a number of theoretical alternatives for areas of additional spending and saving. The objective of the exercise was for KYCC Members to agree a budget and level of council tax.

2. KYCC Considerations

Youth Council members were each allocated a particular Portfolio of services which closely mirrored the Portfolio structure of KCC, and asked to act as cabinet members for this Portfolio. At the outset of the exercise Youth Council members were asked what they thought would be an appropriate level of council tax to aim for. They agreed an increase of between zero and one per cent would be reasonable.

After having time to consider the various options available to them in each Portfolio, the Youth Council Members took part in a mock cabinet meeting in which they discussed and voted on various budget options that they felt should be included in KCC's budget for 2010/11. Details of the 'Cabinet's' considerations are outlined in Appendix 1.

3. KYCC Conclusions

From this cabinet discussion the following three budget areas were identified as highest priorities for additional spending:

- Adult Services
- Children's Social Services and Vulnerable Children
- Community Services

The following portfolios were seen as lesser priorities for increasing spending:

- Mainstream Education
- Environment, Highways and Waste
- Chief Executives Department

These priorities represent a broad assessment, and for each portfolio a number of specific spending increases and savings were suggested, based on the limited number of theoretical alternatives presented to them. In a small number of instances the mock cabinet was evenly split whether to accept or reject the alternatives presented.

The 'Cabinet's' various spending and saving decisions would result in a council tax change of +/- 0.5% depending on, the treatment of the options where the 'Cabinet' was split.

3. Recommendations

Kent Youth County Council Members are asked to note the conclusions to this report.

Kent County Council would like to thank the KYCC Members for participating in the budget consultation. The afternoon was enjoyable and a success. However, we would also like to propose that, if this consultation is to take place in future years, a greater number of KYCC Members are available to participate. This is in order to ensure a range of views are put across and a good representation of all areas of Kent is achieved.

Summary of POSC Minutes from January Meetings

By: Peter Sass - Head of Democratic Services & Local Leadership

To: Cabinet – 1 February 2010

Subject: **MEDIUM TERM FINANCIAL PLAN 2010-13 BUDGET 2010/11 COMMENTS FROM POLICY OVERVIEW & SCRUTINY AND CABINET SCRUTINY COMMITTEES**

Classification: Unrestricted

Introduction

1. The Policy Overview & Scrutiny 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 Medium Term Financial Plan 2010-13 and Draft Budget for 2010/11 made at the following meetings:

Communities Policy Overview and Scrutiny Committee – 12 January 2010
(**Annex 1**)

Adult Social Services Policy Overview and Scrutiny Committee – 15 January 2010
(**Annex 2**)

Corporate Policy Overview and Scrutiny Committee – 14 January 2010
(**Annex 3**)

Joint meeting of the Children, Families and Education Policy Overview and Scrutiny Committee – 15 January 2010
(**Annex 4**)

Regeneration and Economic Development Policy Overview and Scrutiny Committee – 19 January 2010 - (**Annex 5**)

Environment Highways and Waste Policy Overview and Scrutiny Committee – 22 January 2010 (**Annex 6**)

Cabinet Scrutiny Committee – 25 January 2010 (**Appendix 4**) - to follow

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COMMUNITIES POLICY OVERVIEW AND SCRUTINY COMMITTEE
12 January 2010

Budget 2010/11 and Medium Term Financial Plan 2010/13
(Item B3)

(1) The Committee considered the Communities Directorate's Draft Budget proposals set out in the Draft Budget 2000-11 and the Draft Medium Term Financial Plan (MTFP) 2010-2013 and also the report which was circulated specifically relating to the key areas of these documents for Communities. The report also provides a summary of the relative priorities discussed at the IMG of this Committee, which met in November 2009.

(2) Mr Hill and Ms Honey introduced the draft Budget and Medium Term Financial Plan for the Communities Directorate. Mr Hill and Officers answered questions from Members about the following issues:-

(3) In response to a question from Mr Chittenden on why the savings for Arts (Rationalisation of grants – page 68 of MTFP) were modest compared to other areas, Mr Crilley explained that over the past 3 years this unit had been substantially reviewed and their remaining budget left little flexibility for savings, however, the £20,000 savings proposed were significant in terms of their available budget. In addition to this, all savings within the MTFP – with the exception of T2010 funding – are efficiency savings. The Arts Unit has a net cash limit of £1.4m, of which a third of this relates to salaries so this gives an indication into the relative level of savings made by the unit.

(4) Mr Bainbridge clarified that the savings proposed from the budget for "Neighbourhood Policing" and "Reduce night time crime" (£45,000 in total – page 66 of MTFP) related to funding for a small team in the Community Safety Unit to produce supporting statistics, carry out project work and back office support. As the work overlapped with that of a team in another part of KCC, the two teams were going to be merged which would result in £45,000 savings and would have no impact on front-line service delivery in these areas.

(5) Mr Christie, although not a Member of the Committee, was given the opportunity to ask question on the draft budget and MTFP. Mr Christie expressed concern at the reduction in funding for Supporting Independence (£500,000 – page 66 of MTFP). Mr Tilson explained that Supporting Independence had been the subject of internal review and the senior management team were supportive of the proposals.

The saving relates to a reduction in Towards 2010 funding, as the unit will now provide the service using a different delivery model. It was also noted that there had been significant underspends in the budget over the past few years..

(6) In response to questions from Mr Christie, Mr Tilson stated that approximately up to one third of Communities staff were at the top of their pay scale but would revert to members the actual position in the subsequent meeting. Mr Tilson also explained that there is no current provision for a cost of living increase within the MTP for 2011/12 and 2012/13 due to uncertainties surrounding public sector pay in the future but that this will be revisited in due course. This policy is consistent throughout the authority.

Mr Tilson offered to provide a budget briefing to Mr Christie outside of the meeting.

(7) Mr Hill emphasised the important role of this Committee in the policy led budget changes that would take place over the next two years.

(8) In response to a question from Mr Tolputt on the “Dilapidations – Church Street” Folkestone, officers undertook to supply written details to the Committee of future options surrounding the building.

(9) RESOLVED that that the Budget 2010-11 and Medium Term Plan 2010 to 2013 for the Community Services Portfolio, along with the responses made to the questions from Members, be noted.

**ADULT SOCIAL SERVICES POLICY OVERVIEW AND SCRUTINY
COMMITTEE - 13 January 2010**

Budget 2010/2011 and Medium Term Financial Plan 2010 - 2013
(Item B2)

Miss M Goldsmith, Directorate Finance Manager, was in attendance for this item.

1) Mr Mills introduced the report and highlighted the priorities and risks in the Medium Term Plan. These will be set out in the KASS Strategy which will be reported to Cabinet and discussed at the County Council. The Directorate's draft budget included a 0% pay increase for staff in 2010/11 but also a 0% price increase for providers. Mr Mills emphasised that there should be no reduction in staff numbers in 2010/11. Mr Mills and Miss Goldsmith answered questions of detail from Members, as follows:-

- a) the budget figures for the next three years showed a 0% pay increase for staff across all three years, as all Directorates had been asked to set their budgets making the same assumption;
- b) £32 million had passed from the KASS budget to the Communities budget to reflect the move of the Supporting People function to Communities; and
- c) Mr Christie asked what percentage of KASS staff was eligible to receive 'Total Contribution Pay' (TCP) progressions, and Mr Leidecker undertook to find out and advise Mr Christie of the figure.

2) In discussion, Members made the following comments:-

- a) The clarity of the report and the information set out in it was welcomed, and KASS finance staff congratulated on their work in preparing it;
- b) The increase of 1.29% in the KASS budget was welcomed; and
- c) Members expressed differing views on whether or not staff pay increases for each of the three years should be included in the budget projection. Medium Term Plans had always previously included an estimate of staff pay increases for future years in the same way as price increases for each of the three years had been estimated and included.

- 3) RESOLVED that:-
- a) the report be noted and the staff involved in its preparation be congratulated on its clarity; and
 - b) Members' views, set out in paragraph 2) above, be taken into account when finalising the KASS budget and Medium Term Plan.

CORPORATE POLICY OVERVIEW AND SCRUTINY COMMITTEE
14 January 2010

Budget 2010/11 and Medium Term Financial Plan 2010/13
(Item B2)

(1) The Committee considered the Chief Executives Departments (CED) Draft Budget proposals set out in the Draft Budget 2010-11 and the Draft Medium Term Financial Plan (MTP) 2010-2013 and also the report which was circulated specifically relating to the key areas of these documents for this Department. The report also included the issues raised by the Informal Member Group in November 2009, along with the resulting responses and the comments made by Members.

(2) Mrs McMullan and Mr Shipton introduced the draft MTP and the Revenue Budget and Capital Budget for the Chief Executives Department then answered questions from Members about the following issues:-

ISG base budget

(3) In response to a question from Mr Parry on the ISG base budget increase of £600,000 (page 29 of the report), Mr Shipton explained that the previous year's budget had included a reduction in ISG support services commensurate with an anticipated reduction in the number of KCC officers requiring email accounts and support. However, this reduction did not materialise and therefore it was not possible to make the savings identified without there being an impact on Directorate service levels. Service Directorates were not prepared to agree to such a reduction and thus we have to restore the base budget provision.

Cost of living increase

(4) In response to a question from Mrs Dean, Mr Shipton stated that for 2011/12 and 2012/13 we have not made any specific provision for the cost of living increase as at this stage the authority has not made any proposals and we are awaiting full details of the 1% pay cap announced in the Pre Budget report on 9th December. Once proposals are made the cost would have to be met from the provision made for emerging pressures in the draft MTP.

Reduction in staffing numbers

(5) Mrs Dean referred to paragraph 3.5 (page 29) of the report, regarding savings involving further reviews of staffing and whether the figure publicly quoted figure of a reduction of 700 posts was fixed. Mrs Dean also referred to the proportionally high reduction in posts in Legal and Democratic services (page 71 of the MTP) and asked whether any redundancies had been decided yet. Mr Shipton explained that the staffing reduction numbers in the MTP are

based on the average salary cost to determine the estimated number of posts required to achieve the savings quoted in the MTP. However, it was hoped that savings would be made by not filling to vacancies. Mr Shipton also explained that savings figures had been calculated according to individual service's ability to make savings according to their relative spending on strategic and support activities in order to preserve front line services.

(6) Officers undertook to supply information, at the lowest level possible, on redundant posts for this Directorate to Members of the Committee.

Kent TV

(7) Mrs Dean referred to the delay in awarding the contract for Kent TV, Mr Gough explained that interviews with tenderers had been postponed due to adverse weather and would be held shortly. Mrs Oliver confirmed that KCC was still within the legal framework for awarding the contract.

(8) RESOLVED that the revenue and capital budget proposals, the issues raised by the Informal Member Groups, along with the resulting responses and the comments made by Members be noted.

**JOINT MEETING OF CHILDREN, FAMILIES AND EDUCATION POLICY
OVERVIEW COMMITTEES
15 January 2010**

Draft Budget 2010/11 and Medium Term Financial Plan 2010/13
(Item. B3)

(1) The Committee considered the Children, Families and Education Directorate's Draft Budget proposals set out in the Draft Budget 2000-11 and the Draft Medium Term Financial Plan (MTFP) 2010-2013 and also the report which was circulated specifically relating to the key areas of these documents for this Directorate. The report also reflects the recommendations from the Informal Member Group of this Committee, which met in November 2009 to discuss detailed budget proposals.

(2) Mr Abbott and Mr Ward introduced the draft Budget and Medium Term Financial Plan for this Directorate. Officers answered questions from Members about the following issues:-

Redundancies

(3) Mrs Dean asked whether the details of the actual posts to be made redundant were known and impact would be for the delivery of services. Mr Abbott explained that the papers contained the best estimate of the number of posts, based on average salaries, that needed to be made redundant in order to achieve the cash savings required. It would not be possible to identify specific posts until the restructuring consultations had reached an appropriate stage. He confirmed that this detailed information would not be available until 23 February which was after the meeting of the County Council to approve the Budget. Mrs Dean expressed concern that Members were being asked to approve the Budget without knowing what impact redundancies would have on service delivery. Mrs Turner reassured Members that the redundancies would reflect the report to County Council on 25 June 2009 that set out the overall Children Families and Education structure. The restructuring would maximise the advantages of bringing together Children, Families and Education in a way that produced genuine efficiencies. The aim was to produce a structure that was effective, delivered what was wanted for children and young people and was within budget, the consultation would test whether the proposals achieved this.

Pupil referral unit and funding for academies

(4) In response to a question from Mrs Dean, Mr Abbott explained that the pressure of £1m on the pupil referral unit was partly the result of an increase in the number of pupils but also related to the unit supporting some pupils with a range of issues, which was more expensive.

(5) Mr Abbot undertook to provide Committee Members with details of the pressure on the pupil referral unit and also the effect on KCC budget of the arrangements for funding academies.

Early years education

(6) In response to a question from Mr Chittenden, Mr Abbott confirmed that the pressure shown on page 57 of the Medium Term Plan for the increase in early years education entitlement to 15 hours was covered by the specific grant for early years education shown on page 59.

Unaccompanied asylum seekers

(7) Mr Chittenden asked if the downward trend for unaccompanied asylum seekers in October 2009 had continued. Mr Abbott stated that the figure for November had been similar to those for October 2009. However, there had been reductions in the past that had not been sustained so it was difficult to assess if there was now a downward trend. To remove this uncertainty from the budget it would require a change to the national funding arrangements for unaccompanied asylum seeking children, possibly to include a contractual arrangement with the government.

(8) RESOLVED that that the Budget 2010-11 and Medium Term Plan 2010 to 2013 for the Children, Families and Education Portfolio, along with the responses made to the questions from Members, be noted.

**REGENERATION AND ECONOMIC DEVELOPMENT POLICY OVERVIEW
AND SCRUTINY COMMITTEE
20 January 2010**

Budget 2010/11 and Medium Term Financial Plan 2010/13
(Item B9)

Mr D Shipton, Finance Strategy Manager, was in attendance for this item.

- 1) Mr Shipton introduced the report and explained the following:-
 - a) a meeting with business leaders would take place on 26 January as part of the consultation process;
 - b) the Directorate's draft budget included a 0% pay increase for staff in 2010/11 in line with the proposal which has been put forward. No specific provision has been made in the Medium Term Plan for 2011/12 and 2012/13 as no proposals have been put forward at this stage and more information was needed on the 1% cap announced in the Chancellor of the Exchequer's Pre-Budget Report in December. As and when proposals are put forward the cost would have to be met from the provision in the Medium Term Plan (page 55) for emerging pressures;
 - c) since the last POSC there have been some additional new savings proposed for the portfolio's budget, as a contribution towards balancing the overall KCC budget; and
 - d) the LABGI (Local Authority Business Growth Incentives Scheme) funding which was estimate the Directorate should receive in 2010/11 totals £750,000, made up of £500,000 on top of the £250,000 already included in the base budget.
- 2) In answer to a question, Mr Shipton explained that the figure of 36 posts quoted as a reduction to the Regeneration and Economic Development portfolio was an average figure which would be needed to achieve the anticipated required savings. Ms Cooper added that seven vacancies currently in Regeneration would be held open, and that some savings made would not be in staff. Although the indicative figure had been translated into posts as part of budget setting process, she assured Members that the Directorate would make savings in other ways wherever possible.
- 3) Members agreed that it would be impossible and unfair to say from where such a saving in posts might be made until a formal process had been followed with the staff concerned.
- 4) **RESOLVED** that the report, and Members' comments on it, be noted.

**ENVIRONMENT, HIGHWAYS AND WASTE POLICY OVERVIEW AND
SCRUTINY COMMITTEE
22 January 2010**

Budget 2010/11 and Medium Term Financial Plan 2010/13
(Item B3)

(1) The Committee considered draft budget proposals for the Environment, Highways and Waste Directorate, with reference to the KCC published budget consultation paper issued on 5 January 2010. The report also provided a response to the issues raised at the Informal Member Group of this Committee, created in November 2009 to discuss detailed budget issues.

(2) Mr Chard and Mr Hallett introduced the draft Budget and Medium Term Financial Plan for the EHW Directorate. The total of the proposed savings and income generation required in order to meet the indicative cash limit for 2010/11 was £3.2m. The majority of the savings would come from improvements in highways procurement. There would also be staffing efficiencies; over £1m savings in Waste; and the ending of the 2010 target for the Clean Kent campaign.

(3) The gross savings were offset by the reversal of the capital/revenue swap on support for socially necessary but uneconomic bus routes. A further £0.04m of net income was to be generated by Country Parks in 2010/11 with additional increases in targets across the following two years. In line with the zero pay award for KCC officers for 2010/11, it was proposed that no inflation was added to highways fees and charges for the new financial year.

(4) There followed a question and answer session which included the following issues:-

- (a) support for socially necessary but uneconomic bus routes;
- (b) the modernisation and development of waste facilities;
- (c) staffing efficiencies in Highways, Resources and Planning through delayering and streamlining processes;
- (d) an extension to the Freedom Pass.

(5) During debate certain Members expressed their concern that the relative priorities the IMG placed upon the various services may not be representative of all Members' views.

- (6) Resolved that:-
- (a) the proposal **not** to add an inflation increase to highways fees and charges in 2010/11, be noted; and
 - (b) the revenue and capital budget proposals, along with the responses made to questions from Members, be noted.

Minutes from Cabinet Scrutiny Committee

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.

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.

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Main points from Kent Business Leaders Forum 26th January

KENT COUNTY COUNCIL

BUSINESS CONSULTATION FORUM

Notes of a meeting of the Business Consultation Forum held at the Tudor Marriott Hotel, Bearsted, Maidstone on Tuesday, 26 January 2010.

PRESENT:- KCC: Mr K G Lynes (in the Chair) and Mr J D Simmonds. Lynda McMullan, Director of Finance and Dave Shipton, Finance Strategy Manager.

BUSINESS COMMUNITY: Anna-Marie Buss, Bussroot Ltd; Andrew Carlow, Natwest Business Banking; Miranda Chapman, Pillory Barn Creative; Andrew Davies, National Westminster Bank Plc; Hugh Edelanu, H.E Group Ltd; Bill Fawcus, Dover Harbour Board; Paul Hannan, Hadlow College; Sarah-Jane Herber-Hall, Computer tel Ltd; Douglas Horner, Kent Ambassador; Ray Johnson, Independent Insurance Services; Graham Jones, Whitehead Monckton; Matt Judge, CTM Architects; Mark Lumsden-Taylor, Hadlow College; Simon Matthews, Tourism South East; Richard Maylam, Richard Maylam Land Services; Andrew Metcalf, Maxim PR & Marketing; Daniel Nevitt, Armourcoat Ltd; Sir Graeme Odgers, Kent Ambassador; Darrienne Price, Screen South; Trevor Sturgess, Kent Messenger; Sally Taylor, Victoria Wallace, Leeds Castle; Loretta Walpole, Ramada Hotel & Resort Maidstone; Sam West, Beech Tree Total Care Ltd; Penny Williams, Kent Ambassador; and Peter Williams, Kent Ambassador.

OTHER MEMBERS PRESENT: Mr A J King, MBE.

KCC OFFICERS: Allison Campbell-Smith, Programme Manager; Karen Mannering, Democratic Services Officer; Theresa Bruton, Head of Regeneration Projects; Barbara Cooper, Director Economic Development; and Jim McKenzie, Economic Development Manager.

1. Introduction

Mr Lynes welcomed everyone to the meeting. Kent County Council published its Medium Term Plan 2010-13 (Incorporating the Budget and Council Tax Setting for 2009-10) for consultation on 5 January 2010, in line with the agreed process. Copies had been circulated prior to the meeting.

2. Medium Term Plan 2010-13 (Incorporating the Budget and Council Tax Setting for 2010-11) – Update

(1) Mr Shipton gave a presentation on the budget proposals for 2010/11.

- (2) The presentation included information on the amounts KCC currently spends & how this funded; KCC Budget Headlines 2010-11 including economic and policy background, national pressures and risks, allocation of government grant, the principal pressures on KCC's 2010-11 budget, proposed capital budget, and Council Tax proposals 2010-11; Comparisons on spending, Council Tax and performance with other authorities, Business Rates (including supplementary levies and small businesses) and Community Infrastructure Levy.
 - (3) There followed a question and answer session. Comments from the floor included the following:
 - KCC should continue to support tourism sector
 - Support for KCC maintaining key regeneration projects in its capital programme
 - Support for KCC continuing with an ambitious capital programme
 - KCC should look to keep more of its spend with local businesses in Kent (although recognition that the authority must follow procurement regulations)
 - KCC should continue to be innovative
 - Regeneration and economic development budgets should be maintained
 - An offer to help the authority with its case on Asylum seekers
 - Support for continuing partnership working such as Locate in Kent
3. Mr Lynes thanked all those present for attending the meeting and for their feedback. Members of the Business Community thanked KCC for a very useful and informative exchange of views. The meeting had proved very rewarding and thanks was extended for KCC's support.

Revised Proposed 2010/11 Revenue Budget and Medium Term Plan 2010/13

2010/11 Budget Book Summary

2009-10		2010-11				
Spending Plans	Portfolio	Gross	Income	Published Draft Net Cost	Revised Proposed Budget Net Cost	Cabinet Members
£'000		£'000	£'000	£'000	£'000	
210,117	Children, Families & Education	1,439,975	-1,225,802	214,173	215,086	SH
340,061	Kent Adult Social Services	448,632	-104,180	344,452	344,452	GG
150,681	Environment, Highways & Waste	168,372	-17,111	151,261	151,261	NC
57,204	Communities	145,407	-57,481	87,926	87,926	MH
7,420	Regeneration & Economic Development	8,988	-2,627	6,361	6,361	KL
680	Public Health & Innovation	688	-127	561	561	AM
7,458	Localism & Partnerships	7,453	-86	7,367	7,367	AK
9,396	Corporate Support Services & Performance Management	53,502	-41,991	11,511	11,511	RG
103,453	Finance	134,642	-13,698	120,944	121,315	JS
886,470	SERVICE COSTS	2,407,659	-1,463,103	944,556	945,840	
	Reversing charges for capital assets					
886,470	BUDGET REQUIREMENT	2,407,659	-1,463,103	944,556	945,840	
-64,712	Government Funding - Area Based Grant		-95,706	-95,706	-96,619	
821,758	NET BUDGET REQUIREMENT	2,407,659	-1,558,809	848,850	849,221	
	Funded By:					
-267,224	Government Funding - Formula Grant		-275,715	-275,715	-275,715	
-230	Deficit/(Surplus) on tax collection for previous years			0	-1,416	
554,304	Council Tax			573,135	572,090	

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