



## AGENDA

## CABINET

Thursday, 8th February, 2007, at 10.00 am      Ask for:      **Karen Mannering /  
Geoff Mills**  
**Darent Room, Sessions House, County Hall,      Telephone      (01622)      694367/  
Maidstone      694289**

*Tea/Coffee will be available 15 minutes before the meeting.*

### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

1. Minutes of the Meeting held on 15 January 2007 (Pages 1 - 4)
2. Revenue and Capital Budget Monitoring Exception Report (Pages 5 - 10)
3. Medium Term Plan 2007-10 (Incorporating the Budget and Council Tax Setting for 2007-08) - Update (Cabinet report to follow) (Pages 11 - 68)
4. Free Travel for 11-16 Year Olds (Pages 69 - 76)
5. Lorry Parking Issues (Pages 77 - 80)
6. Cabinet Scrutiny and Policy Overview (Pages 81 - 88)
7. Other items which the Chairman decides are relevant or urgent

### **EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

**Peter Gilroy  
Chief Executive  
Wednesday, 31 January 2007**

*Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.*

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## KENT COUNTY COUNCIL

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### CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 15 January 2007.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr K A Ferrin, MBE, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr A J King, MBE, Mr K G Lynes and Dr T R Robinson

ALSO PRESENT: Ms S J Care

IN ATTENDANCE: Peter Gilroy (Chief Executive), Mr G Badman (Managing Director of Children, Families and Education), Ms A Honey (Managing Director Communities), Mr O Mills (Managing Director - Adult Social Services), Ms L McMullan (Director of Finance), Ms M Peachey (Kent Director Of Public Health) and Mr P Raine, Managing Director for Regeneration and Environment

### UNRESTRICTED ITEMS

**1. Minutes of the Meeting held on 4 December 2006**  
*(Item. 1)*

The Minutes of the meeting held on 4 December 2006 were agreed as a true record.

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

*(Report by Mr Nick Chard, Cabinet Member for Finance, and Lynda McMullan, Director of Finance and Managing Directors)*

(1) This Exception Report, based upon returns from Directorates, highlighted the main movements since the report to Cabinet in December.

(2) Mr Carter said that the position regarding asylum payments remained unresolved and the County Council would now be seeking to lobby the government collectively on this issue with other Local Authorities in a similar position. Mr Chard said that the asylum issue for KCC was significant and emphasised the importance of the County Council doing all it could to recoup from government its legitimate costs. Overall, the pressure on the budget was reducing through effective management action being taken by officers and asylum costs notwithstanding, Mr Chard was expecting the budget to break even by year end. Both Mr Gilroy and Mr Badman said that the pressure being created on the County Council's budget because of the asylum issue was significant and there would be a growing pressure on services as the volume of young people seeking asylum continues to grow.

(3) Cabinet noted the latest forecast Revenue and Budget Monitoring position for 2006/07.

**3. Better Homes: Active Lives - Kent Housing PFI**  
(Item. 3)

*(Report by Mr Kevin Lynes, Cabinet Member for Adult Services and Mr Oliver Mills, Managing Director for Adult Services)*

(1) Mr Lynes said that this project was being procured in partnership with 10 District Council authorities and would result in the provision of up to 352 new homes for vulnerable people in Kent. The project would deliver against the County Council's strategic objectives to modernise Adult Services by providing innovative housing schemes which helped people to live independently with care delivered in a flexible way as and when individuals needed it.

(2) Following discussion Cabinet agreed:-

- (i) delegated authority be granted to the Managing Director for Adult Services, in consultation with the Cabinet Member for Adult Services to approve the signing of the contract documentation including the project agreement to enable it to be come operational;
- (ii) delegated authority be granted to the Managing Director for Adult Services, in consultation with the Cabinet Member for Adult Services to approve the signing of the Back To Back Agreement to share the risks and benefits of the project with the County Council's District partners; and
- (iii) approval be given to the use of the designated sites for the project.

**4. Commission for Social Care Inspection - Annual Performance Review Report for Adult Social Care**  
(Item. 4)

*(Report by Mr Kevin Lynes, Cabinet Member for Adult Services and Mr Oliver Mills, Managing Director for Adult Services)*

(1) This report outlined the findings of the inspection undertaken by the Commission for Social Care into the performance of Kent's Adult Services Directorates over the past year. KCC had retained its three star rating for the fifth year making it one of only four authorities who had retained their 3 star rating since the inspection process had started. Mr Lynes said that this was directly down to all members of staff in the Adult Services Directorate and he congratulated them on their achievement. The challenge now was to maintain this level of performance against a background of increasing pressure on the Adult Social Care budget.

(2) Mr Mills said that whilst the report was excellent news for KCC and Adult Services it did highlight some areas for improvement and he gave details of how it was proposed to deal with those.

(3) Cabinet noted the report and the Record of Performance Assessment for Adult Social Care for 2005/06 and the star rating letter. Cabinet also placed on record its congratulations to all staff in the Adult Services Directorate on the achievement of retaining a three star rating for the fifth year in succession.

**5. Child and Adolescent Mental Health Services Joint Commissioning Strategy**  
*(Item. 5)*

*(Report by Dr Tony Robinson, Cabinet Member for Children and Family Services, Mr Graham Badman, Managing Director, Children, Families and Education and Trish Dabrowski, Head of Joint Planning and Development, (Children and Young People's Service), Eastern and Coastal PCT, Kent)*

*(Trish Dabrowski and Joanna Wainwright were present for this item)*

(1) Dr Robinson said that this report reflected the shared concern of the responsible agencies and their commitment to a joint commissioning approach to helping the one in ten young people who have mental health difficulties. The strategy would be the subject of wide consultation amongst key stakeholders prior to its implementation. Trish Dabrowski said that the main thrust of the Strategy was to integrate and provide a framework for reform in the way that services are delivered. This would provide opportunities to use and manage resources more wisely and allow for improved commissioning of services to meet the identified needs of children and young people. Mr Badman said that he was confident the strategy would work and address previous concerns about the use and management of resources in dealing with young people with mental health problems. Joanna Wainwright highlighted the eight key objectives of the strategy which are aimed at providing timely and effective support to children and young people who are experiencing mental health problems. Amanda Honey said she welcomed the Strategy as it would also have an impact on helping to reduce the number of young people entering the Criminal Justice System with mental health problems.

(2) Following further discussion, Cabinet agreed:-

- (i) that the Commissioning recommendations within the Strategy be agreed;
- (ii) a joint investment programme be determined and implemented following detailed service and financial analysis; and
- (iii) that the Strategy be distributed across key stakeholders for consultation prior to implementation.

**6. Cabinet Scrutiny and Policy Overview**  
*(Item. 6)*

*(Report by Mr Peter Gilroy, Chief Executive)*

(1) This report summarised the outcomes from the Cabinet Scrutiny Committee held on 13 December 2006 and also detailed the overall work programme for Select Committee Topic Reviews as agreed by the Policy Overview Committee.

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To: CABINET – 8 February 2007  
 By: Nick Chard, Cabinet Member – Finance  
 Lynda McMullan, Director of Finance

## REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT

### 1. Introduction

This exception report, based upon returns from directorates, highlights the main movements since last month. There remain significant revenue budget pressures within the directorates that will need to be managed during the year if we are to have a balanced revenue position by year end. The position reported below includes a significant amount of management action which is expected to be achieved by year end. Further management action is currently being put in place within the Chief Executives directorate, which is expected to reduce their forecast further.

The current underlying pressure by directorate, compared with the position reported last month, is as follows:

#### REVENUE

	This month £m	Last month £m	Movement £m
Children, Families & Education	-0.856	-0.586	-0.270
Asylum	+2.650	+2.650	-
Adult Services	+0.999	+1.253	-0.254
Environment & Regeneration	-0.385	+0.120	-0.505
Communities	+0.517	+0.517	-
Chief Executives	+0.061	+0.912	-0.851
Financing Items	-0.700	-0.700	-
	+2.286	+4.166	-1.880
Schools	-2.207	-2.207	-
	+0.079	+1.959	-1.880
Dedicated Schools Grant	+2.432	+2.432	-
	+2.511	+4.391	-1.880

#### CAPITAL

	This month £m	Last month £m	Movement £m
Children, Families & Education	-31.721	-29.350	-2.371
Adult Services	-1.964	-2.054	+0.090
Environment & Regeneration	-35.460	-34.355	-1.105
Communities	-6.492	-6.636	+0.144
Chief Executives	-5.550	-1.564	-3.986
	-81.187	-73.959	-7.228
Adult Services PFI Housing	-6.900	-6.900	-
	-88.087	-80.859	-7.228

### 2. 2006-07 REVENUE MONITORING POSITION BY DIRECTORATE

#### 2.1 Children, Families & Education Directorate:

The directorate reported an underspend of £0.586m in the last monitoring, excluding schools delegated budgets and the pressure on asylum. This has increased by £0.270m to £0.856m this month, as a result of delays in the implementation of the Children's Centres programme.

2.1.1 Children's Centres - The Early Years and Childcare Unit has identified that work establishing Children's Centres is seriously behind schedule due to the need for a thorough consultation and approval process before capital building works can begin. This has not been allowed for in the

scheduling of revenue funding determined by the DfES, which should kick in once projects are open. It now looks likely that the underspend could be as large as £1.614m, however under the rules of the Local Area Agreement (LAA), Kent can roll forward underspend of up to 5% of its total grant into the next financial year, enabling us to re-phase the project. Any underspend up to this 5% will be treated as a receipt in advance, consistent with practice advised by our external auditors, and therefore will have no net effect on the 2006-07 outturn position. But, if the underspend does materialise at this level, this is £0.270m over and above the 5% threshold. However, because of the flexibilities of the LAA grant and the ability to 'vire' between headings, any underspend should not need to be repaid to the government but will be an underspend against our base budget, which will need to roll forward into 2007-08 to fund the re-phasing of the Children's Centres.

2.1.2 Dedicated Schools Grant (DSG) position - There are a few changes to the forecasts on DSG budget lines resulting in a £0.205m increase in the net surplus on the DSG budget from £0.076m to £0.281m. This is mainly due to a £0.5m increase in the underspend for 3 and 4 year old payments, due to the majority of providers continuing to offer 33 weeks rather than extending to the 38 weeks for which funding is offered, and a further overspend in Personnel and Development of £0.350m relating to two employment tribunals. This forecast does not include any variances on the schools contingency budget which are not possible to predict due to unknown claims from schools, the unpredictable nature of those claims and decisions yet to be made by the Schools Forum. As previously reported, it should be noted that the DSG is a ringfenced grant and any surplus or deficit at the end of the year must be carried forward to the next financial year in accordance with the regulations, and cannot be used to offset over or underspends elsewhere in the directorate budget. Therefore, at year end these balances will be transferred to a new earmarked reserve for DSG and hence are not included in the overall directorate forecast.

2.1.3 Asylum - The number of clients being referred to the Asylum team remains significantly higher than originally anticipated. Since October the asylum service has been running at more than twice its capacity, and in the first ten days of January the team received over 20 referrals, which was previously the average number for a full month. This level of referrals remains consistent with the position reported last month and provides confirmation of the increased forecast outturn position reflected last month. Later this month, the Leader and the Chief Executive will be attending a meeting with other local authorities experiencing funding shortfalls to discuss how this issue might be pursued with the government.

## 2.2 **Adult Services Directorate:**

This month the directorate is forecasting a £0.254m reduction in the expected year end position from +£1.253m to +£0.999m partly due to additional one-off savings being identified. However, this position assumes further management action of £1.660m will be achieved by year end, which means the current underlying pressure is £2.659m. This compares to a £3.900m underlying pressure reported last month, so there has been a significant reduction of £1.241m in the underlying position this month and the main movements are:

2.2.1 Older Persons -£0.346m – an increase in the underspend from £2.471m to £2.817m which can in part be attributed to the management actions around reductions in residential placements and domiciliary spend, but also reflects the decision to utilise a further £0.150m of reserves, which following an in depth review of reserves and provisions, has been identified as no longer required.

2.2.2 Learning Disability -£0.078m – a reduction in the pressure from £5.250m to £5.172m which relates to management action now achieved.

2.2.3 Physical Disability -£0.078m – a reduction in the pressure from £1.939m to £1.861m which relates to management action now achieved.

2.2.4 Assessment & Related -£0.079m – an increase in the underspend from £1.025m to £1.104m which relates to further slippage on recruitment.

2.2.5 Mental Health +£0.123m – an increase in the pressure from £0.461m to £0.584m which relates in part to pressures against staffing budgets (£0.071m) and the continued reduction of income from housing associations in respect of supporting people contracts that have ended (£0.076m), offset by savings in respect of grants to voluntary bodies.



- 2.2.6 Specialist Services -£0.153m – a reduction in the pressure from £0.524m to £0.371m which essentially all relates to significant improvement in the income forecasts within Adult Services Provider Unit, arising from greater certainty over contributions from the Health economy.
- 2.2.7 Other Services -£0.630m – an increase in the underspend from £0.778m to £1.408m. This reflects a number of significant movements in the forecasts, including:
- Realisation of £0.133m of management action against Area contracts and facilities budgets.
  - Delays in the directorate's training and development programme (£0.195m)
  - Delays in the 'Excellent Homes for All' project (£0.066m)
  - Savings arising from use of the E-tendering website (£0.033m)
  - Release of audit provisions established in previous years (£0.040m)
  - The directorate's new complaints process was implemented late and the costs have been absorbed saving £0.120m, together with £0.040m of other savings within Public Involvement.
- 2.2.8 Management Action – the Directorate is still working towards achieving its management action plan, which should enable us to reach the forecast outturn position of +£0.999m. It should be noted that any one-off savings made in reaching this position (currently amounting to £2.943m), together with the residual overspend at year end, will need to be built into the 2007-08 budget.

### 2.3 **Environment & Regeneration Directorate:**

The forecast outturn position has reduced by £0.505m this month to an underspend of £0.385m. This movement is mainly as a result of further underspending on the Waste Management budget due to a continued reduction in waste volumes compared to the business plan assumption, together with further savings from staff vacancies and a reduction in the revenue funds required to replace the capital receipts used to fund the early design of the Colts Hill major road scheme, now that this scheme will not take place before 2011-12 at the earliest. The gales in early January have necessitated further emergency action due to fallen trees, the costs of which the directorate will need to absorb as there is only sufficient funding in the Emergency Reserve to cover the £0.450m previously reported emergency expenditure incurred due to road and drainage collapses. This represents the estimated costs to KCC and excludes any costs that are the responsibility of third parties. The current forecast underspend of £0.385m together with the funding from the Emergency Reserve of £0.450m, provide an underlying underspend of £0.835m, of which £0.415m will be requested to roll forward to 2007-08 for Waste (£0.250m), Public Transport (£0.065m), deferred activity on Midas system replacement (£0.070m) and Waste Local Development Framework (£0.030m). This leaves the directorate with a forecast underspend of £0.420m, however as mentioned above, there is now no funding available for any further emergency conditions whether it be due to gales, floods or snow including the gales on 18 January, so, as a precaution, this underspend is being held back pending any further emergency costs.

### 2.4 **Communities Directorate:**

There is no change to the overall bottom line position on the Communities budget this month, however there are a couple of compensating movements:

- 2.4.1 +£0.2m within the Cultural Development Unit (CDU) – ongoing work has identified a potential overspend of up to £0.2m. This mainly relates to delays in agreeing the lease of the Hextable Dance Academy with the Hextable Dance Trust. This has meant that the unit has had to meet the cost of the electricity bill and other costs associated with running the building that were planned to be met by the Trust. This potential overspend has only recently been identified following extensive negotiations with the Trust. We will be seeking to reduce the overspend through negotiations with Hextable School to meet their fair share of the running costs and with Sevenoaks District Council to agree to charitable relief on the rates. There is also a forecast overspend on grants to Arts Organisations. In the main this is offset by underspends on staffing and other budgets and we are working with the unit to reduce any remaining payments to only committed sums. There is also a risk that GOSE will be recovering grants paid in previous years unless we can justify claims. We have to submit revised claims by the end of January.
- 2.4.2 -£0.2m on Turner Contemporary – following the agreement of a revised staffing structure (necessary to deliver a £0.2m saving in 2007-08) and the dissolution of the Maidstone based team there is a knock on saving in 2006-07. This has been exacerbated by delays in recruiting to the new structure meaning the service has been running with vacancies longer than we would have liked. If we are able to reduce the overspend on CDU (through recovering costs of

Hextable Dance and limiting grant payments) we would be looking to agree that underspends on Turner staffing could be used to help fund the residual costs of the original Turner project (reported last month) or the costs of preparing litigation.

## **2.5 Chief Executives Directorate:**

The forecast pressure has reduced by £0.851m to £0.061m this month, which is mainly due to:

- -£0.716m due to the potential change in the accounting treatment of two projects.
- -£0.120m due to the re-phasing of two projects within Personnel & Development, which will be requested to roll forward to 2007-08. These are: part of the development of the Reward Strategy system (£0.070m) and Members training & development (£0.050m).
- -£0.020m due to a delay in purchasing performance management software until there is a consensus across the directorates as to the most suitable software. This will also be requested to roll forward to 2007-08.

Due to the re-phasing of projects into 2007-08, £0.180m will be required to roll forward to meet these re-phased costs (£0.140m as detailed above and £0.040m for IT audit in 2007-08). This, together with the current forecast pressure of £0.061m, gives an underlying pressure still to be managed of £0.241m of which £0.150m relates to Kent Works, who have been tasked with identifying management action to address this and the balance is mainly in respect of increased energy costs. Property are still in negotiations with service directorates regarding the funding of these, agreement has already been reached with two directorates. The directorate expect to manage this residual pressure by year end.

## **3. 2006-07 CAPITAL MONITORING POSITION BY DIRECTORATE**

### **3.1 Children, Families & Education Directorate:**

3.1.1 The forecast for the directorate has moved by -£2.371m this month to -£31.721m, all within the Education & School Improvement portfolio. The main change is.

- -£2.632m Dartford Campus: Phase 2 of this Development Opportunities project has been halted following delays in obtaining Section 77 (sale of playing fields) approval from the DfES. The balance of +£0.261m is made up of a range of relatively minor re-phasings across a number of projects, where the projects are progressing faster than previously anticipated, the most significant being The North School, Ashford (+£0.052m) and Newington Primary School Amalgamation (+£0.051m).

3.1.2 Although there has been no movement in the forecast of the Children & Family Services portfolio this month, it should be noted that the Integrated Children's Systems project is experiencing supplier difficulties and is currently under review. The eventual outcome is likely to result in significant re-phasing from 2006-07 to 2007-08. The outcome of this review will be confirmed in next months monitoring.

### **3.2 Adult Services Directorate:**

3.2.1 The forecast for the directorate has moved by +£0.090m this month to -£1.964m, excluding PFI. This movement is due to increased forecast spend against the Home Support Fund but this will be funded by client contributions.

3.2.2 In addition, it is now proposed that the Building Care Capacity and Improving Services for Learning Disabled & Leaving Care projects, which were previously forecast as being re-phased into 2007-08, are now removed from the capital programme as part of the 2007-10 MTFP process, in order to help ease the expected pressure in the medium term on the borrowing costs within the authority's revenue budget. If approved, this will result in a £2.5m reduction in the 2006-09 Adult Services capital programme.

### **3.3 Environment & Regeneration Directorate:**

3.3.1 The forecast for the directorate has moved by -£1.105m this month to -£35.460m (Environment, Highways & Waste portfolio -£18.297m and Regeneration & Supporting Independence portfolio -£17.163m). The main changes are all within the Regeneration & Supporting Independence portfolio:

- -£2.0m reduction in the 2006-07 forecast for the PSA Property Target, which will need to be re-phased into following years.
- -£0.1m further re-phasing on the Rushenden Link Road.

Partially offset by:

- +£0.725m increase in the forecast for East Kent Access phase 1. £0.6m of this is due to faster progress than budgeted. The extra £0.125m funding needed for the total scheme cost is currently under review but is expected to be met from capital receipts.
- +£0.4m increase in the forecast for Ashford Ring Road due to improved progress.

3.3.2 In addition to the movement in the current year forecast there are also some changes to the forecast for later years:

#### E, H & W portfolio:

The Archaeological Research Centre project is currently under review as to the best way to proceed. This project has previously been reported as re-phasing into later years, however as part of the 2007-10 MTFP, it is now proposed that the existing proposal be removed, financially, from the programme, other than a fairly modest sum to enable the project (eg a business case) to be developed and the accompanying finance to be determined. Once the business case is complete, the directorate will be seeking external funding support for this project.

#### Regeneration & SI Portfolio:

Central Government has approved supported borrowing of £1m per annum for infrastructure projects in the general location of the Dartford Tunnel. Working with Network Rail, a scheme for the Greenhithe station and access has been developed. However, with KCC being a floor authority, the borrowing from Government through the LTP is no longer 'supported'. Therefore as part of the 2007-10 MTFP, it is no longer proposed to defer this scheme to 2007-08 as previously reported, but to not proceed at all with the Greenhithe scheme and therefore some £2m of borrowing will not be taken up.

### **3.4 Communities Directorate:**

3.4.1 The forecast for the directorate has moved by +£0.144m this month to -£6.492m. The main changes are:

- +£0.077m Turner Contemporary due to revised phasing of the project.
- +£0.070m Marlowe Running Track – the full cost of this project is now reflected within Communities, whereas previously 50% was reflected within CFE. However, this £0.070m will still be met by a revenue contribution from CFE.

3.4.2 In addition, as part of the 2007-10 MTFP it is now proposed that the cost of the Gravesend Information and Library Campus is reduced by £1.865m to reduce borrowing requirements. We are preparing a HLF lottery bid to replace this funding and if successful approval to increase the capital budget will be sought. If the bid is unsuccessful, we will either amend the scheme or put forward alternative proposals.

### **3.5 Chief Executives Directorate:**

The forecast for the directorate has moved by -£3.986m this month to -£5.550m (Finance portfolio -£5.939m, Corporate Support & Health portfolio +£0.279m and Policy & Performance portfolio +£0.110m). The main changes are:

#### Finance portfolio:

- -£4.194m reduction in forecast of Property Enterprise Fund. Considering there are only a few weeks remaining in this financial year, it is now unlikely that any further acquisitions will be made from the Fund in 2006-07. The current forecast spend of £5.806m relates to the purchase of land at Manston Business Park plus fees, together with costs incurred in

realising the capital receipts generated through the Fund. This expenditure will be funded by the capital receipts generated, with the balance to be met by the £10m borrowing facility approved by the County Council in November 2006.

- +£0.097m increase in the forecast on works to properties for disposal, which will be met from an increase in the capital receipts generated.

#### **4. RECOMMENDATIONS**

- 4.1 Cabinet Members are asked to note the latest forecast revenue and capital budget monitoring position for 2006-07.

By: Paul Carter, Leader of the Council  
Nick Chard, Cabinet Member for Finance  
Peter Gilroy, Chief Executive  
Lynda McMullan, Director of Finance

To: Cabinet - 8 February 2007

Subject: Medium Term Plan 2007-10 (Incorporating the Budget and Council Tax Setting for 2007-08) – Update

Classification: Unrestricted

File Ref:

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Summary: This report updates the Draft Medium Term Plan 2007-10, published on 22 January, with more recent information. The new information consists of:

1. The final Local Government Finance Settlement figures announced by central Government on 18 January 2007.
2. The final tax bases agreed by the Kent District Councils as at 31 January 2007.
3. The surplus or deficits announced on the District Councils' Collection Funds as at 31 January 2007.
4. A draft summary of the outcomes of debate on the Medium Term Plan and Draft Revenue and Capital Budgets for 2007-08 following discussion at the following meetings, as shown as Appendix B: (to follow)
  - Communities Policy Overview Committee on 26 January 2007;
  - Environment and Regeneration Policy Overview Committee on 29 January 2007;
  - Corporate Services Policy Overview Committee 30 January 2007
  - Adult Services Policy Overview Committee on 1 February 2007;
  - Cabinet Scrutiny Committee on 2 February 2007 and 7 February 2007 (Oral report);
  - Children, Families and Education Policy Overview Committee on 6 February 2007 (Oral report).
5. Business Consultation Forum on 6 February 2007 (Oral report).
6. The Budget Consultation meeting with Trade Union and Professional Body Association representatives on 7 February 2007 (Oral report).

## **1. INTRODUCTION**

- 1.1 Kent County Council published its Medium Term Plan 2007-10 (incorporating the Budget and Council Tax Setting for 2007-08) for consultation on 22 January 2007, in line with the agreed process.
- 1.2 However there were three main areas of potential change which are now dealt with in this update:
  - Central Government announced the Final Settlement on Thursday 18 January, which replaces the information received at Provisional Settlement on 28 November. This provides KCC with the final Formula Grant figure for 2007-08. KCC will receive unchanged grant in 2007-08 compared with the provisional Settlement.
  - District Councils are obliged by legislation to calculate and notify their preceptors of their tax base by 31 January. KCC's calculation of council tax depends upon the number of Band D equivalent properties (or "taxbase") within its area.
  - District Councils must also calculate and notify their preceptors of any surplus or deficit on their Collection Funds. This amount is shared on a pro rata basis between all preceptors and must be used when calculating the Council's overall budget and council tax requirement.
- 1.3 It should also be borne in mind that income due under the Local Authority Business Growth Incentive Scheme (for which we have provided for budgeted income of £3.2 million) has yet to be confirmed by Central Government.

## **2. CONSULTATION**

- 2.1 KCC has carried out extensive consultation on the Vision for Kent. This has helped to identify service priorities and has been a key influence in setting out the key targets for action for Towards 2010. The fourth Annual Report (covering 2005-06) was presented to County Council on 22 June 2006.
- 2.2 The annual budget process provides formally for consultation with the public, Trade Unions, the Business community, opposition members and professional organisations. Meetings with business leaders and meetings with staff representatives took place on 6 and 7 February respectively (Oral Report), whilst Policy Overview Committees considered the budget proposals during the week beginning 22 January. Feedback from the Policy Overview Committees was reported to Cabinet Scrutiny on 2 February, where overall budget strategy was considered. Feedback from the Policy Overview Committees is provided in Appendix B to this report (to follow).
- 2.3 This year, the Council ran two public consultation workshops in November. These all day events invited a representative sample of resident council tax payers to consider spending issues facing the county and possible council tax increases for the forthcoming year. This year, participants were invited to set their own level of council tax within a budget model. That budget model was developed and presented as a "game" but was closely modeled on real pressures facing the council.
- 2.4 Formal feedback has been received from market research firm MORI on KCC's study of public attitudes to expenditure priorities and Council Tax levels. The Executive summary, which has previously been considered by the Informal Member Group on Budgetary Issues, is attached at Appendix A.

### 3. FINAL SETTLEMENT

- 3.1 The final Local Government Finance Settlement was announced by central Government on Thursday 18 January. There are no changes from the position reported to Cabinet on 4 December.
- 3.2 Details of the final Settlement for KCC, as compared to the provisional Settlement are as follows:

<b>Component</b>	<b>Provisional Settlement 2007-08 £m</b>	<b>Final Settlement 2007-08 £m</b>	<b>Change from Provisional Settlement £m</b>
Relative Needs	219.354	219.354	0.000
Relative Resource	-138.356	-138.356	-0.000
Central Allocation	145.834	145.834	0.000
Floor Damping	1.853	1.853	-0.000
External Funding	228.685	228.685	-0.000

- 3.3 KCC's final Settlement for 2007-08 has not changed compared to the provisional Settlement. No Amending Report has been proposed for 2006-07.
- 3.4 It should be noted that the headline change to the base assumption means that the increase in grant remains just a nominal 2.7%, the floor funded minimum. After taking into account capital expenditure to be supported by supported borrowing, and inflation, the effective change is minus 5.3%.

### 4. SURPLUS / DEFICIT ON COLLECTION FUNDS

- 4.1 District Councils must calculate any surplus or deficit on their Collection Funds. These most frequently arise when the District Council over or under performs against its projected level of tax collection. This amount is shared on a pro rata basis between all preceptors and affects the council tax calculation.
- 4.2 Information now received from the districts indicates an overall surplus of Collection Funds, of which KCC's share of £1.505m is payable in 2007-08. This surplus is slightly down from last year's £1.692m, and means an additional £1.505m is available to the Council. It must be borne in mind that these are annual, one off figures and both surpluses and deficits can arise on the collection funds. Any spending of the surplus declared from previous years should therefore only be considered available to fund one off actions.

### 5. TAX BASE

- 5.1 KCC's calculation of council tax depends upon the number of equivalent Band D properties (or "taxbase") within its area. District councils are obliged by legislation to notify its preceptors of this figure by 31 January.
- 5.2 The actual figure notified by District Councils is 530,548.32. This includes the tax base changes arising from the reduction in discounts which district councils were able to make from April 2004 in relation to second homes. The taxbase also includes the impact of the additional taxation capacity from the districts' discretion to reduce the discount granted on empty properties. Overall this means the tax base is 1.1% higher in 2007-08 than in 2006-07.

<b>TABLE 2 – TAXBASE USED FOR TAX SETTING</b>					
<b>Band D equivalents</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Ashford	40,497.98	41,972.10	43,206.80	43,736.00	44,533.00
Canterbury	48,803.00	49,371.00	50,186.00	50,603.00	50,904.00
Dartford	30,964.24	31,501.77	32,117.49	32,434.30	32,874.94
Dover	37,160.31	37,590.97	38,771.34	39,030.59	39,483.81
Gravesham	33,462.41	33,674.02	33,953.37	34,134.99	34,765.31
Maidstone	54,825.60	55,806.90	56,304.70	56,754.80	57,738.10
Sevenoaks	48,203.90	48,398.47	48,697.76	48,914.04	49,187.56
Shepway	37,887.69	38,585.35	38,890.06	38,965.06	39,125.37
Swale	43,327.08	43,964.13	44,403.95	45,148.28	45,772.01
Thanet	43,829.00	44,559.21	44,533.82	45,261.76	45,600.57
Tonbridge & Malling	44,246.14	44,908.12	45,356.60	46,071.78	46,709.13
Tunbridge Wells	42,067.30	42,454.35	43,092.19	43,646.73	43,854.52
<b>Total</b>	<b>505,274.65</b>	<b>512,786.39</b>	<b>519,514.08</b>	<b>524,701.33</b>	<b>530,548.32</b>
<b>% increase</b>	<b>1.2</b>	<b>1.5</b>	<b>1.3</b>	<b>1.0</b>	<b>1.1</b>

## 6. SUMMARY

6.1 In summary, the following changes have been made since the draft Medium Term Plan was published on 22 January 2007:

- Final Grant Settlement for 2007-08;
- Tax Base notification by districts;
- Overall tax surplus from district Collection Funds payable to KCC.

6.2 There is an additional one off £1.505m available to KCC as a result of the Collection Fund surplus. This should be allocated as follows:

- Increased spending on highways of £1.505m for targeted one off enhancement and improvements.

6.3 The additional tax yield of £0.579m, from a higher than anticipated taxbase, and updated calculations of precepts by other bodies (minus £0.035m of expenditure) should be reflected as follows:

- Funding the additional costs of the reward package for staff as agreed by Personnel Committee on 1 February 2007, which incorporates a 2% pay increase plus enhanced benefits for many of our lower paid staff £0.614m.

6.4 Overall, the effect of the changes described in this update, is that policy proposals are unchanged from those published on 22 January, and the KCC element of the council tax increase for 2007-08 is 4.95%.

6.5 The revised calculation of the proposed Council Tax for 2007-08 is as follows:



<b>TABLE 3 - CALCULATION OF COUNCIL TAX</b>	
	£000
Budget Requirement 2006-07	709,958
Spending increase (net of adjustments)	31,771
<b>Budget requirement 2007-08</b>	<b>741,729</b>
Financed from:	
Formula Grant	- 228,685
Council Tax collection surplus	- 1,505
<b>Precept requirement from Council Tax</b>	<b>511,539</b>
Divided by tax base (Band D equivalent)	530,548.32
<b>Basic Amount</b>	
<b>Tax rate for Band D property 2007-08</b>	964.17
<b>Tax rate for Band D property 2006-07</b>	918.72
<b>Increase - £</b>	45.45
- %	4.95%

- 6.5 The final position on the Children, Families and Education Directorate in relation to the estimated Dedicated Schools Grant will be subject to the remaining recommendations from the Schools Forum. The recommendations on this need to be delegated to the Cabinet Member for Education and School Improvement.

## 7. RECOMMENDATIONS

- 7.1 Cabinet are asked to endorse the following proposals for submission to County Council on 22 February 2007:

- (a) the Revenue Budget proposals for 2007-08;
- (b) the budget requirement of £741,729,000;
- (c) a total requirement from Council Tax of £511,539,000 to be raised through precept to meet the 2007-08 budget requirement;
- (d) a Council Tax as set out below, for the listed property bands;

Council Tax Band	A	B	C	D	E	F	G	H
£	642.78	749.91	857.04	964.17	1,178.43	1,392.69	1,606.95	1,928.34

being a 4.95% increase over 2006-07;

- (e) the Capital Investment proposals, together with the necessary use of borrowing, revenue, grants, capital receipts, renewals and other earmarked capital funds and external funding subject to approval to spend arrangements;
- (f) the Prudential Indicators as set out in Appendix B of the Medium Term Plan.

7.2 Cabinet is also asked to endorse the following recommendations to County Council: the revenue and capital proposals as presented for:

- (i) Education and School Improvement;
- (ii) Children and Family Services;
- (iii) Adult Services;
- (iv) Environment, Highways and Waste;
- (v) Regeneration and Supporting Independence;
- (vi) Communities;
- (vii) Health;
- (viii) Corporate Support;
- (ix) Policy and Performance;
- (x) Finance.

7.3 That final recommendations in relation to the Dedicated Schools Grant be delegated to the Cabinet Member for Education and School Improvement.

*Background documents:*

*Autumn Budget Statement – Cabinet 18 September 2006*

*Provisional Local Government Finance Settlement 2007-08 – 28 November 2006*

*Budget 2007-08 and Medium Term Plan 2006-07 to 2008-09: Update on Provisional Local Government Settlement (28 November 2006) – Cabinet 4 December 2006*

*KCC consultation response to Provisional LG Finance Settlement – 5 January 2007*

*Draft budget 2007-08 and Draft Medium Term Plan 2007-10 (incorporating the Budget and Council Tax Setting for 2007-08) – Cabinet 22 January 2007.*

# Appendix A - Budget and Council Tax Consultations in Kent 2007/08

Key findings from discussion days  
held on Saturdays 16 and 30 September  
2006 for Kent County Council



September 2006

## EXECUTIVE SUMMARY

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

The central objective of KCC's two discussion days on Saturday 16 and 30 September 2006 was to engage 'ordinary' residents in something akin to the process which the Council has to undertake when setting its 2007/08 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 days 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 twenty-two specific services across four broad themes (Children, Families and Education; Adult Services; Environment & Regeneration; Communities), or whether council tax should reduce or increase as a result.



They were told that they should assume that council tax would increase by 3.0% in any event to meet unavoidable inflationary pressures and nationally-set obligations. Any increase or reduction in expenditure they proposed would therefore be in addition to, or would be taken away from, this assumed level of council tax increase. This 'trade off' discussion was informed by Council representatives acting as 'expert witnesses', who briefed participants about the detail of each service area.

The 53 participants attending the two days were as good a non-self selecting cross section as can be achieved, recruited at random, face-to-face (quotas were set to ensure a broad demographic representativeness - for gender, age, social class, work status, and district council area), in residents' own homes.

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. None knew the subject matter beforehand (this would have conditioned them). They were not at all, therefore, the same people as would normally contact their councillor, attend a public meeting, or participate in the Council's consultations.

Ultimately the budget modelling exercise was a game, but one which replicated – inevitably simplistically – the kind of process undertaken by local authorities. Participants understood that, in real life, councillors take a range of other evidence into account, along with statutory obligations and further consultations. 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.

### **There was much in common between the budgets set by our 'cabinets'**

A number of broad themes emerged from our six 'cabinets'. They had much in common with the outcomes from the November 2005 discussion days on the 2006/07 budget. The cabinets' budget decisions also reflected the priorities which participants had identified before the budget modelling in their pre-discussion questionnaire (see appendix 3a). In their pre-discussion questionnaire, participants identified the following services as the most important for KCC, in order: social care (for older people and vulnerable groups), education (mainly primary and secondary education), roads and pavements, waste management, public transport and youth facilities. During the discussions, the allocation of priorities remained broadly the same.

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. A few budget options generated a general consensus, with additional expenditure agreed across all groups:

(i) **Social care.** This was key to all groups. All agreed some additional expenditure for the options for increased spend on *'looked after' children*, where demand has increased and more unmet need has been uncovered, by far the biggest budget option put forward. On average each cabinet agreed £1.7m of the £2.4m put forward. Some groups edged increases down in some areas, and some actually topped up the options they were given, but all saw this as one of the most important of the areas under discussion.

All groups also agreed all the options concerned with enabling elderly people to live at homes. All six cabinets agreed the £0.6m put forward for *home adaptations*, a very clear, easily understandable, way of enabling people to stay in their own homes. Five out of six groups also agreed the funding for *new occupational therapists* and new members of *staff to visit lonely older people*.

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. People can generally comprehend the impact of medical and demographic changes on social need.

(ii) **Support for schools** was focused in all groups on *the primary sector*, which they thought was important in its own right, would improve the quality of children moving into the secondary sector, and was most in need of improvement. Support was particularly focused, in some groups, on primary school *teaching assistants*. Indeed, two 'cabinets' switched some of the money suggested for primary teachers to teaching assistants. All six groups supported supplementing the primary schools' direct schools grant, in five cases for the full £1.2m suggested. Support for *secondary schools*, in contrast, was muted, with only one group agreeing the full £1.2m suggested. This was based partly on the perception that the sector needed 'to put its house in order' to deal with discipline etc, but also because the sector as a whole was not so much in need as additional funding as the primary sector.

The other aspect of education which was almost unanimously supported was for the *Specialist Teaching Service*. Five out of six groups supported the additional support for children with special educational needs and one older group - which had a number of participants with family SEN experience - actually decided to agree an amount higher than that suggested. Additional *Joint Commissioning Team* support, on the other hand, was not generally agreed.

(iii) **Roads and pavement maintenance**. There was no specific budget option for this service. But there was the opportunity to double the number of county lengthsmen. The concept of lengthsmen was not familiar to most participants, but five out of six groups supported additional funding for this service. In addition, one older group agreed an additional £1m for road and pavement maintenance though this was not an option put to them. Indeed, discussions held before the budget modelling exercise showed a general concern across the board regarding roads and pavement maintenance, and the road system in general. Traffic congestion and inadequate provision for parking were also raised, unprompted, though they seemed to be local, rather than county-wide, problems.

(iv) **Waste management** is a high priority, and five out of six groups agreed funding for the appointment of *four fly-tipping enforcement teams* (£0.3m). In 2005 participants had been offered, and had agreed, expenditure on waste management and recycling. From the discussions, and the list of most important services identified by participants at the start of the day, we suspect that a similar option this year would again have been agreed. However, participants were instead offered the opportunity to support a publicity campaign to increase awareness of the need to reduce waste (£0.3m). This was completely rejected by five out of six groups, partly because they thought that the media could do it cheaper and more effectively, but mostly because it was tied up with dissatisfaction with the way in which district councils across the county collect waste and recyclables in an inconsistent and (compared with participants' experience in other countries) less-than-effective way.

(v) **Young people.** All five groups who discussed this option agreed extra expenditure for *community youth tutors* and *grants to youth centres*, averaging £0.8m compared with the £1m suggested. And four out of five agreed support to supplement the *Kent Drug and Alcohol Action Team*.

#### **Four or five out of six 'cabinets' agreed additional spend for a number of further areas<sup>1</sup>**

(i) **Grants to clubs.** Like last year, some groups saw *grants to sports clubs* as a kind of proxy for youth provision (e.g. where they had concerns about existing services) and community engagement - and reflected their concerns about disappearing playing fields, green sites, etc. This was agreed by three of the five groups which discussed the issue, the same proportion who agreed additional funding for grants to *arts societies*.

(ii) **Community safety.** Only a minority of participants were familiar with *community wardens*, but they tended to be highly supportive of them, with the exception of the younger participants, whose views were more polarised. All but one of the five groups who discussed this issue voted additional funds for the service. Participants were even less familiar with *handy vans* and *home safe vans*. They were more in favour of the former, additional funding for which was agreed by four of the five groups which discussed it.

#### **The areas which were not at all supported were the same as in 2005**

In a minority of other services, **groups made different budget decisions** (although there remained some commonality in their thinking). These sometimes reflected the particular interests of the groups. Participants were at best ambivalent towards additional expenditures on some aspects of education (new teachers for secondary schools and new staff for Joint Commissioning Team), adult services (increasing benefits take-up), environment and regeneration (improvement to socially necessary but uneconomical public transport, improvement to parks and public rights of ways, grants to town and parish councils), and community (grants to promote sport and cultural activities).

**In two cases, no group (or just one group) agreed to any additional expenditure** - *increasing archive office* opening hours and a *campaign to reduce waste* - precisely the two issues which were not supported by any groups in our 2005 discussion days. And for similar reasons. They were not persuaded of the need or demand for the former. And they thought the latter was a lot of money for something which other people (e.g. the media) could take the lead on (and where they expected a better performance from their district council).

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<sup>1</sup> or at least three in the case of the 'Communities' tranche of options which the Ashford middle 'cabinet' did not have time to consider.

The pre- and post- discussion questionnaires show that participants were reluctant to reduce the current service provision. When unsure, most participants preferred to keep the service provision at its current level, rather than making cuts. The post-discussion questionnaire showed that museums and galleries, and adult and community learning, were the only services on which the majority of participants agreed to spend less. For all other services, participants asked for the provision to remain the same or to increase.

### **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.** Three quarters of participants felt that they knew little or nothing about how the Council makes decisions on spending. By the end of the day, however, 80% felt well informed (half of whom felt 'very informed'). As participants became more informed, so their views about the big picture evolved. At the start of the day, twenty two felt that council tax was too high for the services that the Council provides, reducing to twelve by the end. While at the start of the day just one participant felt that council tax was too low for the services it provides, this increased to five by the end of the day. Twenty eight ended the day feeling that council tax was about right.

(ii) Associated with this, at the start of the budget discussions, most **views were largely guided by a detachment from the Council** and the concept of communal responsibility. There was a feeling at that stage that the Council should not do everything and a preference for small-scale, community-based initiatives. There was a wish in all groups, apart from this year in the younger groups, to keep council tax low, coupled with a scepticism that more money meant better services.

(iii) However, following discussion, most participants judged that **most services should be protected wherever possible.** Where savings can be made they should be, but generally only if there is no reduction in service provision.

(iv) Just as we found in 2005, **participants understood the relationship between service areas,** and generally did not wish to store up problems for the future - they would invest now to save later. For example, emphasis was given to primary education not just because of their views about the respective quality of primary and secondary provision overall, but because they felt that it was at the earlier age that you have most effect on outcomes.

(v) They also recognised the inter-relationship between service providers both within and without KCC - **the need for co-ordinated approaches** to youth provision, social care, crime reduction etc.

(vi) **The way participants responded to their 'KCC cabinet' roles varied according to their age.** While the younger groups were less engaged, and relatively cavalier about council tax, the older groups took the exercises in a considered manner. But all participants, having no knowledge of the detail, responded in the light of their own experience, or that of their family and friends, or what they had read.



(vii) This might lead one to think that views would be transient. This may be the case on the *detail* - and if an alternative set of budget options had been put before them, there may have been a different set of outcomes. But the evidence from the four KCC discussion days held this year and last year is that this is not the case. As indicated above, **there was a great deal of commonality between this budget 'decisions' and last year's.** This may imply that the underlying values may be more deep-seated. Indeed, one older participant gently chided us in their post-discussion questionnaire for the implications of setting break-out groups on the basis of age: *'Generation groups don't necessarily favour more spending on their own age group. For example, older people may favour spending on the young and very young.'*

(viii) **There is much pride in the county and many of the older participants did not all feel comfortable about the changes taking place in Kent** - high housing development, problems with infrastructure including water supply, the perceived downside of its links with the continent - fast road and rail links through the county. For the older groups, but not the younger, immigration and asylum were also an issue. Many were keen to protect Kent as the county they loved and were brought up in.

**By the end of the day, all 'cabinets' opted for a net increase in council tax of 4.8%-5.0%**

This increase was intended to meet statutory obligations and a range of service improvements. 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, at 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.

### **And participants engaged well with the experience**

With the exception of the Maidstone younger group, which found the exercise uniquely hard (in our experience), participants generally found the experience rewarding and interesting:

*It was fun – discussions with different types of people about things I never before considered about the Council. Very useful.*

Female, 18-30, East Kent

*Very useful, well conducted, thoroughly enjoyable and educational. I am very glad I came.*

Male, 55+, East Kent

## Cabinets' 'decisions'

<b>CHILDREN, FAMILIES, EDUCATION</b>	<b>KCC budget option</b>	<b>Sum agreed (average across all groups)</b>
	<b>£m</b>	<b>£m</b>
Three secondary school teachers per district	1.2	0.3
Two primary school teaching assistants per district and 18 new primary school assistants	1.2	1.1
New books for schools (£1,000 per primary school)	0.5	0.2
Sports equipment and encouraging children in sport (£1500 to each school)	0.9	0.4
Extra staff:		
- for the Specialist Teaching Service and	0.6	0.5
- for each Joint Commissioning Team	0.6	0.2
Social services:		
- 12 staff to cope with referrals and	0.4}	1.7
- cost of 'looking after children in care above affordable level'	2.0}	
<b>SUB-TOTAL</b>	<b>7.4</b>	<b>4.4</b>
<b>ADULT SERVICES</b>		
Three new occupational therapists per district	1.2	0.7
Two new staff per district to visit older people, lonely and on their own	0.6	0.4
Home adaptations	0.6	0.6
Encouraging benefit take-up	0.5	0.2
<b>SUB-TOTAL</b>	<b>2.9</b>	<b>1.9</b>
<b>ENVIRONMENT AND REGENERATION</b>		
Improvements to 20 county parks and 6,900km rights of way	0.6	0.2
10 more county lengthsman	0.3	0.23
Reduce Waste Campaign	0.3	0.08
Grants to parish councils	0.3	0.08
Increase regularity of some socially necessary bus and public transport services	0.5	0.25
Appointment of four new fly-tipping enforcement teams	0.4	0.3
<b>SUB-TOTAL</b>	<b>2.4</b>	<b>1.14</b>
<b>COMMUNITIES</b>		
Two new community wardens per district	0.8	0.44
Two new handy vans	0.2	0.1
Two new Home Safe vans	0.2	0.06
Three new staff to the Kent Drag and Alcohol Action Team (KDAAT)	0.1	0.08
Libraries		
- more books	0.7	0.23
- increase archive opening hours	0.15	0
Community Youth Tutors and grants to youth clubs	1.0	0.78
Sports:		
- Five grants of £2,500 per district for local clubs	0.15	0.1
- Three additional staff members to help prepare for Olympics	0.1	0.02
Forty grants of £5k to arts organisations	0.2	0.16
<b>SUB-TOTAL</b>	<b>3.6</b>	<b>2.0</b>
<b>GRAND TOTAL</b>	<b>16.3</b>	<b>9.5</b>
<b>SUMMARY</b>		
Total proposed expenditure from options		9.5
Additional expenditure proposed (road maintenance)		0.2
<b>TOTAL PROPOSED EXPENDITURE</b>		<b>9.7</b>
Resultant council tax increase		2.0%
Unavoidable council tax increase		3.0%
<b>TOTAL COUNCIL TAX INCREASE</b>		<b>5.0%</b>

## **Appendix B – Summary of discussions at meetings**

To follow.

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By: Head of Democratic Services  
To: Cabinet – 8 February 2006  
Subject: **MEDIUM TERM FINANCIAL PLAN 2007-10  
BUDGET 2007/08 COMMENTS FROM POLICY OVERVIEW AND  
CABINET SCRUTINY COMMITTEES**  
Classification: Unrestricted

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## Introduction

1. The Policy Overview 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 Medium Term Financial Plan 2007-10 and Draft Budget for 2007/08 made at the following meetings:

Communities Policy Overview Committee – 26 January 2007  
(Appendix 1)

Environment and Regeneration Policy Overview Committee –  
29 January 2007  
(Appendix 2)

Corporate Policy Overview Committee – 30 January 2007 (Appendix 3)

Adult Services Policy Overview Committee – 1 February 2007  
(Appendix 4)

Cabinet Scrutiny Committee – 2 February 2007 and 7 February 2007  
(Appendix 5)

Children, Families and Education Policy Overview Committee – 6 February  
2007  
(Appendix 6)

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Background Documents: *None*

**Comments from Communities Policy Overview Committee  
26 January 2007**

**Present for Budget discussion in addition to Members of the POC: -**

Mr P M Hill, Cabinet Member for Community Services, Ms J Edwards, Director, Policy and Resources and Mr D Shipton, Head of Finance and Asset Management.

Item Reference and Issue	Comment/Questions
<p><b>Item B1</b> <b>Draft Budget and Medium Term Financial Plan 2007/08 to 2009/10</b></p> <p><i>Libraries and Archives</i></p> <p><i>Drugs and Alcohol</i></p>	<p><b>Mr Law</b> - How do you intend to increase the income generated by £800k?</p> <p><b>Mr Shipton</b> – This is not all new income. We have revaluated the budgets transferred to Communities and have more accurately separated expenditure and income, previously some income was netted off against expenditure.</p> <p><b>Mr Hirst</b> – 80% of crime is related to drugs and alcohol. This costs us a fortune and it is worsening by the day. This needs more attention. This is a poor budget, I would like us to review it.</p> <p><b>Mr Hill</b> – I do not disagree with Mr Hirst’s feelings about the impact of drugs and alcohol – I am prepared to make comments to the Alcohol IMG. This is not just KCC’s problem, and if KDAAT needed more money they would let me know. Unfortunately, one of the key appointments in the NHS has yet to be made: there is no executive appointed to the Mental HealthTrust – Drugs and Alcohol. The Commissioner has yet to get in touch with our team.</p> <p><b>Mr Hirst</b> – The number of admissions to the hospitals in East Kent has doubled.</p> <p><b>Mr Hill</b> – The efficiency savings that we have made in the directorate do not affect this area: the Kent Drug and Alcohol Action Team were exempt.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="137 432 352 465"><b>Youth Service</b></p> <p data-bbox="137 763 256 797"><b>Staffing</b></p> <p data-bbox="137 1424 448 1491"><b>Trading Standards Page 94 Rev Budget</b></p>	<p data-bbox="560 215 1426 353"><b>Mrs Dean</b> - Expressed concern that a Select Committee had not been set up on Alcohol, and emphasised the importance of this issue. Mrs Dean requested officer support for the IMG on Alcohol.</p> <p data-bbox="560 432 1414 539"><b>Mrs Angell</b> – The Youth Service is the Cinderella service of the Council. The new Head of Service replacing Mr M Price needs to be someone who will give the service more profile.</p> <p data-bbox="560 577 1401 685"><b>Mr Hill</b> – We have been able to increase the Youth Service budget in recent years and hope that we can continue to make this service a high priority in future.</p> <p data-bbox="560 763 1249 831"><b>Mrs Angell</b> – How many officers are there in the Communities Directorate?</p> <p data-bbox="560 875 1385 1055"><b>Mr Shipton</b> – There are approximately 2,100 FTE in Communities directorate of which around 1,500 FTE are funded from KCC (the remainder being funded externally). [Mr Shipton agreed to provide an analysis of KCC and external sources breakdown, by unit]</p> <p data-bbox="560 1093 1401 1234"><b>Mr Law</b> – Advised that it had already been agreed at a County Council meeting that the final Budget would include all staff numbers. It can be misleading without all staff numbers.</p> <p data-bbox="560 1272 1326 1346"><b>Ms J Edwards</b> –Advised that the Unit Plans would be produced in April with staff numbers.</p> <p data-bbox="560 1424 1426 1603"><b>Mr R King</b> – Referred to the Government pressures on Trading Standards, and expressed concern about increasing regulation with apparently no support for this in Government settlement. Are we pressing the Government to alter its figures too?</p> <p data-bbox="560 1641 1426 1821"><b>Mr Bainbridge</b> – Advised that the service does receive some grants to implement new legislation but most are short lived. There can be around 10 new pieces of legislation in a year. Some are absorbed within the existing budget and others the service does not deal with.</p> <p data-bbox="560 1865 1414 1973"><b>Mr King</b> – Suggested that any additional funds from Central Government for Trading Standards should go to Trading Standards as it places an unfair burden on the portfolio.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 651 512 797"><b>MTP Page 90 Environment, Highways, and Waste Portfolio Revenue Budget</b></p> <p data-bbox="134 1093 512 1160"><b>MTP Page 95 Regulatory Services</b></p> <p data-bbox="134 1532 379 1570"><b>Budget Page 33</b></p>	<p data-bbox="557 215 1401 577"><b>Mr Shipton</b> – If the funds are earmarked as specific grants these go to the service e.g. the Chancellor announced a new grant in his pre budget speech to support the enforcement of smoking bans. This will be a specific grant and time limited. Kent as a floor authority has an issue with specific grants that are transferred into Revenue Support Grant (RSG) as the formula goes up by the amount of the specific grant transferred but the amount of protection we receive as a floor authority is reduced by a similar amount and we end up with no overall increase in RSG.</p> <p data-bbox="557 651 1417 797"><b>Mrs Hohler</b> – Referred to the line in the Environment and Regeneration budget entitled General Support to Communities £50k, and noted that this is not reflected in the Communities budget.</p> <p data-bbox="557 837 1426 1016"><b>Mr Shipton</b> - Referring to page 94, advised that this was a one-off contribution towards the infrastructure cost of the directorate. Money was received from the all the other Directorates totalling £415k. Each directorate decided which portfolio the money came from</p> <p data-bbox="557 1093 1369 1131"><b>Mrs Hohler</b> – What is the one off reduction of £120k for?</p> <p data-bbox="557 1167 1426 1458"><b>Mr Shipton</b> - This is a saving that will be achieved in 2008/09 by no longer jointly funding 10 Police Community Support Officers. We have already notified the Police that funding will cease in April 2008. We will bring this saving forward into 2007/08 through a range of one-off savings across the whole of the Regulatory Services and Community Safety division e.g. by delaying expenditure on other activities until 2008/09.</p> <p data-bbox="557 1532 1267 1608"><b>Mrs Hohler</b> – Questioned the reference to Turner Contemporary income of £82k.</p> <p data-bbox="557 1644 1417 1749"><b>Mr Hill</b>- This reflects the income that the Turner Contemporary team currently receives from the Arts Council and other charitable foundations to organise exhibitions.</p>
<p data-bbox="134 1827 379 1865"><b>Budget Page 37</b></p>	<p data-bbox="557 1827 1401 1973"><b>Mrs Hohler</b> – Noted that, under capital Budget investment, the same amount of £2.910m is shown in the column headed later years for 2010-11 and 2011-12 starts. Is this £2.910m into the base budget?</p>



Item Reference and Issue	Comment/Questions
<p data-bbox="134 468 464 539"><b>Budget Page 34/ MTP Page 94</b></p> <p data-bbox="134 981 352 1014"><b>Youth Service</b></p> <p data-bbox="134 1274 384 1308"><b>Adult Education</b></p> <p data-bbox="134 1641 363 1675"><b>Rogue Traders</b></p>	<p data-bbox="557 215 1406 427"><b>Mr Shipton</b> This is because the capital budget does not identify annual spend beyond 2009/10. The budgets reflect annual programmes and we have made provision of £2.910m for schemes starting in 2010/11 and a further £2.910m for schemes starting in 2011/12. The projects will be identified according to agreed priorities.</p> <p data-bbox="557 472 1390 611"><b>Mr Northey</b> – Sought clarification regarding the Budget page 34 where the spend on Communities in 2006/07 is shown as £50.305m and MTP page 94 where the 2007/08 base budget is shown as £50.305m.</p> <p data-bbox="557 656 1406 909"><b>Mr Shipton</b> – The starting point for the MTP is always the previous year’s budget, this is the base budget. This is adjusted for any budgets transferred from other portfolios (base adjustments), the effects of pay and price increases, legislative pressures, Towards 2010, Service strategies and improvements, additional income and savings to derive the budget for the coming year.</p> <p data-bbox="557 981 1406 1088"><b>Mr Chell</b> – Referring to anti-social behaviour in his ward, he sought assurance that the Youth Service Budget had no budget cuts in the work with young people.</p> <p data-bbox="557 1133 1422 1240"><b>Mr Hill</b> – Assured Mr Chell that the budget proposals had no reductions in front line services for youth and any savings would be from administrative efficiencies.</p> <p data-bbox="557 1279 1358 1350"><b>Mrs Dean</b> -Sought clarification on the withdrawal of LSC grant.</p> <p data-bbox="557 1391 1406 1570"><b>Mr D Crilley</b> Advised that Adult Education suffered a loss of £3m from a budget of over £16m. This has been managed with minimal disruption to courses for students although there has been some reductions in the programme. Basic skills funding is set to continue.</p> <p data-bbox="557 1641 1358 1749"><b>Mrs Dean</b> - Enquired about the £50k budget held by the Kent Partnership Board which is dedicated to providing information about rogue traders.</p> <p data-bbox="557 1794 1390 2007"><b>Mr Bainbridge</b> - Advised that 20 rogue traders had been brought to justice in conjunction with the Kent Police. He pointed out that doorstep messages were at odds with each other from Neighbourhood Watch, Age Concern etc. He advised that he had produced a paper on this advising that this was not appropriate. It is a national issue.</p>

Item Reference and Issue	Comment/Questions
<p><b>PSCOs</b></p>	<p>[Mr Bainbridge agreed to forward the “Safer Stronger Communities” Group paper to Mrs Dean]</p> <p><b>Mrs Dean</b> – Expressed her concern that she was not aware of progress.</p> <p><b>Mrs Angell</b> – Expressed concern that 10 part-funded Community Wardens appear to have had funding withdrawn.</p> <p><b>Mr Hill</b> – The County Council has 100 Community Wardens – we contributed 10 PSCOs while we built the Community Wardens up to 100. KCC now no longer contributes to the 10 PSCOs.</p>

**Comments from the Environment and Regeneration  
Policy Overview Committee  
29 January 2007**

Mr K A Ferrin, Cabinet Member for Environment, Highways and Waste, Mr R L H Long, Lead Member for Regeneration and Supporting Independence (representing Mr R Gough, Cabinet Member), and Mr P Raine, Managing Director of Environment and Regeneration were in attendance for this item accompanied by Mr B Gould, Strategic Finance Adviser.

Item Reference and Issue	Comment/Questions
<p><b>Item B1</b></p> <p><i><b>Draft Budgets 2007/08 and Draft Medium Term Financial Plan 2007/10</b></i></p> <p><i><b>Highways Maintenance and Street Lighting</b></i></p>	<p><b>Mr Pete Raine</b> gave a short introduction on the draft Budget paper and highlighted the following:-</p> <p>The budget situation is not as good as we would have hoped but this situation will be the norm for other directorates and other authorities. The Directorate has what it believes is a deliverable budget, but it is not without pain and, alongside sensible efficiencies and an ambitious programme of income generation, there will be some real cuts and pain. In common with other top-tier authorities an overall real-terms cut, combined with unavoidable pressures such as increased costs in waste management mean that difficult decisions are inevitable.</p> <p><b>Mr Ferrin</b> – advised that the explanatory note that had been circulated before the meeting required one amendment, in that the £1.5m that was flagged up in service strategies and development for smaller scale works was, in fact, intended as a contribution towards the inflationary pressures in revenue maintenance elements of the Kent Highway Services budget.</p>
	<p><b>Mr Ferrin</b> went on to say that work that was part of the ongoing programme of transforming Kent Highways Services had, as was expected, revealed some inconsistencies and variability in service standards and monitoring in different parts of Kent. Areas like gully records were one area where variations had been identified, and other parts of the asset register, such as lighting, also had weaknesses. Work was in hand to identify and resolve these problems and put in place consistent, risk sensitive operational plans. This would inevitably lead to changes in maintenance programmes and schedules. These changes would be noticeable and could cause concern to some communities, but it was important to put the maintenance programme of a consistent and sustainable basis.</p>

Item Reference and Issue	Comment/Questions
<p><b>Street lighting</b></p>	<p><b>Mr Daley</b> – expressed concern about this. KCC had established the Kent Highways Partnership with the districts and then taken it back in-house. Surely maintenance schedules and programmes would have been known to, and overseen by, KCC engineers and the programmes agreed with the districts? How could it be that there are significant variations?</p> <p><b>Mr Ferrin</b> – replied that the statutory, legal position had not changed. KCC had always been the highways authority. However, the reality was that, with 12 different district systems there were inevitable, and perhaps locally attractive, differences in approach. Thus information, data and records were, in some cases, different. We now need, particularly given the overall financial framework we are operating in, to bring things into line and, where appropriate, re-evaluate our approach.</p> <p><b>Mr Harrison</b> – expressed concern about streetlighting problems in his division. Failures had been reported, and acknowledged, but there were considerable and seemingly inexplicable delays in getting repairs done.</p> <p><b>Mr P Raine</b> agreed to look into this outside the meeting and get back to Mr Harrison with an update.</p>
<p><b>Operation CUBIT</b></p>	<p><b>Mr Harrison</b> - He expressed his sadness in the CUBIT Team being reduced and asked whether anyone else would be filling the gap. The CUBIT teams had been both popular and successful and it seemed a retrograde step to be reducing the service by 50%</p> <p><b>Mr P Raine</b> – Advised that, just a few years ago, there were 12,000 vehicles being abandoned on Kent’s roads every year. Now, due in part to the success of CUBIT alongside changes in the overall scrap metal economy, there were only 3000. Given this it was felt sensible and prudent to reduce the number of CUBIT teams but the situation would be monitored. If the number of abandoned vehicles started increasing it will be looked at again.</p>

Item Reference and Issue	Comment/Questions
<p><b>Highways</b></p> <p><b><i>MTP Page 90 “Expand Clean Kent Campaign to include Fly-tipping and Litter”</i></b></p> <p><b><i>MTP Page 91 “Clean Kent Enforcement”</i></b></p> <p><b><i>MTP Page 92 “Reduce Operation CUBIT”</i></b></p>	<p><b>Mr Harrison</b> – asked who actually deals with and crushes the cars?</p> <p><b>Mr P Raine</b> agreed to produce a note setting out the process and circulate it to the Committee</p> <p><b>1. Mr Parker</b> – referring to Mr Ferrin’s comments regarding the problems with some of the highways data he commented that KCC was embarking on more two-tier working, with greater devolution and partnering – he hoped that KCC would be ensuring that similar problems don’t occur again.</p> <p><b>2. Mr Parker</b> – Referring to the MTP Page 90 “Expand Clean Kent Campaign” £250k, he said he was disappointed with the number of prosecutions, deterrence appeared to be low and he felt the issue was not being tackled the way it should be. More money should be put in.</p> <p><b>3. Mr Parker</b> – Asked how are we going to do this with just £200k?</p> <p><b>4. Mr Parker</b> – Stated that this proposed reduction concerned him. We could well have an increase in the problems as a result of our reduction in effort.</p>
<p><b><i>MTP Pg 92 Close scrapstore, cease plastics recycling and reduce contribution to ReMaDe post</i></b></p>	<p><b>5 Mr Parker</b> – Noted that we were proposing to close scrapstore, cease plastics recycling etc, reducing budget on Education on Waste – it was very difficult to reconcile stated objectives like reducing and reusing with this sort of reduction.</p> <p><b>Mr Ferrin</b> replied – Agreed with Mr Parker that it would be important to ensure that service delivery problems that could be created as a result of more ‘devolved’ working were avoided. In a difficult budget situation it was essential to look hard at value for money issues and in his judgement the impact of the war on waste programmes was doubtful in some areas. With regard to the recycling of plastics KCC was only dealing with 250 tonnes of plastic per annum and the environmental gains of recycling have to be weighed against the environmental losses through the need for significantly increased lorry movements (as a lorry could only carry half a tonne of plastic). He said that, having seen the results from the trials, this would have been his view whatever the budget situation.</p>

Item Reference and Issue	Comment/Questions
	<p>In reference to the Clean Kent Campaign Mr Ferrin said that this was an area where KCC and the districts were working together and that he wanted to see more progress. He felt that there were now organised criminal elements who were operating in the waste disposal world and that the additional resources were needed in order to increase activity in this area.</p> <p><b>Mr P Raine</b> – Restated that the budget had necessitated some hard decisions and that while he felt the war on waste had done an excellent job there were areas, for example home composting, where we had done as much as we reasonably could and resources needed to be focussed on top priorities.</p> <p>On Operation CUBIT Mr Raine said that it was a joint Police / District / DVLC / LKCC operation and while he felt that the reduction to one team was reasonable, given the fall in the numbers of abandoned vehicles previously referred to, there was nothing to prevent other bodies establishing CUBIT teams if they felt this was a local priority.</p> <p><b>Mr P Raine</b> agreed to produce a note:-</p> <ul style="list-style-type: none"> <li>• Updating members on how Clean Kent operates</li> <li>• Listing prosecutions and pending prosecutions</li> <li>• Giving information on full time employees</li> </ul> <p>Providing reassurance that partners were aware KCC was pulling out of CUBIT Operation</p> <p><b>Dr Eddy</b> – Are there any changes between the Budget and MTP that went to Cabinet in this Budget and MTP?</p> <p><b>Mr Ferrin</b> – There is the additional sum of £1.5m allocated by Cabinet at that stage.</p> <p><b>Dr Eddy</b> – The Audit Commission were told as part of KCC’s CPA submission that the Kent Highway Partnership was an example of good practice in partnership working, yet we are now hearing that there are significant problems in terms of data, record keeping and maintenance programmes. What assurances can Mr Ferrin and Mr Raine give that the new arrangements will work better and resolve these problems?</p>
	<p><b>Mr Ferrin</b> – responded by there had been problems in the previous arrangements, many of which were only now</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 813 520 882"><b>MTP Page 90 Congestion Reduction Initiatives</b></p> <p data-bbox="134 1664 284 1697"><b>Highways</b></p>	<p data-bbox="557 215 1422 394">becoming clearly apparent. He felt that some activities had, in the past, been inadequately supervised and this was primarily a problem created by Members rather than officers. We are working hard to resolve problems as they become apparent but this will take time.</p> <p data-bbox="557 477 1362 546"><b>Mr P Raine</b> agreed to add to the note to Members of the POC:</p> <ul data-bbox="655 555 1417 618" style="list-style-type: none"> <li data-bbox="655 555 1417 618">• What the role and responsibilities of the Waste Forum</li> </ul> <p data-bbox="557 627 1406 696">As it was possible that there could be some confusion as to what powers the forum had.</p> <p data-bbox="557 813 1094 846"><b>Dr Eddy</b> – What are these initiatives?</p> <p data-bbox="557 925 1417 1290"><b>Mr P Raine</b> – there is a Towards 2010 target to reduce journey times by 10% and most of the activity to deliver on this would come from existing revenue and capital budgets. The Urban Traffic Management Centre (UTMC) monitors traffic flows, traffic signal phasing and other elements of the road network in order to manage and improve traffic flow. The additional allocation of £100k in 2007/08 and a further £150k in 2008/09 would augment spending in other areas of the portfolio budget, for example integrated transport capital programmes.</p> <p data-bbox="557 1373 1315 1442"><b>Dr Eddy</b> – asked for the bulk of congestion reduction programme, which part of the budget covers this?</p> <p data-bbox="557 1520 1337 1590"><b>Mr Ferrin</b> – It was included in the Integrated Transport Programme.</p> <p data-bbox="557 1668 1417 1809"><b>Mr Curwood</b> – I estimate 90% of Maidstone central’s gullies need digging out. It takes 6 minutes to clean a gully and 45 minutes to dig one out – this will be very expensive. A greater budget is a requirement for future plans.</p>
	<p data-bbox="557 2000 1422 2098"><b>Mr Ferrin</b> – In the Town Centres we know where most of the gullies are. In the rural areas this is not necessarily the case. I am not aware of whether Mr Curwood’s figures are</p>

Item Reference and Issue	Comment/Questions
	<p>correct but it may be that in some areas there are significant problems and, while addressing these problems will create difficulties it has to be done. The Joint Transport Boards will need to consider this in their discussions of work programmes, and some difficult prioritisation decisions may well be required.</p> <p><b>Mr P Raine</b> – We will build up a GIS of gullies and address those which are “Safety Critical” first.</p>
<p><b><i>Budget Page 92 Reducing Scrapstone Cease Plastics Recycling</i></b></p> <p><b><i>MTP Page 90 Reduction Congestion Initiatives Budget Book Page 28 Integrated Transport Schemes</i></b></p>	<p><b>Mr Poole</b> – Are you saying we are no longer dealing with household waste plastics?</p> <p><b>Mr P Raine</b> – referred to a previous question. The plastics in question were the 250 tonnes that were collected via the Household Waste Recycling Centres (CA sites). Individual districts may well run their own plastic recycling schemes via household collections or via bring sites and these would not be affected – it was the districts decision as to whether these were operated.</p> <p><b>Mr Hibberd</b> – Maintenance of public utilities, can we have an update to a future meeting?</p> <p><b>Mr P Raine</b> – Agreed to bring an update to the POC in 6 months. He advised that trees need to be on the database too.</p> <p><b>Dr Eddy</b> – Referring to Initiatives – where in the Budget, under broad headings, is congestion?</p> <p><b>Mr P Raine</b> – in the Integrated Transport heading, part of the capital programme, page 27 of the budget book.</p>
	<p><b>Dr Eddy</b> – Where has £1.5m Mr Ferrin referred to been added?</p> <p><b>Mr P Raine</b> – Page 91 9<sup>th</sup> line down Highways maintenance</p>



Item Reference and Issue	Comment/Questions
<p><b>Budget Page 30 Change and Developing Division</b></p>	<p>in the Budget Book.</p> <p><b>Mr P Raine</b> agreed to produce a note for Members, separating out the major budget headings of the KHS budget</p> <p>Following on Members asked questions on the Regeneration and Supporting Independence Portfolio.</p> <p><b>Mr Long</b> gave a short introduction.</p> <p><b>Mr Parker</b> – Sought clarification on what £285k had been used for, given that this was an increase on the previous year.</p> <p><b>Mr P Raine</b> – Explained that the work by Robert Hardy spreads over the whole directorate, LAA, PSA agreements, 2 tier working, staff officers, etc. He said it was a small cost effective team.</p> <p><b>Mr B Gould</b> – advised two posts were transferred from another portfolio, and that this, combined with other budget changes, was what led to the variation between the two years.</p> <p><b>Dr Eddy</b> – Strategies have gone up £240k increase. What other major strategies will we be looking at?</p> <p><b>Mr B Gould</b> – The Local Development Frameworks (which replaced Local Plans), Local Development Waste Framework, London Thames Crossing Study (Page 93 £50k in for 2007/08 only). There has been one post reduction.</p>
<p><b>Lower Thames Crossing</b></p>	<p><b>Dr Eddy</b> –What is our commitment to the Lower Thames Crossing?</p>

Item Reference and Issue	Comment/Questions
	<b>Mr P Raine</b> - £50k in 2007/2008. The growth in 2007/08 is explained by the additional funding for taking the minerals and waste local development frameworks through their statutory processes and the funding for the Lower Thames Crossing study.

## Comments from Corporate Policy Overview Committee 30 January 2007

### Present for Budget discussion in addition to Members of the POC: -

Mr N Chard, Cabinet Member for Finance; Mr A King, Cabinet Member for Policy and Performance; Mr P Gilroy, Chief Executive, Ms L McMullan, Director of Finance; Mr D Honey, Finance Manager; Ms A Beer, Director of Personnel & Development; Mrs A Cook, Performance Monitoring Manager; Mr D Oxlade, Group Manager Policy, Mr G Wild, Director of Law and Governance, Mr D Cockburn, Director of Business Solutions and Policy and Mr T Minter, Kent Partnership Director attended for this item.

Item Reference and Issue	Comment/Questions
<p><b>Item B1</b></p> <p><b><i>Draft Revenue and Capital Budgets 2007/8 and Draft Medium Term Plan 2007/2010</i></b></p> <p><b><i>Introduction</i></b></p>	<p><b>Ms McMullan</b> set out the overarching budget position. In order to balance the budget, a total of £40m needed to be generated from savings and income generation. A lot of these savings and income generation would come from the central department.</p> <p><b>Mr Honey</b> gave information in relation to the specific portfolios, Corporate Support, Finance, Policy and Performance and Public Health, which fell within this Committee's remit. The report to this Committee in November 2007 set out the need to identify savings. In relation to the £7.5m of savings from this area, £3.1m related to the Chief Executive Service Unit and £4.4m related to financial items such as debt charges. It was anticipated that there would be an income generation of £6.7m. All savings had been identified within the Chief Executives department and agreed with services directorates.</p> <p>The total budget that Chief Executive's Department was responsible for was £132m in 2006/07 rising to £137m in 2007/08. The cost of services to the directorates and the democratic process had decreased. The impact of savings and income generation was already being seen. It was noted that the Contact Centre had moved to the Communities budget area.</p>

Item Reference and Issue	Comment/Questions
<p><b>Kent Works</b></p>	<p><b>Mr Chard</b> reminded Members that a few years ago the Council had set out a 1 in 4 reduction in staff in Finance and IT. At that time it was questioned whether it was possible to maintain the high level of service with this level of staff reduction but Finance have managed to achieve a Level 4 for the use of resources. In the Medium Term Financial Plan (page 14) in the table for the Revenue Budget proposals 2007-08 to 2009-10 he referred to the figure of -1.1% for the “2007-08like for like increase” for Finance and commended them for doing their part in relation to savings. He referred to the proposal to achieve £6.1m worth of income generation and £5.9m worth of savings within the Finance portfolio. There was a drive to reduce central costs and spread as much money as possible into front line services. He made special reference to Commercial Services and stated that the work of <b>Mr Harlock</b> and his team had made an outstanding contribution to the Council’s budget.</p> <p><b>Mr A King</b> stated that it was a continuing process to keep central costs low and to reduce them. This was an important part of the way that the local authority was run. He acknowledged that this would get increasingly difficult to do year on year. It was important to innovate and find new ways of doing things. It was not only front line services that needed to be in tune with the 21<sup>st</sup> century, it was important to keep the local authority at the leading edge of service delivery. He mentioned that it was a role of this Policy Overview Committee to look at the way that the local authority managed the corporate centre.</p> <p><b>Mr Birkett</b> stated that a week ago today, he had attended a meeting of the County Council which had discussed two-tier working in local government and had been told that everything would be open and transparent. He referred Members to page 42 of the Budget Book in relation to the joint heading “Kent Partnerships and Kent Works” joining this two budgets together made the total sum positive. Mr Birkett advised that the questions he raised were from him and not from the East Kent Business Partnership. However, he believed that Kent Works did not work. It had shown a deficit over the last two years and he believed that this deficit should have been shown separately from the heading of Kent Partnership.</p>
	<p><b>Mr Minter</b> explained that he was Chairman of Kent</p>

Item Reference and Issue	Comment/Questions
	<p>Works and that it was difficult to answer the point made by Mr Birkett that Kent Works did not work as he had not seen any evidence to support this claim. He set out the background to the establishment of Kent Works, which was about getting young people ready for the world of work. In June 2005, Business Link Kent gave up the LSC Contract to deliver work experience in schools. TM reported the situation to Cabinet and said that the contract was unaffordable and undeliverable. They said this was such an important issue we must do it and match funded the LSC over three years. Kent Works was established and won the contract to begin delivery in August 2005. There were at least three Education and Business Partnerships in Kent that were unlikely to survive the funding reductions. In the first year Kent Works had a target to deliver 8,750 places but managed to deliver over 10,700 places and therefore had been able to deliver on the contract and increase the target. I</p> <p>In July 2006 the Learning Skills Council had cut their budget by £92,000 but Kent Works was committed to its contract with schools to deliver and they did not think it was tenable to say that they would not deliver the promise and the vision. Therefore they had delivered but had gone over budget as the figures over contract were not funded. When KCC supported the start up of Kent Works, £570,000 was allocated over three years which was based on a best guess in relation to the profile of the funding. However, the start up costs have been in the region of £500,000 and therefore, there was an overspend from the first year of £150,000 which has been carried on into the current year the same amount will be drawn down from next year. In addition prices had to be competitive to gain market share.</p>
	<p><b>Mr Minter</b> stated that in relation to recommendations for</p>

Item Reference and Issue	Comment/Questions
	<p>Towards 2010 education and business links were a key part. Kent Works was planned to reconfigure to do more than work experience in the Learning Skills Council contract and to play a major role in delivering on aspects of Towards 2010 “preparing for employment”. There was one other organisation in Kent still delivering work experience and this was the East Kent Business Partnership which was a strong organisation, but it did not win the Learning Skills Council contract. He had had discussions with the Chairman of this partnership (with a national arbitrator) had agreed in principle to merge the two organisations. However, the Board of the East Kent Business Partnership had rejected this proposal. This left East Kent Education Business Partnership in the situation where it could cherry pick the work which paid the most. He believed that possibly some of the negative comments that Members had been hearing may have emanated from this competitor organisation. However, if Members had specific evidence in relation to where Kent Works was not achieving, then if they contacted him he would investigate this further.</p> <p><b>Mrs Dean</b> stated that, as part of the consultation on the Fire Authority budget, she had met with West Kent Chamber of Trade and their view was that Kent Works was not using the expertise of the business world in their work and she would like to know whether Kent Works were drawing on the expertise of Chambers of Trade. For example, were Kent Works doing things that businesses could do themselves?</p>
<b>Staff numbers</b>	<p><b>Mr Minter</b> agreed to take away the point made by the Chamber of Trade and mentioned that one of the members of the Kent Works Board was a member of the Invicta Chamber of Commerce and he would use this link to seek the views of Chambers.</p> <p><b>Mr Birkett</b> expressed disappointment that the staff numbers on page 42 were shown as full time equivalents which he believed was a bland statement and he would like to see this itemised to be more open and transparent. In relation to these 90 full time equivalents, Mr Birkett asked whether it would be possible to have a manpower budget for the County Council Budget meeting.</p>
	<p><b>Mr Gilroy</b> stated it was not like previous years where the full time equivalent level was fixed, circumstances were</p>

<b>Item Reference and Issue</b>	<b>Comment/Questions</b>
<b><i>Kings Hill</i></b>	<p>more fluid. He stated that he was happy to provide an update during the year on the current situation in relation to full time equivalents.</p> <p><b>Mr Smyth</b> stated that Mr King had said the budget for Policy and Performance as a percentage of the total County Council budget was small however; the figure in last year's budget for £295,000 from Kings Hill (?) was not in this years budget. He asked what the implications for the operating departments were in losing this funding in the current year.</p> <p><b>Mr A King</b> stated that the Kings Hill money in last years budget was for specific projects and therefore there was no impact on the current years budget.</p> <p><b>Mr Smyth</b> asked what projects they were and whether it was possible just to cut them off at the end of one year.</p> <p><b>Mr King</b> stated that the monies were used as pump priming for regeneration, for example for the first stages of the Virginia Project and agreed to write to Mr Smyth after the meeting setting out the details of this budget.</p>
<b><i>Policy and Performance budget</i></b>	<p><b>Mr Smyth</b> referred to the increase in the spending plans of Policy and Performance from £1.1m to £1.5m which represented quite an increase.</p>
	<p><b>Ms McMullan</b> explained that the main changes that this represented were set out on page 99 of the Medium Term Financial Plan and included increases in the budget for the Towards 2010 targets for example in relation to Supporting Independence and Kent Apprentices.</p>
<b><i>Kent Apprenticeships</i></b>	<p><b>Mrs Dean</b> stated that in relation to Kent Apprenticeships,</p>

Item Reference and Issue	Comment/Questions
<p><b>Savings/income generation</b></p>	<p>she had been to a meeting where it was stated that Kent's apprenticeships would be offered at less than the minimum wage rate. Although she understood the logic behind this i.e. it freed up money to increase the number of apprenticeships but she referred to young people in her division who had left school and had to get jobs at more than the minimum wage in order to pay for the essentials such as food. It was important that these types of young people were able to benefit from Kent Apprenticeships and were not disadvantaged by the fact that they could not afford to take up these apprenticeships. She was discussing with the Leader the possibility of ring fencing some of the Kent Apprenticeship jobs to help this type of young person.</p> <p><b>Mr Burgess</b> gave a perspective from the viewpoint of a small businessman, i.e. a sole trader trying to expand his business. He believed that if he took someone who was not in education or employment and paid them below the minimum wage, it would be cost effective for both parties. By paying them a small amount now it would lead them having the opportunity to earn a larger amount later.</p> <p><b>Mr Hotson</b> asked whether the £40 million savings had been found or scheduled.</p> <p><b>Ms McMullan</b> stated that the £40 million savings/income generation had been identified as part of an exercise that had been carried out over the past year. She stated that as Section 151 officer, she was responsible for signing off the Budget as robust. She was confident that the savings/income generation could be delivered and that she was sure that the options put forward were ones that everybody was committed to taking through to the end of the year. She was not saying that some of the options did not have a risk but in terms of overall scale, the risk that they would not deliver on the savings/income generation was small.</p>
	<p><b>Mr Chard</b> stated that delivering savings year on year</p>



Item Reference and Issue	Comment/Questions
<p><b>Budget pressures</b></p> <p><b>Flexibility within the budget</b></p>	<p>was becoming increasingly harder. However, the strength of KCC was that it had seen these issues coming and planned for the longer term. Not only in relation to income generation schemes but also because this Council had been run efficiently financially. The Council monitored and managed well and allowed time and space to innovate.</p> <p><b>Mrs Dean</b> asked how much of the savings were one off and how much continuing.</p> <p><b>Ms McMullan</b> stated that where the savings were one off, eg. a large capital receipt from the Enterprise Fund they would look at meeting that sum in year two. This was the only one off sum that she could think of and there were plans to back this up in year two.</p> <p><b>Mr Hotson</b> asked where the pressures were in the Budget headings for this Committee so that they could be monitored during the year.</p> <p><b>Mr Honey</b> explained that the total pressures for the Chief Executive's Department were £14 million. Of that £2.1 million were in relation to pay and prices and £11.9m related to other areas. Of the £14m, £10 million related to finance items, eg. debt charges. Included in the prices aspect for property were the increases in energy bills and rent reviews. £1.3 million related to Towards 2010 targets which were detailed in the Medium-Term Financial Plan. Other notable pressures included £350,000 increased on going support for E-Government services and also £170,000 addition to the ADP Programme for school leavers.</p> <p><b>Mr Hotson</b> stated that we are told year after year that the Budget is going to be tough, is there some slack and would we be able to move items from one head to another, for example.</p>
	<p><b>Ms McMullan</b> explained that as part of her role as</p>

Item Reference and Issue	Comment/Questions
<p><b><i>Stronger and Prosperous Communities / Two-tier working</i></b></p>	<p>Director of Finance it was always true that she would be stating that next year and the following year would be difficult and the opportunity to make savings would become less and less year on year. What she was concerned about was the Government announcing a new corporate spending review in June/July and they were expecting real term growth over the Government spending. However, once this had been allocated to Education and Health, it would only leave a small percentage for Kent to build into next years budget. She referred to the Government's cash Gershon savings of 3%. If we stopped carry out a specific service this would not count as a Gershon saving. She stated that as a Council we always delivered, eg. we found innovative ways to do things and used IT operations to do jobs differently to take out staff who were currently doing things in a manual way. Chief Officer's Group were going to be spending an Awayday to think about how to transform the business across the Council. It would not be easy but she was confident that the Council would be able to cope.</p> <p><b>Mr Hotson</b> asked whether in relation to "stronger and prosperous communities" it would be possible to hand pick a team with the Chief Executive to look with District Council colleagues at giving more duties to them or to take on other duties at the request of District Councils; He emphasised that District Leaders wanted quick wins.</p> <p><b>Ms McMullan</b> stated that at times had been difficult working across directorates and therefore she appreciated the challenges of working across districts. However, it was her view that there were savings to be made when we worked together. She was not sure how quickly we could get to that stage. It was confirmed that Mr Gilroy and Kent Leaders would be putting together a working group to look at this.</p>
	<p>In relation to two-tier working, <b>Mr Chard</b> stated that this related to the whole of the public sector not just local government. He did not think that this should be finance driven but driven by what was best for the citizen and community. It was important to recognise that delivery of services to users and the community should be affordable no matter who delivered it.</p>

Item Reference and Issue	Comment/Questions
	<p><b>Mr Gilroy</b> referred to the £800 million plus procured from the Private and Voluntary Sector in relation to the move to E-Commerce and electronic procurement. Regarding Social Care two tier working, 80% of it was local government services which were either purchased or provided by the County Council. This was a highly volatile and sophisticated budget to manage. He referred the purchase card, developed by Kent County Council four to five years ago, which was now being adopted by Hampshire County Council and Swindon Council. This had resulted in £700,000 savings in back office in one directorate. Pushing this across two tiers had been less successful than encouraging colleagues in authorities outside Kent to adopt it and he was not sure why this was the case. In relation to two tier working, when we were talking about services it was important to recognise the business case and whether it was a saving or cost to the public purse.</p> <p>He stated his preference was to look at areas where it was possible to make cash savings in the short term, to sweat our property assets aggressively and to look at financial services, HR and Payroll working together and to look wider than the local authority family including Police and Health. If we did our best to sweat our assets differently we could make life for Kent's residents better and reduce tax increases. He hoped that it would be possible to avoid territorial issues.</p>
<p><b>Democratic Budget</b>                      <b>Services</b></p>	<p><b>Mr Smyth</b> referred to the Budget for Democratic Services on page 39 of the Budget book and that the figure had reduced from £4.132m in 2006/07 to £3.957m in 2007/08. However, with the new local government bill, it would appear that we would need more resources in Democratic Services and therefore he questioned whether cuts should really be made here against this background.</p>
	<p><b>Mr Gilroy</b> stated that this came back to the earlier point in relation to two tier working and looking at the political governance issue of the cost of Democratic Services across Kent. It was necessary to look at the way that elected Members were supported and to think broadly about this. In relation to E-Commerce, the way that we managed the business would be changing too as we had too much paper and hard copies. It was necessary to think radically about the way we manage the democratic process, taking the government's decentralised issue, to look at how we support 600 elected Members across Kent.</p>

Item Reference and Issue	Comment/Questions
	<b>Mr Smyth</b> agreed that this was the right initial approach but that it might be necessary to expand Democratic Services rather than contract it.

## Comments from the Adult Services Policy Overview Committee 1 February 2007

### Present for Budget discussion in addition to Members of the POC: -

Mr R J E Parker as a substitute for Mrs E Green, Mr K G Lynes (Cabinet Member for Adult Services), Mrs T Dean and Mr D Smyth.

**Officers present from the Adult Services Directorate:** Oliver Mills, Caroline Highwood, Michelle Goldsmith and Michael Thomas-Sam.

Item Reference and Issue	Comment/Questions
<p><i>Item B1</i></p> <p><b>Draft Revenue and Capital Budgets 2007/2008 and Draft Medium Term Financial Plan 2007/10</b></p> <p><b>Predicting Future Problems</b></p> <p><b>Changes to Domiciliary Care Charging to Produce Savings</b></p>	<p><b>Mr Northey</b> – Is it possible to build a section in to future budgets to identify how planned future spending could improve the health and wellbeing of a given number of people? Identify a formula or be able to estimate, eg, £x of investment could help x number of people?</p> <p><b>Mr Mills</b> - Benefits of early intervention and preventative care are well recognised in Kent. It is very important to develop sound academic evidence in support, and Kent is working with national organisations to do so.</p> <p><b>Mr Lynes</b> - Simple ideas can make a big difference. Avoiding old people having falls, for example, could avoid significant costs in a year from the injuries caused by falling</p> <p><b>Mr Christie</b> – How was this saving identified? Does the £500,000 saving delivered by the 2010 target give better value than Domiciliary Care?</p>
	<p><b>Mr Lynes</b> - This was a very difficult decision as it was very important to protect eligibility criteria to deliver a range of preventative services and once you start to change them it is very difficult to go back. In addition, raising eligibility criteria would mean that people entered the system with more complex needs than they might otherwise have had, which would store up problems for the future.</p>

Item Reference and Issue	Comment/Questions
<p><b>Health Visitors for Older People</b></p>	<p>Other areas of spending have been reviewed to ensure the moderate eligibility level for Domiciliary Care Charging can be retained. Proposed changes to charging will place Kent in the middle pack in the level of proposed charges for Domiciliary Care in the UK – plenty of local authorities charge more.</p> <p><b>Mr Mills</b> - The £500k investment in Towards 2010 is all to develop mainstream services to be more responsive.</p> <p>Changes to Domiciliary Care Charging are not a change to policy but a change to the thresholds. In line with the policy. Those on low income will continue not to pay a charge. There will be transitional protection where there is significant increase. The intention is to maintain the charge for the duration of the Medium Term Plan to provide consistency. Members will have the opportunity to scrutinise the proposal once a key decision is ready to be taken about the detailed changes.</p> <p><b>Mrs Rowbotham</b> - Exploring the option of health visitors for older people would help with preventative measures and keep older people in their own homes longer, and could save money.</p> <p><b>Mr Lynes</b> – KCC continued to look forward to engaging the Health Economy in constructive partnerships on such issues. The query still remained however from where the NHS would fund such changes.</p> <p><b>Mr Mills</b> - Agree elderly people in their own homes benefit well from early intervention and new technology, and combining skills would mean one person visiting instead of two.</p>
<p><b>OT Bureau</b></p> <p><b>Pressures Carried Forward</b></p>	<p><b>Mr Koowaree</b> - OT Bureau – Why the difference in revenue spending?</p> <p><b>Miss Goldsmith</b> - It has reduced because the previous year's budget reflected Adults' and Children's Services before disaggregation, whereas this year they have been separated.</p> <p><b>Mr Koowaree</b> - Why do pressures from 2006/07 appear in the revenue spending? (page 21 of budget doc)</p> <p><b>Miss Goldsmith</b> - £4.915m is the current year's pressure to overspend. One-off savings are being used to address this and these will not be available for next year. No grants beyond 2007/08 are yet known.</p>

Item Reference and Issue	Comment/Questions
<p><b>General Comments</b></p> <p><b>Spending on Assessments and Services</b></p> <p><b>Learning Disabilities Income</b></p>	<p><b>Mr Hibberd</b> - The principles of this budget are right, we are moving in the right direction.</p> <p><b>Mr Christie</b> - There are no political differences between the parties around the issues in this budget. We all know there is a limited pot of money and we need to achieve a balance.</p> <p><b>Mrs Newell</b> - Our last inspection report criticised the amount spent on doing assessments compared to the amount spent providing services, Could the changes to domiciliary charging add to this effect, and could the changes deter some uses from taking up services?</p> <p><b>Mr Mills</b> - We always ensure the limited budget available is spent wisely to get a good balance (the MTFP notes on page 89 that there was a plan to Modernise Assessment Services). Changes to charges will be phased in over time and we would always encourage existing service users to remain. Some of them may end up paying a similar price for their service than they might have done from a private provider had they used Direct Payments.</p> <p><b>Mrs Newell</b> - Income from Learning Disability has dropped. Why?</p> <p><b>Miss Goldsmith</b> - The grant income from preserved rights grants is reduced each year, and some is rolled into base budget.</p>
<p><b>Medium term Service Priorities in the Medium Term Plan</b></p> <p><b>POPPs Income</b></p> <p><b>Telecare and TeleHealth</b></p>	<p><b>Mr Lake</b> - Very pleased to see £1.5m Government grant secured for POPPs; how will this be spent? Good also to see Telecare and TeleHealth continuing to be developed.</p> <p><b>Mr Thomas-Sam</b> - This will be spent spreading projects, similar to those initiated in Brighter Futures in West Kent to areas in East Kent, funding and stimulating Voluntary Organisations to enable older people to live more productively.</p> <p><b>Mr Mills</b> - Development of both of these schemes is going very well. In TeleHealth there are currently 130 users. The service is effective, with good outcomes (e.g., avoiding admissions to hospital). The University of Kent has published some findings on its website on the launch of Telecare and this can be made available to Members. Telecare is now operating in six districts and has included 500 users.</p> <p><b>Mr Lynes</b> - A good working relationship between NHS and KCC has allowed these schemes to develop. We are seeking to increase take up by around 100% for TeleHealth.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 215 497 286"><b><i>Changes to Domiciliary Care Charging</i></b></p> <p data-bbox="134 654 520 725"><b><i>Future Effects of Current Budget Changes</i></b></p>	<p data-bbox="558 215 1428 286"><b>Mr Christie</b> - When will we know how far the level will be raised, and how will this be done?</p> <p data-bbox="558 324 1428 620"><b>Mr Mills</b> - Details have yet to be finalised; the percentage of a user's disposable income which will be considered for charging purposes will rise from 65% to possibly 80%-85% although investigations continue. Many other local authorities take account of 100% of a user's disposable income. Details will be clear by the time the Cabinet Member comes to take the key decision. It will be available for scrutiny in the normal way.</p> <p data-bbox="558 654 1428 725"><b>Mr Parker</b> - How can we plan ahead to ensure that changes made now do not lead to increased costs in the future?</p> <p data-bbox="558 763 1428 976"><b>Mr Mills</b> - The budget only identifies main changes but there is much work and many documents behind the scenes which deal with detail service commissioning to ensure we achieve best value. In addition, the Active Lives Strategy is about to be re-launched. The budget is just part of the picture.</p>



## **CABINET SCRUTINY COMMITTEE**

MINUTES of the Special Budget meeting of the Cabinet Scrutiny Committee held at Sessions House, County Hall, Maidstone on Friday 2 and Wednesday 7 February 2007.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr A R Bassam (7 February only), Mr A H T Bowles, Mr J R Bullock MBE (2 February only), Mr C J Capon, Mr A R Chell (substitute for Mr A R Bassam on 2 February and for Mr J R Bullock MBE on 7 February), Mr B R Cope, Mrs T Dean, Mr C G Findlay (substitute for Mrs P A V Stockell on 7 February only), Mr J B O Fullarton (2 February only), Mr C Hart (2 February only), Mr W A Hayton (substitute for Mr E E C Hotson on 2 February only) Mr C Hibberd (substitute for Mr C T Wells on 2 February only), Mr P W A Lake, Mr C J Law (2 February only), Mrs M Newell, Mr R J E Parker, Mr J E Scholes and Mrs P A V Stockell (2 February only).

IN ATTENDANCE: Mr J Wale, Assistant to the Chief Executive, and Mr S C Ballard, Committee and Member Services Manager.

### **UNRESTRICTED ITEMS**

#### ***53. Draft Medium Term Plan 2007-10 (incorporating the Budget and Council Tax setting for 2007/08)***

**(Item 2)**

(1) A supplementary report was tabled at the 2 February meeting summarising the comments on the draft Medium Term Plan and Budget made at the following meetings:-

- (a) Communities Policy Overview Committee – 26 January 2007;
- (b) Environment and Regeneration Policy Overview Committee – 29 January 2007;
- (c) Corporate Policy Overview Committee – 30 January 2007;
- (d) Adult Services Policy Overview Committee – 1 February 2007.

(2) A further supplementary report was tabled at the 7 February meeting summarising the comments on the draft Medium Term Plan and Budget made at the following meeting:-

- (e) Children, Families and Education Policy Overview Committee – 6 February 2007.

(3) Mr N J D Chard, Cabinet Member for Finance; Ms L McMullan, Director of Finance; Mr B Smith, Group Manager, Finance; and Mr K Abbott, Director of Finance and Corporate Services, Children, Families and Education Directorate, attended both the 2 and 7 February meetings to answer Members' questions on this item.

(4) After an introductory statement by Mr Chard, the Committee questioned Mr Chard, Ms McMullan, Mr Smith and Mr Abbott about the following issues:-

(a) Effect of being "Floor" Authority

In answer to questions from Mr Hart, Mr Parker, Mr Smyth and Dr Eddy, Mr Chard and Ms McMullan explained that "floors" were part of the Government's grant distribution arrangements. Without the "floor" (which was worth £1.9m to KCC) KCC would receive a worse grant increase. Recent changes to the funding arrangements meant that floor authorities received no additional Government funding for the revenue effects of "supported borrowing", and so the revenue costs had to be met by the Council Taxpayer.

(b) Reduction in Capital Programme

In answer to questions from Mr Smyth, Mrs Dean and Dr Eddy, Mr Chard explained that he was proposing that the capital programme should be reduced by £20m because of the additional revenue cost to the Council Taxpayers. This would be the first time that the Government's offer of supported borrowing had not been taken up in full. This was because of the recent change in funding arrangements. He said that one example of the capital projects which would not now go ahead was the redevelopment of Greenhithe Station.

In answer to questions from Mrs Newell, Mr Chard explained that the Greenhithe Station project had originally been included in the capital programme because it was expected that there would be additional revenue support to cover the costs of borrowing (although the County Council would obviously have preferred a capital grant). Now that the revenue impact of borrowing basically fell to council taxpayers, the scheme had had to be reconsidered alongside other priorities.

In answer to a question from Mr Smyth, Mr Chard said he thought it unlikely that the decision not to take up the full allocation of supported borrowing would prejudice the County Council in the future, not least because a number of other "floor" authorities had also decided they could not afford to take up their full supported borrowing allocation. He added that it would be dangerous to leave the Greenhithe Station project in the capital programme and rely on slippage on other schemes. He was keen to focus resources on improving management of the capital programme by, for example, improving the accuracy of forecasting the progress of projects.

(c) Adult Services

In answer to a question from Mrs Newell, Mr Chard said that for 2007/08 he proposed a budget increase of 6% for Adult Services compared with an increase in FSS of only 4.4%.

Ms McMullan said that KCC had worked with the Kent Districts and the Department of Work and Pensions to set up the Kent Benefits Partnership which had been successful in encouraging pensioners to claim the benefits to which they were entitled. She accepted that some

people who were just over the benefit limit would have to pay the full cost for their care services. This was a national issue which she was pleased to see had been taken on board by the Lyons Inquiry.

(d) Turner Contemporary

In answer to questions from Mr Hart, Mrs Dean and Dr Eddy, Mr Chard said that the £15m costs previously quoted by the Leader of the Council related only to the building. The £17.4m shown in the budget included other elements such as inflation.

Ms McMullan added that she was reasonably confident that the £17.4m figure was accurate but it could not be guaranteed until contracts were let. Any change in the cost at that stage would be reported to Members in the usual way.

(e) Climate Change

In answer to a question from Mrs Dean, Mr Chard explained that the costs of implementing the recommendations of the Climate Change Select Committee had not been identified separately in the budget but were included within the relevant budget lines. It would be possible to identify climate change issues more clearly in Directorate Business Plans.

(f) Kent Film Project

In answer to questions from Mrs Dean, Dr Eddy, Mr Bullock and Mr Law, Ms McMullan said that the cost shown for the Kent Film Project was an estimate. Because the project had not yet started, no assumption had been made about income at this stage, although she confirmed that it was the intention that the project should generate income.

(g) KCC Asset Base

In answer to a question from Dr Eddy, Ms McMullan said that there were two main areas of work taking place – and nearly completed – to accurately establish KCC's asset base, as follows:-

- (i) Kent Property Services were co-ordinating a list of all properties owned or leased by KCC;
- (ii) Kent Highway Services, with PricewaterhouseCoopers, were reviewing highways.

(h) Localism

In answer to questions from Mr Bullock, Dr Eddy and Mr Smyth, Mr Chard explained that there was too little certainty as yet about localism and improved two-tier working for any additional resources to be identified for this in the 2007/08 budget, although he accepted that

additional resources may need to be identified in the budgets for future years.

(i) Delegated Schools Budgets

In answer to a question from Mr Smyth, Mr Abbott explained the difficulties in estimating DSG because actual figures were not announced by the DfES until June each year. This was a major flaw in the current DSG system and KCC and other councils had lobbied – and would continue to lobby – for changes.

The current system also did not reflect the merger between education and children's social services which all councils had been required to make.

Finally, the headroom on DSG had been significantly reduced by such factors as a clawback by Government last summer, and an increase in Teachers' Superannuation contributions from January 2007. Mr Abbott expected the lack of headroom to cause problems for all schools over the next 3-4 years, particularly for those with falling rolls.

(j) Transition of Clients from Children's to Adult Services

In answer to a question from Dr Eddy, Mr Chard and Mr Abbott explained that disaggregation of the Social Services budget took place as a one-off event last year and so was reflected in the current year's budgets for Children and Family Services and Adult Services. A more detailed breakdown of the budgets showing how transition was covered would be supplied.

(k) Special Educational Needs

In answer to a question from Mr Smyth, Mr Abbott explained that the £1m pressure would be dealt with by tightening up the eligibility criteria by which the County Council provided support to schools, although no decision had yet been taken on how the criteria might be changed. This might have an impact on schools' budgets but it recognised that the bulk of the increase in Government funding to the County Council was through the Delegated Schools Grant.

In answer to a question from Mr Parker, Mr Abbott said that SEN was the only area where KCC budget savings might have a direct impact on schools' budgets.

(l) Clusters

In answer to questions from Mrs Newell, Mr Abbott explained that the budget for Clusters was not being reduced but an identified pressure of £299k to enhance management support could not be met. Where Clusters identified additional management support posts as being necessary, these could be funded by contributions from the budgets of the schools within that cluster, as happened already.

(m) Fostering

In answer to a question from Mrs Newell, Mr Abbott explained that the Director of Children's Social Services was carrying out a major review of fostering to identify areas for savings, including cost-effectiveness of placements, length of placements and reduction in the use of independent fostering agencies. He emphasised that there was no intention to move any child from one placement to another simply to reduce costs.

(n) Business Start-up Units

In answer to a question from Mr Smyth, Mr Abbott explained that start-up units were being established on some secondary school sites for businesses which could offer vocational education, work experience and possible longer-term job opportunities for pupils.

(o) Building Schools for the Future

In answer to a question from Mrs Newell, Mr Abbott said that the £216.43m identified in the Education and School Improvement Portfolio Investment Plan was for BSF in Gravesham and the start of BSF in Thanet.

(p) Maintenance of School Buildings

In answer to a question from Mrs Dean, Mr Chard and Mr Abbott explained that the £4m reduction in the maintenance programme for school buildings in both 2007/08 and 2008/09 could safely be made because of the Building Schools for the Future programme, which involved:-

- (i) new schools which did not require so much maintenance;
- (ii) PFI schemes, where the provider, rather than the County Council, was responsible for the maintenance costs for the life of the scheme.

(q) SureStart Grant

In answer to a question from Mr Smyth, Ms McMullan explained that the £13m shown for SureStart grant in the breakdown of the 'Grant Income and Contingency' line of the Education and School Improvement Portfolio Budget was the best estimate of the grant that the County Council would receive. Calculation of the grant was not straightforward as part of it came via the Local Area Agreement and confirmation of the grant figures from Government was still awaited. Whatever the eventual level of grant received, it was the Council's policy to spend the entire amount on SureStart projects.

(r) Duty of Care for Looked After Children

In answer to a question from Dr Eddy, Mr Abbott explained that no provision had been made in the 2007-10 Medium Term Plan for this, because it was still the subject of consultation by Government. The new Duty of Care certainly raised significant resource issues and the Council would highlight this in its response to the Government consultation, and also make the point that this was another area where there was inconsistency between Government departments in the grant arrangements for children's services. Depending on the outcome of

the consultation, provision for Duty of Care would be included in future years' Medium Term Plans.

(s) Council Tax Increase

In answer to a question from Dr Eddy, Mr Chard said that he would have preferred to propose a Council Tax increase of lower than 4.95% but this would have required unacceptable cuts in the Council's services to the Council Taxpayers.

In answer to a question from Mr Smyth, Mr Chard said that he was pleased that the Government had moved away from the old SSA system. Nevertheless he was concerned at the opaqueness of the Government's method of calculating block grant. Mr Chard said that he awaited the outcome of the Lyons Review and CSR07 with interest. He expressed concern that there might be a delay beyond the planned date of June/July in the announcement of the outcome of CSR07. Dr Eddy offered to raise this issue with Kent Labour MPs when he met them in March.

(5) RESOLVED that:-

- (a) Mr Chard, Ms McMullan, Mr Smith and Mr Abbott be thanked for attending the meetings to answer Members' questions;
- (b) the Committee place on record its congratulations to the staff of KCC for consistently delivering high quality services within budget;
- (c) the Cabinet Member for Community Services be requested to provide the Committee with information about how the £580k savings from the review of the Library Services was expected to be achieved, including details of any anticipated job losses; and the likely impact of the review on education services;
- (d) the Chairman write to the Chancellor of the Exchequer on behalf of the Committee urging that there be no delay beyond the planned date of June/July in the announcement of the outcome of CSR07;
- (e) the Committee's discussions, as set out above, be drawn to the attention of Cabinet on 8 February.

**Comments from the Children, Families and Education  
Policy Overview Committee  
6 February 2007**

**Present for Budget discussion in addition to Members of the POC:-**

Dr T R Robinson, Cabinet Member for Children and Family Services, Mr J D Simmonds, Cabinet Member for Education and School Improvement, Mr K Abbott, Director, Finance and Corporate Services and Mr Richard Hallett, Finance Manager attended for this item.

Item Reference and Issue	Comment/Questions
<p><i>Item B1</i></p> <p><b><i>Draft Revenue and Capital Budgets 2007/08 and Draft Medium Term Plan 2007/2010</i></b></p>	<p><b>Mr Abbott</b> set out the position for schools in the next financial year. He stated that overall the schools budgets was in a standstill position. The three year financial plan model had encouraged schools to identify pressures earlier than they normally would have done and, therefore, he was aware that there was a slight increase in a number of schools forecasting deficits. One of the key issues for the budget was the treatment of Early Years pupil data which had had an impact on 2007/08. Also there was the increase in superannuation for teachers from January 2007 and, therefore, the headroom that had been anticipated for schools for 2007/08 had now disappeared. Also there was no mechanism within the funding for schools to reflect local price issues. For example, schools coming out of long term contracts for energy, catering and cleaning and then having to take on a new contract at a higher cost.</p> <p>He informed Members that the DfES were launching proposals to change school funding and consultations would be out later in the month with a report back in the early Autumn on changes that would come into effect in 2008.</p> <p>Also referred to the issue of the £500 personal budget for each Looked After Child which will impact on the Dedicated Schools Grant in future. The other issue he mentioned was the difficulty caused by having the majority of funding routed through the DSG which was a funding system designed for schools and education at a time when Kent, like most other authorities had moved into the new integrated Children Services arrangements in line with the requirement of the Children Act. He believed this did not work well and that changes are needed to match the funding mechanisms to the post Children Act structures and service demands.</p>
	<p>In relation to the Medium Term Financial Plan, <b>Mr Abbott</b></p>



Item Reference and Issue	Comment/Questions
<p><b>Budget Book - Page 8 – Home to School Transport</b></p> <p><b>Budget Book - Page 13 – Independent Sector Provision</b></p>	<p>made the following points.</p> <ul style="list-style-type: none"> <li>• They were funding significant price increases to home to school transport.</li> <li>• Charges imposed by Foster Agencies had increased.</li> <li>• There would be a 4.65% reduction in full-time equivalent posts largely from September 2007 and where possible this would focus on existing vacancies and impact on support staff and administrative posts, in order to protect front-line services as far as possible but the details were still being worked out. It was anticipated that this would equate to 120-140 full-time equivalent posts.</li> </ul> <p>It was noted that as requested at Cabinet Scrutiny on 2 February a list of specific education grants plus a breakdown of grant income within the “contingency” budget line in each of the CFE portfolios (budget pay 6) had been circulated to Members.</p> <p><b>Mr Abbott</b> stated that a number of the grant allocations were still awaited from the DfES and therefore the best estimates of those had been given</p> <p><b>Mr Curwood</b> noted that home to school transport was going up to £15m which, as there were approximately 20,000 children represented by this figure, he wished to know whether he was correct in assuming that the cost of this was approximately £1500 per child.</p> <p><b>Mr Abbot</b> confirmed that this was correct.</p> <p><b>Mr Tolputt</b> expressed concern at the increase of 10% in the cost of Independent Sector Provision and asked what action was being taken to keep fees down.</p> <p><b>Mr Abbott</b> stated that Kent worked through a consortium in order to attempt to keep prices paid to the Independent Sector for this type of provision down. However, despite working with other authorities this was the increase that needed to be reflected in the budget if an overspend was to be avoided.</p>
<p><b>DSG</b></p>	<p><b>Mr Truelove</b> stated that although <b>Mr Abbott</b> had said that</p>

Item Reference and Issue	Comment/Questions
<p><i>Budget Book - Page 6</i></p> <p><i>Budget Book - Page 1</i></p> <p><i>Budget Book - Page 6</i></p> <p><i>Budget Book - Page 1</i></p>	<p>this was a standstill budget for schools there had been an increase in DSG of 5.6% on last year. He was assuming that was slightly better than standstill.</p> <p><b>Mr Abbott</b> agreed that the Dedicated Schools Grant (DSG) had increased by 5.6% but this included £11m of new funding for Personalised Learning and Practical Learning in schools. Therefore, although Kent schools had received more funding they had new responsibilities and that once the budget was adjusted for that the overall position was standstill.</p> <p><b>Mr Truelove</b> asked about the effect of the grant across portfolios not just the DSG but also Social Services and the Learning Skills Council which equated to £907m, and asked for an indication of what this compared to in previous years, ie, what percentage increase this was.</p> <p><b>Mr Abbott</b> undertook to give a detailed analysis of this outside of the meeting.</p> <p><b>Mr Truelove</b> referred to the £98m for education and schools improvements and asked if this was outside of the schools budget and also referred to, on page 8, the £32m on assets.</p> <p><b>Mr Abbott</b> stated that this figure included the £32m in assets which was a capital finance charge.</p> <p><b>Mr Truelove</b> referred to the income in the schools budget of £78.9m and asked what this represented.</p> <p><b>Mr Abbott</b> replied that schools locally generated money. For example, money that they had been awarded from the National Lottery or grants that they had gained independently of KCC, for example, grants from teacher training bodies.</p> <p><b>Mr Truelove</b> stated that in the summary under the spending changes for the delegated schools budget there was a reduction of almost £5m. He asked how this was arrived at.</p> <p><b>Mr Abbott</b> agreed to check this figure with Corporate Finance and supply it to Members.</p>
<p><i>Budget Book - Page 9</i></p>	<p><b>Mr Truelove</b> referred to the summary of the revenue budget for the DSG income which had increased by £687m and asked how this related to other figures in the budget.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="188 600 440 667"><b><i>Home to School Transport</i></b></p> <p data-bbox="188 1039 580 1106"><b><i>“Claw Back” of Allocated Schools Budget</i></b></p> <p data-bbox="188 1774 555 1841"><b><i>Medium Term Financial Plan – Page 86 to 87</i></b></p>	<p data-bbox="614 340 1487 564"><b>Mr Abbott</b> stated that this equated to the figure on page 17 and demonstrated a change in the approach to the budget which had been decided, corporately, and agreed by the Directorate. The grant for the DSG was now part of two portfolios whereas it had previously been shown in the Finance portfolio budget.</p> <p data-bbox="614 600 1487 712"><b>Mr Truelove</b> asked whether the £15m that KCC proposed to spend on home to school transport was in excess of what other comparable authorities were spending.</p> <p data-bbox="614 748 1487 994"><b>Mr Abbott</b> explained that work had been carried out a couple of years ago to look at the costs and compare them with other local authorities. At that point in time the cost paid by KCC was comparable to other similar authorities, although recognising that the geography of Kent made a difference. However, he did emphasise that these figures were a couple of years old.</p> <p data-bbox="614 1039 1487 1151"><b>Mr Vye</b> referred to the information that a percentage of the allocated budget for schools was going to be clawed back and asked for further information on this.</p> <p data-bbox="614 1187 1487 1733"><b>Mr Abbott</b> explained that following the introduction of a DfES requirement to claw back school balances a process had been agreed with the Schools Funding Forum and that the schools outturn figures would be taken as a starting point, these would then be adjusted to take into account money held in reserve for specific purposes. For example, if they were holding reserves for a building project then that would be taken off the outturn figure. They would then look at the remaining balance to see if it was more than 8% for primary and special and middle schools or 5% of the budget for secondary schools which would then attract claw backs. His initial view was that there would be little claw back by the time these adjustments were made. The details of this process have been e-mailed to schools and posted on Cluster web this week.</p> <p data-bbox="614 1774 1487 1917"><b>Mr Vye</b> referred to the figure of £1m on page 86 for support for statemented pupils and the same figure on page 87 shown as a saving to manage additional statemented cost pressures and asked if these were the same figure.</p>
	<p data-bbox="614 1957 1487 2024"><b>Mr Abbott</b> explained that in the SEN budget shown on page 86 and 87 there were pressures and the service had</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="188 488 555 560"><b>Medium Term Financial Plan - Page 85</b></p> <p data-bbox="188 927 555 999"><b>Medium Term Financial Plan – Page 84</b></p> <p data-bbox="188 1442 264 1473"><b>DSG</b></p> <p data-bbox="188 1554 571 1657"><b>Improvement Budget Book Page 6 - Education in Schools</b></p>	<p data-bbox="614 271 1487 450">identified a need for a £1m increase in their budget which was reflected in page 86. However, in the context of all the other budget pressures it had not been possible to fund this and so the saving on P87 was to show that the service would have to manage this pressure.</p> <p data-bbox="614 488 1487 633"><b>Mr Vye</b> referred to the sum of £299,000 from the clusters “to resist enhancement of management support” and asked whether this was correct and was this a cutback on the existing budget.</p> <p data-bbox="614 672 1487 891"><b>Mr Abbott</b> explained that this was similar to the previous issue; the clusters had identified a pressure in relation to their administration. However, with the current budget there was no funding to address this identified pressure and, therefore, it was decided that this was something that the clusters would have to manage.</p> <p data-bbox="614 927 1487 1072"><b>Mr Vye</b> asked whether relation to supporting improvement in 740 early years settings there was £752,000 allocated in 2008/09. What is this sum for and why is it not put in the current year?</p> <p data-bbox="614 1111 1487 1406"><b>Mr Abbott</b> replied that that since April last year OfSTED had inspected 70 early year settings which had received a rating that indicated that they needed further support. Work was being carried out to redirect resources internally and funding had been put into year 2. The position in the current year was that there was to be no overall reduction in staff in the advisory service but as a trade off for this resources from there were being redirected to support early year settings.</p> <p data-bbox="614 1442 1487 1514"><b>Mr Abbott</b> stated that increase in the DSG for Kent equalled £37m.</p> <p data-bbox="614 1554 1487 1626"><b>Mr Christie</b> asked what the increase of 58% in Policy and Service Development represented?</p> <p data-bbox="614 1697 1487 1843"><b>Mr Abbott</b> stated that this sum included two key factors £0.8m Towards 2010 targets and £2.4m for the effect of disaggregation of the budget from Social Services and Education and Libraries into the new directorate.</p>
<p data-bbox="188 1917 528 1948"><b>Budget Book - Page 7</b></p>	<p data-bbox="614 1917 1487 2024">In response to a question from <b>Mr Christie</b>. <b>Mr Abbott</b> explained that the 40% reduction in the school’s support service budget was to cover one post taken out of a small</p>

Item Reference and Issue	Comment/Questions
<p><b>Budget Book - Page 15 – Adoption Service</b></p> <p><b>Medium Term Financial Plan – Page 85 and 87</b></p> <p><b>Medium Term Financial Plan – Page 86 and 87</b></p> <p><b>Budget Book – Page 7</b></p>	<p>unit and that automation had been put in place to cover that post.</p> <p><b>Mr Christie</b> asked why there was no comparison for the previous year spend on this budget.</p> <p><b>Mr Abbott</b> explained that the bottom of page 16 of the Budget Book, showed the old presentation of the budget as per the Social Services directorate. However the new directorate was trying to provide a more detailed format. As already agreed at Cabinet Scrutiny the directorate would go back and reinstate the budget for 06/07 in this new format but this could not be done until the work on school budgets had been completed.</p> <p><b>Mr Christie</b> referred to the staffing savings and reduction in the pay budget and hoped that this would be managed without compulsory redundancies. He had looked at the full time equivalents against staff savings on page 85 and asked whether the 33.4 posts of savings was comparable to the 90.3 posts.</p> <p><b>Mr Abbott</b> replied that the 33.4 did compare to the 90.3 posts but it would depend on when the timings of the savings came on line. Some posts were already vacant and therefore the savings could be made in April. However, if redundancies were necessary then this would impact later in the year.</p> <p><b>Mr Abbott</b> referred to the Medium Term Financial Plan – Page 86/87 and stated that historically, in fostering and adoption there was an overspend of £2m+ which was balanced by vacancies. They had now put £2m in the budget to balance this overspend. The vacant posts which in many cases had been vacant for many years, would now be removed from the establishment. He also confirmed that potentially there could be a number of compulsory redundancies but these were more likely to be among support staff rather than front line staff.</p> <p><b>Ms Olivier</b> referred to the increased costs of managing major contracts on behalf of schools and asked for an explanation of this as schools were self funding and managed their own contracts.</p>
	<p><b>Mr Abbott</b> explained that this increase in the Client Services budget related to encouraging healthy eating and schools meals contracts and also included funding for Towards</p>

Item Reference and Issue	Comment/Questions
<p><b><i>Budget Book – Page 8 – Management Information</i></b></p> <p><b><i>Towards 2010</i></b></p> <p><b><i>Three Year Budgets for Schools</i></b></p>	<p>2010.</p> <p>In response to a request from <b>Ms Olivier</b> for more information on this budget <b>Mr Abbott</b> explained that there had been a big increase in this budget because of the change in responsibilities. Funding for placements for three year olds had been moved into this budget along with four year olds and therefore this brought together all the early years providers payments.</p> <p><b>Mr Bristow</b> stated that although there had been discussions with partners on 2010, a lot of their views had not been taken into account. When KCC was under pressure and looking at what Kent County Council could provide itself and what partners could do, they may find themselves in difficulties in relation to compliance. This could put KCC at risk of not being able to use the full range of potential because they could not comply with 2010 as their views had not been taken into account. He did not want to see the power of voluntary sector organisations underestimated in the power of what KCC could do.</p> <p><b>Mr Simmonds</b> replied that there were a number of issues here, one of which was ensuring duplication in spending on voluntary services and ensuring that services that were now being funded via children’s centres were not also funding by KCC through the voluntary sector. It was important for KCC to look at the way that they worked with the community and used voluntary service organisations.</p> <p><b>Mr Chell</b> asked for an explanation of the three year budget for schools and asked why there was currently less than three years budgeting.</p> <p><b>Mr Abbott</b> explained that they were currently only able to issue a two year budget as they only had guidance for 2007/08. When they had the information for 2008/09, 2009/10, and 2010/11, then it would be possible, hopefully later in the year, to issue some budget guidance for the three year period. He explained that the multi-year budgets were linked into the national Comprehensive Spending Review process which meant that in Year 1 there would be information for three years, Year 2 just for two years and Year 3 (as per 2007/08) only one year. He agreed that this cycle, which they were tied into was not helpful either to the authority or to the schools.</p>

By: Keith Ferrin, Cabinet Member for Environment, Highways and Waste  
Pete Raine, Managing Director – Environment and Regeneration

To: Cabinet – 8 February 2007

Subject: Free Travel for 11-16 Year Olds

Classification: Unrestricted

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Summary: This report seeks approval from Cabinet to establish free travel pilot schemes in Tonbridge/Tunbridge Wells and Canterbury using the criteria set out in Appendix 1. If these are successful and affordable, a countywide roll-out will take place from 2009/10.

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## **FOR DECISION**

### **1. Background**

1.1 In September 2006, Kent County Council published “Towards 2010” (T2010) with an aspiration to introduce free travel for school children in secondary education aged 11-16.

1.2 In order to test the feasibility of introducing free travel, two pilot schemes are being established in Tonbridge/Tunbridge Wells and Canterbury. It is hoped to commence the pilots in June 2007.

1.3 The key policy aspirations of free travel for 11-16 year olds are:

- A reduction in peak hour congestion.
- Improved social inclusion through improved mobility for young people outside school hours.
- Encouraging longer term use of public transport by young people.

### **2. Pilot Schemes**

2.1 Negotiations are well underway with bus service providers across Kent for the establishment of free travel trials in areas covered by Tunbridge Wells Borough Council and Canterbury City Council, and Tonbridge town. All secondary schools in these areas will be included and as set out in Appendix 2. There has been a lukewarm response to participation in the scheme by Kent rail operator Go Via and it is not proposed to include this mode of travel in the pilot schemes. We will continue to work with Go Via so that free rail travel will be included in the countywide scheme from 2009/10.

2.2 Given the significant level of investment in extra buses to be committed by the operators, the pilot schemes will need to run for a minimum of two years to ensure that they recoup this investment.

### **3. Financial Implications**

3.1 The County Council has commissioned MCL Transport Consultants, the UK's leading consultancy on concessionary travel, to assess bus capacity in the Canterbury area and to calculate the likely cost of a countywide free scheme. This work is now in final draft form.

3.2 MCL have estimated that around 12 additional buses will be required on existing corridors to cater for the new demand generated by free travel in Canterbury. It is likely that a scheme in Tonbridge / Tunbridge Wells will be broadly comparable.

3.3 The difficulty of establishing an accurate level of funding for the pilot schemes at this stage is based upon housing 12 estimated additional buses per pilot area, exactly how many new students will take up the pass and how many are currently not entitled to free school travel but are paying their own fare for bus travel.

3.4 However, based upon the MCL work, Officer's judgement is that each pilot scheme will cost in the region of £1 million per annum based upon a pass charge of £50 for peak and off-peak travel for non-entitled children and £50 for off-peak travel for those entitled to free school travel.

3.5 Appendix 3 details the cost (at 2006/07 prices) of introducing a countywide free scheme. The proposed cost of £50 for both types of card may dampen some demand although a cautious approach at this stage is recommended due to the potential high overall cost of free transport and the levels of uncertainty. The relatively high cost of providing free travel in the pilot areas (£2 million out of a total of £8.3 million) reflects the concentrated nature of school travel demands in these towns and the lack of spare bus capacity currently available. In other words, the pilot areas are the most difficult and expensive to provide because of the complex and busy nature of school travel in these towns. On the other hand, if the scheme is successful in these areas, this would offer considerable re-assurance about the feasibility of a countywide roll out.

3.6 Discussion with bus operators has taken place on the introduction date for the pilot free travel schemes. Both Arriva and Stagecoach are concerned that a start in September 2007 will prove difficult due to the very busy nature of this month. It is therefore proposed to commence the pilot schemes after the summer half-term 2007. This is the quietest time for school travel and will provide a good test of the use of off-peak travel for cultural activities during the summer holidays.

3.7 A budget of £1.5 million per annum has been allocated for both pilot schemes in 2007/08 which does not reflect the full cost but should be adequate for this financial year. There is a further £3.5 million available in 2008/09 and a further £3 million in 2009/10 for a countywide roll-out.

### **4. Risk**

4.1 MCL has established that a net £8.3 million will be required at present day prices to offer a countywide free scheme for 11-16 year olds. There is a risk that costs will be in excess of this as take-up and usage are simply that – estimates only.



## **5. Administration**

5.1 It is very important that all administrative arrangements relating to the pilot scheme operation are effective. This includes pass issuing, reimbursement to all bus operators and general monitoring of usage. It is therefore proposed to ask MCL Transport Consultants to assist with the reimbursement to bus operators and Commercial Services to handle the general administration, queries and pass issuing alongside the administration of the existing home to school transport arrangements. Application forms will require a declaration from parents that their daughter/son will use the pass on a regular basis.

## **6. Recommendation**

6.1 It is recommended that Cabinet give approval to:

- i) the introduction of pilot free travel schemes as detailed in appendix 1 for a minimum of two years
- ii) the Director of Environment and Regeneration be given delegated authority, in consultation with the Cabinet Member for Environment, Highways and Waste, to approve detailed elements of the scheme and to enter into any necessary agreements or contracts as appropriate with the transport operators.

### **Contact:**

David Hall: 01622 221982

Background Documents: Canterbury Bus Capacity Study by MCL Consultants

## **Appendix 1**

### **Pilot Scheme Statement**

The pilot scheme includes:-

- All children living in Kent aged 11-16 in secondary school education in years 7 to 11. Year 11 students will not be included between June and September 2007.
- All secondary (including private) schools in the Boroughs of Tunbridge Wells, Canterbury and Tonbridge town.
- The pass is valid on all registered local bus services in Kent. Private bus services of any description are excluded. Rail is excluded.
- Existing entitlement to free school travel arrangements will be unchanged. A pupil meeting the above criteria may purchase a pass giving off peak bus travel for £50 (after 0930 Monday to Friday and all day on Saturday and Sunday).
- Children not currently entitled to free school travel may purchase a pass giving free peak and off-peak for £50.
- All passes will require photo-card identity.
- Passes may be issued at any time during the year but the full charge of £50 will apply at all times.
- Passes will be renewed annually from September 2008.

## Free Travel Pilots – Participating Secondary Schools

### **Canterbury**

The Archbishops School  
Barton Court Grammar School  
Canterbury High School  
Chaucer Technology College  
The Community College, Whitstable  
Herne Bay High School  
Montgomery School  
Simon Langton Grammar School for Boys  
Simon Langton Grammar School for Girls  
St Anselm's Catholic School

### **Independent Schools**

The Kings School (12 – 18)  
St Edmund's School (13 – 18)  
Canterbury Steiner School (Cross phase)  
Kent College (Canterbury) (11 – 18)  
Junior King's School (8 – 13)  
Stafford House College (Cross phase)

### **Special Schools/Pupil Referral Units**

Chartham LR Centre  
Grosvenor House – Herne Bay  
East Kent Hospital School  
Orchard School  
St Nicholas' School

### **Tonbridge**

The Hayesbrook School  
Hillview School for Girls  
Hugh Christie Technology College  
The Judd School  
Tonbridge Grammar School  
Weald of Kent Grammar School for Girls

### **Independent Schools**

Tonbridge School (13 – 18)  
Hilden Grange School (3 – 13)  
Sackville School (11 – 18)

### **Special Schools/Pupil Referral Units**

Ridge View School

## **Tunbridge Wells**

Angley School – A Sports College  
Bennett Memorial Diocesan School  
Cranbrook School  
Mascalls School  
St Gregory's Catholic Comprehensive School  
The Skinners' School  
Tunbridge Wells Girls' Grammar School  
Tunbridge Wells Grammar School for Boys  
Tunbridge Wells High School

## **Independent Schools**

Benenden School (11 – 18)  
Marlborough House School (3 – 13)  
St Ronan's School (3 – 13)  
Kent College Pembury (11 – 18)  
Beechwood Sacred Heart School (9 – 18)  
Holmewood House School (9 – 18)  
Rose Hill School (3 – 13)  
Yardley Court (3 – 13)  
Bethany School (11 – 18)  
Dulwich Preparatory School (8 – 13)  
Bedgebury School (3 – 18)

## **Special Schools/Pupil Referral Units**

Broomhill Bank School  
Oakley School  
Charles Street Centre

### The Free Travel Proposal - Summary

	<b>Free Travel Proposal</b>
Total in Age Group	87060
Number taking up Pass	32930
“Home to School” Travel:	
Journeys	10352590
Growth	21%
Leisure/Other Travel:	
Journeys	2530089
Growth	53%
All Travel	
Journeys	12882679
Growth	25.8%
Total Net Cost (at 2006/07 prices)	£8,337,538

07/exe/cab/020807/Item 4 – Free Travel for 11-16 Year Olds

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By: Roger Gough: Cabinet Member for Regeneration and Supporting Independence  
Keith Ferrin: Cabinet Member for Environment, Highways and Waste  
Pete Raine: Managing Director - Environment and Regeneration

To: Cabinet

Date: 8 February 2007

Subject: Lorry Parking Issues

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### **Summary**

A response to the Highways Agency's consultation document on Policy for Service Areas and Other Roadside Facilities is recommended

### **For Decision**

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#### **1. Introduction**

1.1 The Highways Agency published the consultation document "Policy for Service Areas and Other Roadside Facilities" in November 2006, with a closing date on 8 February, 2007.

1.2 The consultation document mainly covers issues related to Motorway Service Areas – determining need, spacing, signing, retail activities, standard of facilities and potential for park and ride facilities; similar issues on trunk road service areas, use of laybys but little on lorry parking. It is considered that the County Council needs to respond on lorry parking issues related to overnight use and Operation Stack.

#### **2. Lorry Parking**

2.1 The document sets out Government's objective for the provision of roadside facilities that provide the opportunity for road users to make safe and efficient journeys. It aims to achieve this for lorry drivers by extending the range of facilities provided for lorry drivers, particularly in areas where inadequate provision is known to exist.

2.2 However, since 1992, Government policy has been that the private sector should take the initiative in identifying and acquiring sites for Motorway Service Areas (MSAs), although some older MSAs are still owned by Government and leased to private operators. It has always been left to the private sector to bring forward lorry parking facilities off the motorways.

2.3 The document also states that the Highways Agency is aware of concerns regarding problems arising from lorry parking in inappropriate places due to a lack of suitable locations and facilities. The Agency is specifically asking how can the role of the private sector in the provision of lorry parking be maximised.

### **3. Kent's Particular Lorry Parking Problems**

#### *Operation Stack*

3.1 Since the end of November, there have been a number of occasions when Phase 2 of Operation Stack was initiated (i.e. stacking lorries on the M20 coast bound carriageway between Maidstone and Ashford) – on and off between 28-30 November, 5-6 December, 7-9 December and 11-12 January. One of these incidents was due to a strike by French workers, but the rest were due to bad weather – strong winds in certain directions which seriously disrupt ferry sailings into and out of ports of Dover and Calais.

3.2 The effect of stacking cross-Channel lorries on the M20 is significant traffic congestion on the A20 when all other traffic is diverted off the motorway and impacts on local residents and businesses causing staff lateness, lost sales and output, and late or cancelled meetings. There is also a perception that Operation Stack has a negative effect on attempts to attract new businesses to East Kent.

3.3 Other concerns are that the police do not initiate Operation Stack quickly enough causing increased problems in Dover and that the police do not always separate out particular flows within the two queues of lorries in the Stack well enough so that unaffected lorries could be sent on (eg Channel Tunnel flows when ferries are affected or Norfolk Line ferry flows (Dover – Dunkerque) when Calais is adversely affected).

3.4 The Highways Agency is looking at the detailed design of a Quick Moveable Barrier (QMB) which could be deployed relatively quickly to form a two-lane contraflow on the London-bound carriageway of the M20 between Junctions 12 and 11, enabling strategic traffic to remain on the motorway in both directions, whilst international lorries are stacked on the coast bound carriageway. The Agency is due to complete its design in February and will consult before submitting the case to Ministers. The concerns some have over this method is that it only deals with Phase 1 of Stack (i.e. when some 850 lorries are parked on the motorway near the Channel Tunnel entrance). Phase 2 of Operation Stack is when lorries are parked between M20 Junctions 8 and 9 (Hollingbourne to Ashford (West)) which can accommodate (with Phase1) up to 4,500 parked lorries. Another criticism of the QMB is that it undermines the case for an emergency lorry park in the longer term.

3.5 The County Council considers that a permanent solution to Operation Stack should be found as quickly as possible and will be working with partners to identify a suitable emergency lorry parking site before meeting with Government Ministers within the next few weeks.

#### *Overnight Lorry Parking*

3.6 Research by the County Council and partners (including the Highways Agency) found a shortage of appropriate facilities for lorry drivers to park overnight of some 550 spaces in Kent. The consequences are drivers parking in inappropriate places such as laybys, industrial estates, and supermarket car parks with no facilities. This leads to problems associated with public health (no toilets), crime (unsecured sites), road safety (poor parking and slow acceleration out of laybys) and damage to the highway. Problems are particularly acute around Dover, Folkestone and Ashford, but the problems are growing and the detrimental effects of overnight parking are spreading throughout the county.



3.7 What is required is more secure lorry parking and when this is delivered, enforcement by the police to ensure the capacity is used. Although there is an acute shortage of parking at present, it is known that many lorry drivers cannot afford or chose not to use good lorry parking facilities at Motorway Service Areas, Ashford Truckstop or smaller private facilities to save money.

3.8 A solution to this problem is difficult as Government is adamant that that it will not devote any public money to lorry parking, although this is an international problem. It sees it is the responsibility of lorry drivers' employers to provide rest facilities for their employees, but the road haulage industry is not structured in such a way to deliver this and when 75% of lorries crossing the Channel are foreign registered and originate in many countries from mostly relatively small companies, it is highly unlikely that the finance will come from this direction.

3.9 A more likely source of funding is from developers providing lorry parking facilities as part of a larger development, as the profits to be made out of lorry parking are relatively small - particularly in Kent where fuel costs are so much higher than over the Channel.

#### *Queuing from Dover Eastern Docks*

3.10 In 2006, 2.32m lorries passed through the port of Dover – a 13.6% increase on 2005 and growth is forecast to grow to some 3.1m lorries in 2014. Currently there is regular queuing of lorries on the A20 right through the town in the mid-week evenings and when there are peaks of tourist traffic. These queues cause the town to seize up with additional air quality problems and increased severance of the town from the seafront.

3.11 Ways of relieving this problem include encouraging more lorry traffic to travel to and from Dover via the A2/M2 corridor and the construction of a Lower Thames Crossing would encourage the switch from the A20/M20 to the A2/M2. Additionally, Dover Harbour Board is proposing a free-flow slip road from the docks to the A20 which would stop queues trying to exit the port impeding traffic trying to get in; and redevelopment of the Western Docks and the relocation of some ferry services there, reducing the numbers of lorries passing right through the town. Finally, there are proposals for a Buffer Zone – an out of town parking facility to be used when queues in the town develop and where lorries can be held and released in batches which can be readily handled by the port.

## **4. What is Required?**

4.1 The requirements are for:

### Short Term

The County Council to work with District Council partners to identify a suitable site for an emergency lorry park which can replace the need for the closure of the M20 during Operation Stack

Government to take a proactive role in reaching solutions caused by the ever-increasing lorry traffic

Government to alter its position on not providing finance for lorry parking

The Police to investigate how effectively the segregation of Dover and Channel Tunnel lorries is currently achieved in the Stack

Eurotunnel and Ferry Companies to investigate how tickets can be interchangeable when Operation Stack is initiated

#### Longer Term

The Highways Agency with the County Council and District Councils to seek sites for lorry parking adjacent to the M20 and M2 for overnight lorry parking

The Highways Agency and the County Council, once sufficient appropriate lorry parking is provided, to restrict physically or by traffic regulation orders access to inappropriate sites

The Police to actively enforce the traffic regulation orders

The County Council and relevant District Council to positively advise private developers to bring forward lorry parking facilities in appropriate locations.

The Highways Agency to provide appropriate VMS signs to enable all Dover traffic or Dover ferry traffic which is running freely to be routed via A2/M2 to avoid the Stack and for similar arrangements if Channel Tunnel is unaffected via A2/M2/A260

#### **Recommendation**

**It is recommended** that a response is made to the Highways Agency based on the discussion in Sections 3 and 4 of the report.

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#### **Contact :**

Mick Sutch                      01622 221612

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#### Background Documents:

Kent Overnight Lorry Parking Study – KCC, DfT, Highways Agency, DDC, ABC, Port of Dover, July 2005.

Policy for Service Areas and Other Roadside Facilities on Motorway and All-Purpose Trunk Roads in England: Highways Agency, November 2006

**REPORT TO: CABINET 8 February 2007**  
**BY: PETER GILROY CHIEF EXECUTIVE**

**CABINET SCRUTINY AND POLICY OVERVIEW**  
**Standing Report to February 2007**

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**Summary**

1. The report provides a summary (in Table 1) of outcomes and progress on matters arising from the most recent Cabinet Scrutiny Committee (CSC) meeting held on 24 January 2007.
2. The current position on the work programme for Select Committee Topic Reviews is shown in Table 2

**Recommendations**

3. To note
    - (i) actions arising and outcomes from the meeting of Cabinet Scrutiny Committee held on 24 January 2006 as set out in Table 1,
    - (ii) the present position on Select Committee Topic Reviews.
- 

**Background Documents:** None

**Contact Officer:** John Wale 01622 694006

**ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 24 January 2007.**

Item/Issue	Actions and Outcomes from Cabinet Scrutiny Committee
<b>A2 Minutes of Cabinet Scrutiny 13 December 2006</b>	These were agreed.
<b>A3 IMG on Budgetary Issues 11 January 2007</b>	Noted.
<b>A4 Cabinet Scrutiny Committee: Actions and Outcomes</b>	Noted.
<b>A5 Local Government and Public Involvement in Health: Implications for Overview and Scrutiny Functions in KCC</b>	<p>Mr M. Ayre of the Chief Executive's Policy Unit attended and was thanked for answering questions on the paper he had prepared for the Committee.</p> <p>(a) Mr Smyth asked if there was anything in LGWP Implementation Plan about strengthening local democracy. <b>Action: Martyn Ayre</b></p> <p>(b) The report be noted and referred to the Going Local Informal Member Group for consideration. <b>Action: S Ballard/M Ayre; "Going Local IMG"</b></p>
<b>C1 Commission for Social Care Inspection- Annual Performance Review Report for Adult Social Care</b>	<p>Mr K Lynes, Mr O Mills and Mr N Sherlock attended for this item and were thanked for answering Members' questions relating to the report and appendices presented to Cabinet on 15 January 2007. After discussion, Members resolved as follows:</p> <p>(a) Details of programme for implementing Crisis Home Treatment Service across county to be supplied to Members. <b>Action: Oliver Mills</b></p> <p>(a) The Committee place on record its thanks to staff of the Adult Services Directorate for their hard work and dedication which had helped secure for the County Council a 3 star rating for adult social care for the 5<sup>th</sup> year running. <b>Action: Oliver Mills</b></p> <p>(b) The Managing Director, Adult Services, be asked to pursue with CSCI the Committee's concerns about publication of Part 2 of the Record of Performance Assessment, as follows:-</p> <p>(i) while the document was useful for Members and officers, the personal references and conversational tone made it inappropriate for wider publication;</p> <p>(ii) use of the word "missing" in relation to the provision</p>

**ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 24 January 2007.**

Item/Issue	Actions and Outcomes from Cabinet Scrutiny Committee
<p><b>D1 Replacement of Services at Dymchurch, Horsmonden and Whitfield Libraries (Decisions 06/00903;06/00904; and 06/00905</b></p>	<p>of information by KCC Adult Services was misleading and gave readers the incorrect impression that Adult Services was failing to meet CSCI's requirements for the provision of information;</p> <p>(iii) in view of this CSCI be asked to remove Part 2 of the Record of Performance Assessment from its website forthwith. <b>Action: Oliver Mills</b></p> <p>Mr M Hill, Mr D Crilley and Ms S Sparks attended for this item and were thanked for answering Members' questions. After discussion, Members agreed that:</p> <p>(a) Figures showing use of Dover Discovery Centre by residents of Whitfield to be circulated to Committee <b>(Action: Sue Sparks)</b></p> <p>(b) Other statistics relating to usage of Dover, Horsmonden and Whitfield libraries (footfall, membership, visitors per hour, etc) to be circulated to Committee. <b>(Action: Sue Sparks)</b></p> <p>(c) Decisions 06/00903-5 can now be implemented <b>(Action: Democratic Services; Sue Sparks, Des Crilley)</b></p> <p>(d) The agreement by the Director of Libraries, Youth, Culture and Sport to incorporate in future reports on changes in the libraries service:-</p> <ul style="list-style-type: none"> <li>- the views of the local Member;</li> <li>- the views of the local Parish Council;</li> <li>- greater range of usage statistics (eg footfall, membership, visitors per hour, etc</li> <li>- greater details of survey of users, etc (eg copy of survey and number sent to individual library users), be welcomed</li> </ul> <p>(e) The Director of Libraries, Youth, Culture and Sport be asked to explore alternative means of enabling people affected by the closure of</p>

Cabinet 8 February 2007

Table 1

**ACTIONS FOR CABINET/DIRECTORATES FROM CABINET SCRUTINY COMMITTEE 24 January 2007.**

Item/Issue	Actions and Outcomes from Cabinet Scrutiny Committee
<b>D2 A229 Royal Engineers Way/Stacey Street Roundabout, Maidstone (Decision 06/00916)</b>	<p>Dymchurch, Horsmonden and Whitfield libraries to use public access computers (eg mobile library vehicle equipped with PCs). <b>(Action: Des Crilley, Sue Sparks)</b></p> <p>Mr K Ferrin and Mr D Hall attended for this item and were thanked for answering questions from the Committee, who concluded that:</p> <ul style="list-style-type: none"><li>(a) Criteria for bus lanes to be circulated to Committee,</li><li>(b) Decision 06/00916 can now be implemented</li></ul> <p>(i) The report and the information provided at the meeting be noted without comment.</p>

Table 2

**Select Committee Topic Reviews:  
Agreed Programme following Policy Overview Co-ordinating Committee 10  
August 2006, updated to 15 January 2007**

<i>Policy Overview Committee/ Topic Review/Chair</i>	<b>Current Topic Review status and other topics (in no particular order*) agreed for the period September 2006 to July 2008</b>
<p><b><i>Children Families and Education :</i></b></p> <p>PSHE-Children's Health: <b>Chair Ms CJ CRIBBON</b></p> <p>Developing the Creative Curriculum</p> <p>Primary School Attainment</p> <p>Young People's Spiritual, Moral, Social and Cultural Development</p>	<p>Inaugural meeting of the Select Committee was held on 5 October. Hearings and visits were held during November. It is anticipated that the Select Committee report will be submitted to Cabinet in April 2007. (Research Officer: Gaetano Romagnuolo)</p> <p>Dates to be agreed*</p> <p>At the meeting of the C, F &amp; E POC on 16 November 2006 the POC recommended that the POCC consider removing this topic from the work programme as Members were satisfied that this was being adequately reviewed through the Member's Monitoring Group. The POCC will consider this request at its meeting on 15 February 2007</p> <p>Dates to be agreed.*</p>
<p><b><i>Communities</i></b></p> <p>Accessing Democracy</p> <p>Student Voice –Consultation and Participation with Young People</p> <p>Provision of Activities for Young People</p>	<p>Dates to be agreed*</p> <p>Dates to be agreed.*</p> <p>Dates to be agreed.*</p>

<p><b>Adult Services</b></p> <p>Carers in Kent</p> <p>Transition from Childhood to Adulthood: <b>MR A BOWLES</b></p>	<p>Dates to be agreed*.</p> <p>Inaugural meeting of the Select Committee was held on 9 October 2006; hearing sessions commenced on 26 October and are due to end on 20 December 2006. It is anticipated that the Select Committee report will be submitted to Cabinet in May 2007. (Research Officer: Susan Frampton).</p>
<p><b>Environment and Regeneration</b></p> <p>Climate Change <b>MR C WELLS</b></p> <p>Impact of Supermarkets, Out of Town Shopping Malls and Retail Parks on Businesses in Kent</p>	<p>Report was submitted to Cabinet on 16 October 2006 and was accepted by County Council on 14 December 2006.</p> <p>Dates to be agreed.*</p>
<p><b>NHS Overview and Scrutiny OSC</b></p> <p>Preventing Disease through Physical Activity (Tackling Obesity) (Joint with Canterbury City, Gravesham, and Tonbridge &amp; Malling) <b>MR M R FITTOCK</b></p>	<p>Commenced August 2005; Joint Select Committee's report to be published and launched to coincide with the establishment of the new Primary Care Trust. (Research Officer: David Turner)</p> <p>Final report was submitted to Cabinet on 4 December 2006 and was accepted by County Council on 14 December 2006</p>

*jhw/sc 25 January 2007*

*\* Order to be agreed in consultation with POCC Chairman, Vice-Chairman and Liberal Democrat Spokesperson.*





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