

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Friday, 2 February 2007 and Wednesday 7 February 2007.

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

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

UNRESTRICTED ITEMS

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) Dedicated 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 Dedicated 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.