

## **REGENERATION AND ECONOMIC DEVELOPMENT POLICY OVERVIEW AND SCRUTINY COMMITTEE**

MINUTES of a meeting of the Regeneration and Economic Development Policy Overview and Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 17 November 2009.

PRESENT: Mr M C Dance (Chairman), Mr I S Chittenden (Vice-Chairman), Mr P J Homewood, Mr K Smith and Mrs E M Tweed

ALSO PRESENT: Mrs J A Rook

IN ATTENDANCE: Ms B Cooper (Director of Economic Development), Mr D Oxlade (Head Of Policy), Mr D Shipton (Finance Strategy Manager) and Miss T Grayell (Democratic Services Officer)

### **UNRESTRICTED ITEMS**

#### **1. Financial Monitoring 2009/10** *(Item B1)*

*The Chairman secured the Committee's agreement to consider this and the following item as urgent business as the papers had not been placed in the public arena with the required notice.*

1. Mr Shipton introduced the report and explained that there had been no significant change since the monitoring report which was submitted to the Committee at its September meeting.
2. RESOLVED that the information in the report be noted.

#### **2. Budget 2010/11 and Medium Term Financial Plan 2010/11 to 2012/13** *(Item B2)*

1. Mr Shipton introduced the report and explained that the Government's formula grant settlement had been confirmed only for 2010/11 as the last year of the current 3 year local government settlement, and the comprehensive spending review which will inform the next 3 year settlement was due to start in the summer of 2009 but had been deferred until after the forthcoming general election, making the consultation timetable for the review both late and tight. He indicated that officers were working on an assumption that future settlements were likely to be less than they had been accustomed to for a number of years. He also indicated that there was no certainty over some specific grants which could impact in 2010/11. One optimistic piece of news for the Regeneration and Economic Development Portfolio is that income from the Local Authority Business Growth Incentive (LABGI) scheme in 2009/10 is £500k more than expected when the budget was set, and it is estimated that the KCC will receive a similar amount in 2010/11 which will help towards the overall budget. However, after 2010/11, the current LABGI scheme comes to an end and there was no indication of what might replace it.

2. Mr Shipton, Mr Oxlade and Mrs Cooper answered questions from Members, explaining the following:-

- a) KCC is assuming average inflation levels of 1.5%, 1.5% and 1.8% for 2010/11, 2011/12 and 2012/13 respectively in the draft budget proposals presented to the Committee and thus there is little scope to make further savings from the current low levels of inflation;
- b) no provision had been included for a cost of living pay increase for staff in 2010/11, so any figure which is awarded will be an extra budget pressure to be met;
- c) SEEDA had withdrawn £0.5 million of funds for 2010/11 from the South East, and it was expected that other agencies would also be reducing expenditure;
- d) securing sponsorship for activities undertaken by bodies such as Visit Kent would have only partial benefit, as the tourism team already exploits external funding wherever possible. KCC funding often acts as leverage for significant external funding;
- e) the directorate worked on long term projects, and had to be certain of being able to follow through and complete a project. The Government's funding mechanism does not always support the long term picture; and
- f) the directorate's draft budget included a service growth item of £400k for a new statutory duty for KCC in relation to undertaking a Local Economic Assessment and setting up an Economic Prosperity Board, which was set out in a report to the POSC on 12 November 2009.

3. In discussion, Members expressed the following views about priorities:-

- a) so many aspects of the budget are unknown at this stage. It is very difficult for Members to give a view without being able to judge the effect of their decision. In partnerships, and in the field of regeneration and economic development, KCC's decisions have an impact on others' prosperity, and in a poor economic climate there is more pressure on KCC to support the economic health of the county;
- b) a major consideration is that most of what the directorate does is achieved with other people's money. KCC money is so often either core funding or match funding in a much larger project. A small change in KCC's contribution has a magnified effect when part of a bigger project;
- c) directorate staff working in an area of expertise in which KCC is a pioneer and/or leads the field should be protected – eg the Research and Intelligence unit;
- d) KCC does not necessarily have to be a leader or driver in a project; it could put its weight behind other people's innovations (an example given was of the regeneration of Hadlow College);

- e) The POSC's programme of visits to districts would help to identify priorities, and at the end of the year's programme, Members will be able to have an overview of the county's regeneration priorities;
- f) After successive years of trimming expenditure, there was now no longer the opportunity to trim any further, and KCC directorates were at the stage of needing to reshape themselves to deliver services in other ways. Budget cuts made now, however, left less room to manoeuvre in the future, both in continuing current projects and undertaking new activities;
- g) partnership working gives an opportunity to share overheads and avoid duplication, and can be seen as a way of protecting partners; and
- h) the KCC is setting its current budgets and looking at savings in a culture of widespread economic hardship which is easy for the public to relate to. KCC needs to work together with Kent businesses and communities to face reality constructively.

4. In addition to the above, Members supported efficiency measures totalling £197,000 outlined by Mrs Cooper which are already planned for next year, which include freezing vacant posts as well as reviewing the level of funding given to Locate in Kent and Visit Kent.

5. In conclusion, Members expressed the view that, as the unexpected income outlined by Mr Shipton had helped the budget position this year, there was less need to identify savings in the regeneration budget for 2010/11, and it will be easier to identify clear priorities for 2011/12 onwards as the programme of district visits continuing through 2010 will make clear where Kent's regeneration priorities lie and make it easier for Members to make priority judgements when setting the 2011/12 budget.

6. RESOLVED that Members' views on budget priorities, set out in paragraphs 3 and 4 above, be passed on to the Cabinet as this Committee's contribution to the budget setting process for 2010/11.