

**CORPORATE POLICY OVERVIEW AND SCRUTINY
COMMITTEE**

MINUTES of a meeting of the Corporate Policy Overview and Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 3 November 2011.

PRESENT: Mr E E C Hotson (Chairman), Mrs T Dean (Vice-Chairman), Mr R W Bayford, Mr D L Brazier, Mr R E Brookbank, Mr J R Bullock, MBE, Mr R B Burgess, Mr B R Cope, Mr S C Manion, Mr R J Parry, Mr J E Scholes and Mr M V Snelling

ALSO PRESENT: Mr A H T Bowles, Ms S J Carey, Mr P B Carter, Mr R W Gough, Mr A J King, MBE, Mr R J Lees, Mr K H Pugh, Mr J D Simmonds and Mr S Richards

IN ATTENDANCE: Mr D Cockburn (Corporate Director of Business and Support), Ms D Fitch (Assistant Democratic Services Manager (Policy Overview)), Ms J Foster (Director of Business Strategy), Ms J Hansen (Acting Finance Business Partner BSS), Mr N Brown (Manager, Estates Team), Mr R Semens (Directorate Personnel Manager), Mr D Shipton (Acting Head of Financial Strategy), Mr E Thomas (Policy Officer), Mr N Vickers (Head of Financial Services), Mr D Whittle (Policy Manager) and Mr A Wood (Corporate Director of Finance and Procurement)

UNRESTRICTED ITEMS

140. Minutes

(Item A4)

RESOLVED that the minutes of the meeting held on 22 September 2011 are correctly recorded and that they be signed by the Chairman as a correct record.

141. Financial Monitoring 2011/12

(Item B1)

(1) Mr Simmonds and Ms Hansen introduce the budget monitoring exception report, based on the monitoring returns for August, as reported to Cabinet on 17th October 2011.

(2) RESOLVED that the forecast budget variances for the Business Strategy & Support Directorate and Financing Items budget for 2011/12 based on the August exception monitoring report to Cabinet be noted.

142. Revenue Budget 2012/13 and Medium Term Financial Plan 2012/13 To 2014/15

(Item B2)

(1) Mr Simmonds and Mr Shipton introduced a report which identified the latest forecasts for next year's budget and the financial plans for the following years. This included an analysis of the overall financial outlook for the whole council, appraisal of the existing plans for 2012/13, an update on the budget pressures facing the Business Strategy & Support Directorate and Financing Items budgets within the Corporate Services portfolios and recommendations from the Informal Member Group (IMG) on areas for budget savings. Mr Shipton stated that the current estimate was that there was a need to identify £32m before the draft budget was published.

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

- Mr Shipton stated that it was anticipated that the draft budget would be published before Christmas to allow time for adequate consultation with the Policy Overview and Scrutiny Committees and others.
- Mr Shipton confirmed that officers had found the input from the IMG on the Budget useful, especially those comments relating to making the published budget more transparent. It was confirmed that officers would keep Members informed of progress made with the suggestions from the IMG.
- Members had found the IMG on the budget useful and it had enabled them to gain a deeper understanding of the budget.
- In relation to the changes to business rates Mr Shipton explained that officers were more concerned about the volatility at District Council level rather than the impact on the County Council. In some areas there would be a decrease in the tax base.
- Members asked to be made aware of the Government's response to the consultation on business rates when it became available.
- Members suggested that the one off grant for freezing council tax next year was not necessarily good news as it would impact on future years.
- The cost of providing information on all payments over £500, compared to the benefit that could be obtained from this volume of information, was raised.
- The importance of making sure that as much information as possible was on the website as possible so the cost of FOI requests could be reduced was emphasised.
- Mr Shipton stated that £20m per year had been put into Children's Services, although this figure was less for 2011/12 as it was not a full year.

(3) RESOLVED that the comments made by Members on the pressures outlined for the Corporate Services portfolios be noted and Members be kept informed of progress made with the recommendation for the IMG on the Budget.

143. Changes to the Local Government Pension Scheme

(Item B3)

(1) Mr Vickers presented a report on the latest position on changes to the Local Government Pension Scheme (LGPS). The LGPS was a national scheme

administered locally and KCC was the administering body for the Kent County Council Superannuation Fund. The Fund had assets of £3bn, 350 employers are covered by the Fund and there were 100,000 scheme members. The report updated the Committee on the changes proposed for the scheme. There were two main areas of activity which impacted on the future of the LGPS, the Hutton Review and the review of costs stemming from the Comprehensive Spending Review in October 2010.

(2) Mr Vickers confirmed that this matter would be discussed at the meeting of the Superannuation Fund Committee on 18 November 2011 and he invited Members to attend the seminar on changes to pension arrangements being held on 6 December 2011.

(2) The Chairman invited Mr Richards, Unison Pensions Representative, to read a statement to the Committee. It was agreed that a copy of the statement would be circulated to Members of the Committee.

(3) Mr Vickers answered questions and noted comments from Members which included the following:-

- Even after the proposed changes the Local Government Pension Scheme it would still be one of the best pension schemes available in this Country.
- In response to a question Mr Vickers stated that if 10% of staff opted out of the scheme that would be an issue, but there were techniques to manage this situation.
- Regarding the impact on the scheme of the age of people within it, Mr Vickers explained that the employee contribution rate for District Councils and for Medway Council were 10% higher than the County Council because they had a higher average age of employees and they did not have the same amount of new staff coming into the scheme.

(4) The Committee officially recorded their thanks to Mr Vickers and his team for the hard work that they had carried out over the past 3 years to recover monies deposited in Icelandic banks.

(5) RESOLVED that the report and comments made by Members be noted.

(Mr Brookbank and Mr Hotson declared personal, non prejudicial interests in these items as they were both in receipt of Local Government Pensions).

144. Finance and Procurement Restructuring

(Item B4)

(1) Mr Wood introduced a report which set out the draft proposals for the re-organisation of the Finance and Procurement Division. The proposals were based on the assumption of a 30% reduction in the cost and staffing of Finance & Procurement.

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

- In response to a question on whether there had been any positive input from the consultation with staff, Mr Wood stated that as part of the process some members of staff had volunteered to help draw up the revised structure, they had contributed a lot of good ideas and there had been some positive responses. He stated that his priority was to protect permanent staff as far as possible, there had been a staff vacancy freeze and they had agreed 42 redundancies.
- Mr Wood confirmed that officers reviewed the finance function on a regular basis and a few years ago had taken out one in four staff and had produced efficiencies year on year.
- Ms Carey referred to the important role in achieving saving played by improvements to the Oracle system.
- Regarding whether the timeline for the improvements to the Oracle system fitting in with the timeline for achieving savings, Mr Wood stated that the timeline for delivery was aligned, but they did have a separate resource within the budget for next year to run for an additional six month if Oracle improvements were delayed.
- Mr Wood explained that over the next three to four years there was a need to put £13 - £14m aside for redundancies. This was based on one thousand people on an average salary of £13,000 to £14,000, the redundancies that had been agreed so far had been below the £13,000 average and natural turnover had saved about 50 future redundancies.
- Mr Wood confirmed that he was focused on what the organisation needed which was different from what the organisation wanted. He also confirmed that he believed that this solution was a safe one.
- In relation to financial support for Directorates, Mr Wood explained that Managers were being given the tools and training to manage their own budgets. If problems arose there was a central resource available to go in and deal with the issue on a short term basis. Finance were identifying the service that Directorates needed and providing what the organisation could afford.
- Mr Simmonds confirmed that there had been a lot of discussion with Directorates and they knew the quality of staff that would be needed to manage budgets.

(3) RESOLVED that the report, including the appendices, and comments by Members be noted

145. Business Strategy - Restructure

(Item B5)

(1) Mr Gough and Ms Foster introduced a report which informed Members of the proposed structure for the new Business Strategy Division, and the process by which the restructuring would take place.

(2) Mr Gough and Ms Foster answered questions and noted comments from Members which included the following:-

- Mr Gough explained that as part of the “One Council” approach information and policy support had been brought together in a cohesive approach within the centre. It was important that the research and intelligence team was in a

place where it could serve Cabinet, Members and the Corporate Management Team.

- Ms Foster explained that because the structure had not been finalised it was not possible to say how many staff would be slotted.
- It was suggested that the services of staff who produced reports and briefings should be available to non executive Members as well as Cabinet Members.
- It was mentioned that a new Select Committee had been agreed at the Scrutiny Board on 2 November 2011 and it was important that resources were available to support this review.
- Ms Foster undertook to circulate to Members of the Committee a summary of the staff's response to the consultation and her response
- Ms Foster stated that the draft job descriptions had been informed by the consultation and adjustments made to ensure that they were fit for purpose. She agreed to make copies of the job descriptions available to Members.
- It was noted that this reorganisation was crucial to the success of the County Council.
- It was suggested that there should be an Informal Members Group (IMG) meeting to look at this restructuring and how it tied in with the recommendations of the Members Information Monitoring Group.
- Mr King informed Members that there would be a meeting of the Member Development Group before the meeting of the Selection and Member Services Committee on 1st December 2011.

RESOLVED that the proposals for the restructuring of Business Strategy and the progress to date be noted and an Informal Member Group (IMG) meeting be arranged to discuss the Business Strategy Restructuring as it progresses

(Post Meeting Note – the IMG meeting was arranged for 18 November 2011)

146. Community 'Right to Buy' Assets of Community Value & Community Asset Transfer

(Item B6)

(1) Mr Gough and Mr Whittle introduced a report which set out the current proposals on the Community 'Right to Buy' Assets of Community Value proposal in the Localism Bill, KCC's response to those proposals and policy approach to Community Asset Transfer.

(2) Mr Gough, Mr Whittle, Mr Thomas and Mr Brown answered questions and noted comments from Members which included the following:-

- Mr Whittle stated that it still was not clear how the Community Right to Buy would operate in practise. It would be a matter for District Councils to define assets of value and to produce a register that they would hold as the Planning Authority.
- Mr Baker explained the current process for notifying Local Member(s) when a property was declared surplus in accordance with the agreed protocol.
- Mr Gough undertook to look at the current protocol for notifying local Member when a property is due for disposal and to see if there is adequate notification. The point was made that proposed disposals sometimes affected Members in

adjoining divisions and therefore the notification should wider than just the local Member(s).

- Mr Gough undertook to speak with Mr Manion and Mr Parry outside of the Meeting about specific property issues.
- Mr Whittle clarified that Community Right to Buy delayed the sale of identified land/property for a period of time to give the community time to gather the monies together. However, there was no obligation on the owner to sell to the community.
- In response to a question on what happens when a business, such as a pub or the last shop in the village is on the register and the sale is delayed and who would cover the cost to the business, Mr Whittle explained that it would be the Local Authority but it was not defined whether this was the County Council or the District Council.
- It was mentioned that if a Parish Council led the community bid to purchase the asset, they would have access to public loans that would not be available to community groups. Mr Whittle stated that the Big Society Fund could be used as capital to support social enterprises. Also there was provision in the Bill to allow the Secretary of State to aid local community groups.
- A Member expressed concern that the need for the public sector to gain the best price for an asset may outweigh the desirability of allowing the community to purchase it at a reduced rate.
- It was suggested that it may not be possible to obtain claw back clauses when selling land to community groups. Mr Whittle undertook to provide information to Mr Bullock about would happen if a community group failed, and the issue of claw back funding.

(3) RESOLVED that the report regarding the Community Right to Buy, KCC's approach to Community Asset Transfer and the comments made by Members be noted.

147. Connecting with Communities - Annual Report on Engagement Activity (Item B7)

It was noted that this item had been postponed until the next meeting of the Committee.

148. Select Committees - update (Item C1)

(1) The Committee received a report which updated Members on the current topic review programme and to invite suggestions for future Select Committee topic reviews. The Committee were informed that the Scrutiny Board had approved a new topic review on Domestic Abuse which would start its work in early 2012, subject to appropriate resources being made available.

(2) RESOLVED That the Select Committee topic review update be noted.