

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 21 January 2015.

PRESENT: Mr R J Parry (Chairman), Mr J E Scholes (Vice-Chairman), Mr H Birkby, Mr G Cowan, Mrs T Dean, MBE, Mr E E C Hotson, Mr A J King, MBE, Mrs P A V Stockell, Mr R Truelove, Mr M Baldock and Mr R A Marsh

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Mr D Shipton (Head of Financial Strategy), Mrs C Head (Head of Financial Management), Mr S Pleace (Lm & Budget Manager), Ms D Fitch (Democratic Services Manager (Council)) and Mr J Cook (Scrutiny Research Officer)

UNRESTRICTED ITEMS

70. Minutes of the meetings held on the 5th and 12th of December 2014
(Item A4)

RESOLVED that, subject to it being recorded that Mr Baldock had voted against the Committee moving into exempt session to consider minute no.63 at the meeting on 5 December 2014 the minutes of the meetings of the Committee on 5 and 12 December 2014 are a correct record and that they be signed by the Chairman.

71. Draft 2015/16 Budget and the Medium Term Financial Plan
(Item A5)

1. Mr Simmonds introduced the draft budget, commenting that producing a balanced budget this year had been a significant challenge. In light of the challenge, it had been necessary to make changes to the budget since the consultation was launched in October 2014. Some recent changes had only just taken place, details of which had been provided to the Committee in advance to ensure that Scrutiny could have access to the most up to date information.

2. Mr Simmonds commented that since 2010 KCC have saved over £350m but expect to have to save another £206m over the next two years. Saving over half a billion pounds was a significant challenge and that it was likely that savings would continue further into the future and the financial environment for local authorities is expected to be difficult.

3. Mr Simmonds paid tribute to Mr Shipton's work with the Kent Districts on council tax collection and the various discounts available. Mr Simmonds noted that the increase to the Council Tax collection, above what had been expected, had been positive news that meant more money was available to help KCC balance its budget.

4. Mr Simmonds explained that despite claims from the Government that local authorities had been given an increased in spending power of 0.4%, councils had actually experienced a 13.7% cut in funding from Government.

5. Mr Shipton gave a detailed presentation to the Committee on the draft 2015/16 Budget and Medium Term Financial Plan (MTFP) including development process, the consultation and the revisions being put in place.

6. Mr Simmonds, Mr Shipton and Mrs Head responded to questions from Members which included the following:

- Clarifying the use of reserves, it was explained that £10.7m from the general reserves had been used to make up for lost funding, made up of £8.2m from the Economic Downturn fund and £2.5m taken from directorates. This left a -£4million net outcome as money was replaced in the reserves from other savings.
- The reduced cost to KCC in the Carbon Reduction budget line was explained in that it represented a sum based on KCC's carbon emissions and a drop indicated that KCC has successfully reduced its carbon footprint and did not represent a drop in commitment to carbon reduction.
- Option development for the Budget Consultation tool had considered service selection but they had been limited to keep the process manageable and to encourage broader uptake. The high usage of the tool during the consultation supported this choice.
- It was explained that the the Public Health grant had remained ring-fenced but that it would be used to commission KCC services which allowed other budgets to be enhanced.
- Former KCC employees were only re-employed as agency staff in areas with significant staffing challenges and this was consistently reviewed to ensure maximum efficiency.
- In terms of the Her Majesty's Customs & Review update on Member expenses and how the cost would be met, KCC was still developing a response that would available before Full Council in February.
- In terms of specific Council Tax feedback from surveys and workshops, residents had indicated that they would like to see Council Tax reformed to make it more flexible and equitable as it currently did not take into account of the pace of
- Responding to the financial challenges, KCC had made representations to central government, highlighting the impact of the continuing funding reductions and some progress had been made but the situation remained challenging.
- Assessing whether Capital spending had been reduced was difficult as it is a rolling programme and varies year on year. A key indicator used to make sure KCC is performing properly is that it does not borrow more than 15% of its net income budget. KCC had not exceeded this limit. Additionally, it was noted that additional processes have been added to ensure other funding streams for capital programmes before KCC commits its own funding. It was also mentioned that Central Government funding through 'supported borrowing' has been withdrawn, exposing KCC to greater financial exposure than could have been anticipated.

- In terms of the pace of savings, it was explained that other councils are struggling having failed to make early savings and ease into the service reductions, as KCC has done. This had and is expected to lead to drastic service cuts in other authorities while KCC is continuing to seek manageable ways to make the required savings that will not disadvantage the residents.
- Commercial Services capacity to respond to the current situation was clarified in that it had proved a good success and it was expected that KCC's educational services were of a high standard and would attract commercial business.
- The term 'in year activity' was explained as referring to the over/underspend for 2014/15 and was due to various factors such as increased cost and demand for Children's Specialist Services contributing to overspend or the continued drop in demand for Home to School Transport as an example of underspend.
- Addressing the issue of increased tax levy powers held by the Districts, it was explained that the Districts gained the power to levy the additional tax in 2013 but so far only two Kent Districts have used the power. Ongoing discussions with Districts on this subject continue.
- In terms of understanding the practical impact of new Highway maintenance approach, it was explained that the 'Safety Critical' definition was still being developed to ensure it is sufficiently clear and will be ready in time for consideration at Full Council. Additionally, Highways had been buoyed by underspends.
- In terms of expected savings from the Libraries Registration & Archives review, it was explained that the process has stalled due to statutory considerations still being addressed. Further information would be provided in due course.
- Considering the year on year additional funding by the Children's Service, it was explained that new processes were seeking to stop this requirement. The service was now committed to a new way of working but was still subject to the challenge of competing demand and budgetary considerations. Striking a balance between meeting all the crucial needs of the service users and staying within budget remains a challenge but one that is being worked on.
- In terms of improved national financial modelling and budget impact data, it was agreed that better recording of economy benefits and budget factors with a robust defined formula would be helpful but it was explained that they are not developed elsewhere.

RESOLVED that the Committee thanks Mr Simmonds and the Officers for attending and that their report and the responses to the questions asked by Members be noted.

72. Motion to exclude the press and public
(Item D1)

RESOLVED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

73. Exempt minute from the meeting of the Committee held on 12 December 2014
(Item D2)

RESOLVED that the Committee agree the exempt minute (Decision 14/00133 – Approval of Equity Investment from the Tiger Fund) from the meeting held on the 12th December 2014 is a correct record and that it be signed by the Chairman.