

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 30 January 2018.

PRESENT: Mr P W A Lake (Chairman), Mr A M Ridgers (Vice-Chairman), Mrs C Bell, Mr R H Bird, Mr A Booth, Mr G Cooke, Mrs T Dean, MBE, Mr D Farrell, Mr R C Love, Mr J P McInroy, Dr L Sullivan, Mr B J Sweetland and Mr J Wright

ALSO PRESENT: Mr J D Simmonds, MBE and Mrs M E Crabtree

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance), Mr D Shipton (Head of Finance (Policy, Planning and Strategy)) and Mrs A Taylor (Scrutiny Research Officer)

UNRESTRICTED ITEMS

10. Declarations of Interests by Members in items on the Agenda for this Meeting *(Item A3)*

1. Dr Sullivan declared an interest as her husband was employed by the County Council in the Early Help and Prevention Team.

11. Minutes of the meeting held on 29 November 2017 *(Item A4)*

1. Mr Love reported that he had given his apologies to the previous meeting but that these were not recorded in the minutes of the meeting. The Scrutiny Research Officer confirmed that apologies were recorded on the Council's Committee Management System but it had been previously agreed that these would not appear on the printed minutes.
2. Mrs Dean stated that at the previous meeting she had requested information on the number of school places reserved for Pupil Premium children. The Scrutiny Research Officer would follow this up.

RESOLVED that the minutes of the meeting held on 29 November were an accurate record and that they be signed by the Chairman.

12. Draft 2018/19 Budget and the Medium Term Financial Plan. Please can Members bring their copy of the MTFP 2018-20, Budget Information 2018-19 to the meeting *(Item A5)*

1. Members received a presentation from Andy Wood on the Draft 2018/19 Budget. This presentation can be viewed online [via this link](#).

2. At its early stages the 2018/19 budget had a budget gap of £18million. In the Autumn Budget, presented in October, the gap had been reduced to £8million (assuming a £7million draw down from reserves). Members were now presented with a balanced budget proposal with a draw down of around £5million.
3. The budget contained pressures of almost £67million and Mr Wood explained the unavoidable and avoidable pressures on the budget. Avoidable pressures included pay and negotiating price increases for social care contracts and to some degree waste contracts.
4. There had been a large loss of Government funding, including the Revenue Support Grant. Mr Wood referred to the Budget Equation slide within the presentation.
5. Each year a risk assessment of the proposed savings was undertaken, it was vital that the authority was confident that the savings were deliverable. If there was a large proportion of red and amber in the BRAG ratings summary there would be cause for concern and the robustness of the budget would need to be questioned. However, it was considered that the proposed savings represented an acceptable level of risk.
6. Referring to reserves and debt the median point of reserves in authorities across the Country was 29% and the median point of borrowing was 88%. KCC would need to add £80million to reserves to get to median point and to repay £160million of debt to get to median debt figure. This did not mean that KCC was at risk.
7. Mr Wood referred to the risks contained within the budget, Asylum was a huge risk and money was still outstanding from the Home Office. There was a huge basic need issue and this was being continually discussed with the Government.
8. Mr Simmonds gave some history to the budget, since 2010 £300million had been lost in grants and £600million savings had been made. He referred to the borrowing figure for KCC, there was a Government scheme of supported borrowing which was suddenly withdrawn leaving the Council open to risk.
9. Members then asked the following questions:
10. Referring to the Transition Grant and Social Care Support Grant – was it a case of all or nothing? Mr Wood confirmed that it was not all or nothing, Local Government was demonstrating that more money was required in the system.
11. A large element of any budget was price assumptions, how comfortable was the council with the price assumptions built in in terms of inflation rates? Officers were comfortable with the inflation figures provided and it was considered that they had built in sensible assumptions around CPI and reasonable contract negotiations.
12. Was there a policy to roll over debt or repay? Some authorities had re-profiled their principle debt repayments, however KCC had agreed not to stack up debt, a

sensible approach was required, and the Council was taking a prudent judgement around when principle debt was repaid.

13. Referring to business rates did this impose any additional duties on the authority? Mr Shipton confirmed that the additional 100% business retention did not come with any extra responsibilities for the new pilot authorities in 2018/19.
14. In response to a question about Council Tax discounts Mr Shipton explained that there were two main discounts. One was a mandatory discount for single occupancy: this reduced KCC's Council tax base by approximately £45million. The other was the Localisation of Council Tax support discount where each district agreed its own scheme to help people on low incomes. These discounts ranged from 90% to 80%.
15. What steps were being taken to reduce the amount of money owed to KCC either by Service Providers or by individuals? Mr Wood explained that the Council always had a fairly significant level of debt, a lot of this related to social care clients. The biggest problem was recovering money from health authorities despite having all the necessary agreements in place. There were also ongoing debts for clients in receipt of domiciliary care. KCC's debt write offs were fairly small and it had a good record of recovering money.
16. What pressures were being imposed upon contract negotiations, in particular incentives and initiatives on contract negotiations? The Strategic Commissioning Division was overseen by Vincent Godfrey and if Members required there was the option to request a briefing from him. There were expectations that savings would be made through new contracts and negotiations.
17. Concerns were raised regarding the Asylum money outstanding, had writing off this debt been considered? Mr Wood considered that this debt should not be written off, this was a national problem looking after not only UASC but also post 18 care leavers. Every year the Council tried to get a longer-term agreement and this was never achieved, there was a high turnover of officers at the Home Office (HO) and Ministers changed regularly which all slowed down the recovery of money from the HO. One concern was that the other authorities were looking at reimbursement rates and were opting out of the national transfer scheme. KCC still ran the reception centre at Millbank at a fixed cost which was underfunded.
18. There were concerns over the funding for new schools, a Member asked for a breakdown of the 'other' category of the 'Net Changes to Government Funding' graph. Mr Shipton referred to the 'other' category and explained that the grants were the announcement of the provisional local government finance settlement which included all the grants received from the Ministry of Housing, Communities and Local Government. There were a small number of grants from other government departments, and the figure was cautious, allowing for a 10% reduction in grants. It was a very small proportion of the Council's budget.
19. A Member considered that there were huge pressures on specialist children's services, and the increasing cost of foster care. Could KCC be confident that everything was included in next years' budget for specialist children's services and that the budget would not have cost overruns? Mr Wood explained that it was not possible to guarantee that this budget would not overspend, the focus

was ensuring that there was the right balance of risk. More resources had been put in to children's services, and the officers approach to setting the budget was neither pessimistic nor optimistic, the aim was for the assumption to be safe.

20. There were also concerns over contract management and these were made worse by the reductions in the budget of Mr Godfrey. It was understood that Mr Godfrey was content with the level of savings proposed for his service, and his restructure reflected the delivery of savings.
21. Referring to Highways, where did grants from Highways show in the budget? Mr Shipton explained that many highways grants would be ringfenced and the spend and income net to zero. Mr Bird would speak to Mr Shipton outside of the meeting about this issue.
22. In response to a question about the social care precept, and how this worked over 3 years Mr Wood confirmed that for the last 3 years of the 4-year settlement you can take up to 6% across the remaining three years but no more than 3% in any one of those years. So Kent's proposal was 2%, 2%, 2%. Officers independently reviewed which option was better and the results were so close that there was no benefit in taking the precept in any particular profile. In addition, the final bill for the tax payer would be the same amount.
23. A Member asked Mr Simmonds if he had had the opportunity to share the challenges of KCC's budget with Westminster? Mr Simmonds explained that the Leader had lobbied hard with Ministers, it remained difficult to convince MPs about how severe the challenges were. KCC had made £600million+ of savings to meet pressures and the loss of funding on a net budget of under £1billion. It was considered that the MPs individually were supportive but getting that message through to the Government was difficult.
24. Mrs Crabtree considered that the Leader's work was important but it was also incumbent on all Members to lobby our own MPs. Mr Shipton explained that Kent MPs were very supportive of the Business Rate Pilot bid which was welcome news.
25. Referring to owed Asylum money, was it not possible to look at legal ways to recover money owed? Mr Wood explained that this had been looked into, there were issues where individuals had had their appeal rights exhausted but they remained in the country and under the Children Act KCC had to continue to support them. The Member asked whether it was possible to sue the Home Office for the money owed.
26. Referring to the collapse of Carillion, and the ongoing repercussions, what were Officers thoughts of the resilience plans within the budget to look at companies? Mr Wood explained that before KCC entered into major procurement companies would submit their accounts and they would be reviewed. There were also smaller contracts and it was not possible to say it would never happen to KCC but if it did it would be on a smaller scale. In any big contract there was an element of risk but KCC was content without being complacent. Mr Simmonds explained that Mr Dance was looking at the secondary effect on Kent companies who were affected by the Carillion collapse.

27. A Member asked for the results of the public consultation on the budget? The full report was available on KCC's website, there had been significantly more views of the information (8000 hits on website, last year's figure was 1000). KCC received twice as many responses with nearly 1000 this year. 2/3 respondents supported a council tax increase up to the referendum level and to raise the social care precept. There was not a broad agreement to the budget strategy however there were no other suggestions. One of the most worrying statistics was that 2/3 people did not feel adequately informed about the Council's budget so this would be reviewed for future years. Mr Simmonds stated that a Q&A on the budget was provided for Members which would be useful to assist with informing residents.
28. Referring to Highways a Member considered that not enough was being spent on the roads to stop them deteriorating further. How close was KCC to a point where the management of highways became an issue of corporate neglect? In some areas there was an increasing need for insurance claims to be made, what debate was there within KCC about the level of risk KCC had for managing the situation with the knowledge that roads were getting worse and not enough was being spent to keep them at a current level? Mr Wood explained that there was a capital programme of £89million for major works. Discussions were had with Corporate Directors about minimum levels of service, around £20million was being invested into improving the property estate and extra funding to the keep the Highways safe. Funding was available to keep the roads safe and further discussions were being had around this issue. Numbers of claims for potholes had reduced and KCC rejected close to 90% of claims. The directorate was accepting the position to keep a safe network.
29. Members had a discussion about considering the income generation and deterrent factors involved in using traffic light cameras, which support enforcement where drivers do not stop at traffic lights. It was suggested that these cameras were not currently installed in Kent because the Chief Constable was focusing Policing and road enforcement on other priorities. The Member asked if it was possible to get a mutually beneficial arrangement by KCC taking on contracts for installing cameras and taking in income for Highways and the Police Service. Mr Wood would raise this issue with Mrs Cooper and ask if she and the Cabinet Member had any plans to raise this again with the Chief Constable. Another Member raised concerns about advocating cameras to generate income.
30. Referring to the Pupil Premium Select Committee, Members had visited a school in Camberwell who had managed their budget by breaking a PFI contract. The school had contested the costs the PFI was incurring, the local authority had renegotiated the PFI contract and had been able to bring some of the work back in house. Where there any situations in Kent where it was thought that the PFI deal was not good enough. Mr Wood explained that unless the company was in default breaking a contract was often expensive and risky. KCC had looked at renegotiating but this would be added to the workplan for the finance function for the coming year.
31. Members thanked Mr Wood for his presentation which was concise and helpful they also congratulated Mr Simmonds and the finance team for the professional way in which the budget was laid out and the great deal of work to ensure that it was easy to understand.

RESOLVED

That Members of the Scrutiny Committee thank Mr Simmonds, Mrs Crabtree, Mr Wood and Mr Shipton for their excellent work on the MTP and the budget and for attending the meeting to answer Members questions.