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 Monday, 24 January 2011.

PRESENT: Mrs T Dean (Chairman), Mr L Christie, Mr R F Manning, Mr A R Chell, Mr R E King, Mrs J P Law, Mr R J Lees, Mr R L H Long, TD, Mr J E Scholes, Mr C P Smith, Mr M J Whiting and Mr A Sandhu, MBE (Substitute for Mr M J Jarvis)

PARENT GOVERNORS: Mr P Myers

ALSO PRESENT: Miss S J Carey, Mr P B Carter and Mr J D Simmonds

IN ATTENDANCE: Mr K Abbott (Director Resources and Planning Group), Mr D Shipton (Finance Strategy Manager), Mr A Wood (Acting Director of Finance), Mr P Sass (Head of Democratic Services and Local Leadership) and Mr A Webb (Research Officer To The Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

1. Budget 2011/2012 and Medium Term Financial Plan 2011 - 2013
(Item 4)

(1) The Chairman explained that the debate on the Budget would follow the order of the Medium Term Financial Plan (MTFP).

(2) Mr Simmonds introduced the Budget, explaining the aim had been to preserve frontline services, particularly to vulnerable people. In doing so, little had been cut, and an approach which was equitable as possible had been adopted. Replying to a question about whether it was difficult to see where the cuts were, Mr Simmonds explained that it was clear, by Directorate, where savings had been made.

(3) Responding to a comment that it was difficult to see where the reduction of approximately 1500 posts would be, Mr Simmonds explained that Managing Directors had undertaken to achieve these efficiencies throughout the year. The Leader added that in some Directorates conversations had already begun about the lower tiers. Mr Wood explained that there were around 960 vacancies across the authority as at November 2010, although some were posts that needed to be filled.

(4) Referring to a need to front load staff reductions, the Chairman asked when Members would know the effects of this in terms of post reductions. The Leader responded that there might be some announcements before the end of February, with different parts of the organisation at different stages in the process (e.g. Environment, Highways and Waste were already beginning to look at interviewing for posts in the new structure). Mr Simmonds and Mr Wood explained that Finance were in the process of evaluating the tasks the unit had to undertake and which were essential and non-essential, and the risks associated with each, and the structure would emerge over the next three months.

(5) Mr Manning expressed a view that, given that savings had been forced on the Council by Government, the focus should be on finding the £95 million of savings and that there was not a need to scrutinise staff cuts as part of the debate on the Budget. Mr Christie thought that it was not unreasonable to ask where posts were going to go, since it was impossible to reduce 1500 posts without affecting services. Responding to a question from Mr Christie about whether the turnover of 10% of staff had been factored into the plans to reduce posts, the Leader explained that this would enable the reshaping of the organisation without significant compulsory redundancies, since 1500 posts corresponded to 10% of the workforce, and that there were already approximately 900 vacancies in the organisation.

(6) The Leader explained that there was a desire to give staff certainty and reshape the organisation as quickly as possible but that it was difficult to identify what services would be stopped, because of the move to different and creative means of service delivery. There would be reductions to staff within Children, Families and Education (CFE), as the Council began to deliver the Secretary of State's more minimalistic approach; in Highways, as highways maintenance would be a priority and traffic improvement schemes would not take place over the next three to four years; and in Libraries, as the service was modernised through the use of technology. Mr Simmonds added that the Budget set out savings through efficiencies, policy savings and changes to procurement and this should give Members some indication where savings would be made within Directorates. Mr Wood's team had been as specific as possible about savings through the introduction of an A-Z of services in the Budget Book.

(7) The Chairman stated that it was difficult to see from the A-Z where reductions had been made without being able to compare the previous year's spending. Mr Shipton explained that officers had tried where possible to include the previous year's expenditure in the A-Z; however the Chairman made the point that it was not possible to ascertain how exactly savings would be achieved. A view was expressed that it was common in such situations for a strategic direction to be set, and further detail to be worked up in the future; if Members and Finance Officers had waited until all the detail was available, they would be criticised for not making the information available sooner. The Leader concurred with this view, stating that the Corporate Management Team and Cabinet had agreed the proposed Budget was deliverable, and that the next stage would be look at the staffing levels required to balance the books.

(8) Mr Simmonds explained that over the previous few months, Members and officers had looked at the efficiency and cost of each of the more than 300 services delivered by the Council, had had detailed discussions with Directorates and had asked whether the Council should continue to do certain things and whether certain services could be reduced.

(9) Mr Christie stated that he recognised that Government had imposed budgetary limits upon Councils and cited the example of Manchester City Council, which was facing problems implementing the savings. Referring to announcements that the Council would save £20 million in staff costs, he asked whether the need to make the saving had caused KCC to look at how staff cuts could make up that amount or whether the Council had looked at how many posts could be reduced and that happened to equate to £20 million. Assuming that the headings 'modernisation' and 'improvement' corresponded to staffing reductions, Mr Christie referred to savings of £21 million, £5 million and £4 million in the CFE, Kent Adult Social Services (KASS)

and Communities Directorates respectively and asked for the detail used to arrive at these figures.

(10) The Leader responded that the Council would need to reduce the cost of procurement, change service specifications, reduce staff costs or raise income, and it could be assumed that staff reductions would comprise part of the necessary savings. Using schools as an example, the Leader cited the direction of travel of Government and stated that changes in the Budget book reflected this, with more funding being given to schools and support services provided by the Council being reduced. Mr Simmonds added that Manchester had admitted that they had not made savings in previous years, but that Kent had been more proactive in anticipating the cuts; it was the element of front-loading which had taken the Council by surprise. Miss Carey stated that the savings that KCC was seeking to make, including staff reductions, were in-line with those of neighbouring authorities.

(11) Mr Manning made the point that uncertainty affected staff morale and performance, and asked when Members would know where the reductions would take place. Mr Wood explained that, in the case of Finance, this would probably be May with some colleagues in other Directorates further on in the process, while others were further behind. The Budget book assumed the process would take ten months.

(12) Using his own unit as an example, Mr Wood explained that initially officers had been asked to identify savings within their teams, but when the new structure of the Council had been agreed at County Council, and it was clear the Finance function had been centralised, officers had looked at how they could make savings of 30% over the next 2-3 years across the piece, rather than proceed with reductions in the Directorates. A draft would be presented to the Finance Strategy Board, then to Senior Management Teams and then to the Policy Overview and Scrutiny Committees (POSCs) before staffing changes could be confirmed. Mr Simmonds added that in some cases, contractual obligations would have an impact on the staff changes.

(13) Mr Christie requested that, in addition to the response from KCC to consultation on the Provisional Local Government Grant Settlement for 2011/12 which accompanied the agenda, a copy of the previous year's response be provided.

(14) The remainder of the discussions related to specific elements of the budget book

Introduction

(15) Responding to a question as to whether the funding settlement received by Kent was disadvantageous compared to other Councils, including its neighbouring or comparator authorities, Mr Simmonds explained that one area it had been affected more than other Councils was connected to 'damping', which was dependent on the proportion of funding Councils obtained from grant funding compared with council tax. Mr Shipton explained that there had not been a comparison with other Councils in the Budget book on this occasion due to the complexity of grant changes, but a comparative exercise by officers had shown Kent faring slightly worse than the average of County Councils.

(16) Miss Carey informed Members that there was going to be a review of Local Government funding, and this is why there had only been a two year settlement. There would be a need to press for fairer and more transparent funding. Replying to a question about whether Kent had received a response to its request for an earlier review of the funding formula, and whether any indication had been given about what changes may be made, the Leader responded that the Government's intent was to reduce the amount of recycled non-domestic rates and allocate spending to where commercial and domestic council taxes were collected, to reduce the amount of recycled money from the treasury. South East England Councils would be producing a report evaluating the various funding options, including the option put forward by Government, to arrive at a solution which was needs-based and transparent.

(17) The Leader explained that he, Mr Simmonds and Mr Shipton had met with the Parliamentary Under Secretary of State for Communities and Local Government, and on asking about the timeframe for the funding review, had been informed that it was expected to be completed by June. Mr Shipton added that this would take effect from the 2013-14 settlement onwards.

(18) Responding to a question about whether Kent had been treated unfavourably as a result of damping, Mr Simmonds explained that the Council's fears about what might happen to Preserved Rights grants had not been realised, but the Council had been worse hit by the education budget remaining static, cuts to education grants such as the Early Intervention Grant and in-year cuts that had taken place the previous May. On the question of whether Kent had more academies than other councils, the Leader responded that Kent was at the higher end, but that as the largest council it had more schools than other local authorities.

(19) There was a discussion about how Kent had fared in terms of funding allocated on the basis of deprivation, and whether more of this money had been allocated to Councils in the North of England. Mr Shipton commented that there was no particular pattern to the funding changes, except that they depended on the grants that Councils previously received and former recipients of the Working Neighbourhoods Fund had benefitted from the transitional grant. The Leader added that where Councils were dependent on grants in addition to the Revenue Support Grant, for example due to areas of high deprivation, when grants had been amalgamated this had meant some Metropolitan authorities had seen a larger reduction in funding. Mr Christie requested a comparative table of how each Council had fared as a result of the grant settlement.

(20) Referring to the Council's response to the Government consultation, the Chairman made the comment that the situation regarding some of the grants was still undecided, and asked if it could be assumed that these grants were being discontinued. Mr Shipton explained that in the Budget, it had been assumed that all the grants in Table 5 on page 27 of the Budget book would be discontinued, except those from the Home Office which would be announced by the end of January. This would amount to a loss of approximately £10 million in grant funding.

(21) Regarding the capitalisation of redundancy costs, the Leader explained that the Local Government Association had been pushing for a relaxation of the rules. Officers had assumed that this would not be able to be capitalised and would instead need to be dealt with under revenue. The assumption was that the £4 million in the Budget for modernisation would meet all redundancy costs.

(22) Responding to a question about Pupil Premiums, the Leader explained that he had attended a meeting of the Schools Forum the previous Friday where the matter was discussed. The premium allocated more money to schools with high deprivation indicators, and there had been a discussion that resolved that the Council should use the regulation that allowed it to write to the Secretary of State for more variation in the way the money was allocated. Mr Abbott stated that the premium amounted to £430 for each qualifying pupil, and £200 for each child from a service family, but this amount could treble through the lifetime of the process.

(23) Regarding the removal of the Early Intervention Grant (EIG), Mr Abbott stated that he was working through the issue with a number of managers, and a number of proposals were being worked up. There was a one off pressure arising from the fact that the funding would cease on 1 April, but some contractual obligations could not be terminated before this date. All the detail of how the EIG pressures would be dealt with would be available in the Budget Book that went to County Council. The Leader suggested that debates on how cuts resulting from the EIG reductions would be achieved could take place at the relevant POSCs, and that proposals could be circulated for wider Member consultation.

Revenue Strategy

(24) Mr Christie referred to the lowering or stopping of pension contributions (a ‘pension holiday’) and asked why the Council was confident that it would not create problems in the future, with demographic predictions suggesting that people were living longer and therefore drawing their pensions for longer. Mr Simmonds explained that the actuarial review had analysed the liabilities and assets of the pension fund, the diversification of its investments had created income which had enabled the fund to maintain its capital position in adverse market conditions, and he was confident that the fund would be able to meet its liabilities. Mr Christie asked whether the impending report from the Hutton Review of public service pensions could have a significant impact, and whether it was taken into account; Mr Scholes, Chairman of the Superannuation Fund Committee, responded in the affirmative.

(25) Referring to paragraph 3.14, Mr Christie asked for more information about the £5 million that had been set aside for a Big Society Fund, including whether it would only be available during the next financial year. The Leader explained that the fund was to encourage new social enterprises and entrepreneurship, and for existing social enterprises to expand. The criteria for which money could be bid for would need to be worked out, but there would be several key themes such as creating job opportunities, aiding community cohesion and health delivery in line with the aspirations of Equity and Excellence.

(26) The Chairman made the point that some social enterprises could be of relatively small scale, and asked whether the Council would have difficulty in engaging so many small organisations. The Leader explained that the detail around how social enterprises would be engaged and how the money would be allocated was still being worked on.

(27) The Chairman referred to the fact that the Moderate level of eligibility for Adult Social Services had been maintained and asked whether this was because it was cheaper for the Council to do so. Mr Simmonds responded by saying that work had

been done within KASS which looked at the effect on councils which had changed to more stringent criteria, and the result had been that their costs had increased. Mr Wood commented that those councils which had raised their eligibility criteria had experienced a steeper demographic increase against the budget in the ensuing 2-3 years, although there was not evidence to be certain of a link.

(28) There was a discussion around the management of risk. A question was raised about the fact that a number of risks in the Corporate Risk Register were allocated to officers who were leaving the organisation. Mr Wood explained that every departing officer was asked a series of questions about the risks they were holding as part of the handover, and where appropriate, risks would be transferred to a new named owner. The Chairman referred to the risk related to Organisational Transformation, and asked whether risks relating to the restructure had changed since they were first reported to the Corporate POSC. Mr Wood explained that they had not changed significicantly, since the Council was still early on in the process and it was not possible to see if the risks had been mitigated.

(29) Mr Wood explained that by the time the Budget was reported to Cabinet the following week, this section would be updated to reflect the known tax base position from the district councils and the balance on their collection funds. The amount in the draft budget for the increased cost of children's social services would also need to be revised because of the increasing numbers of children in foster care since the original draft. These revisions would then result in the final position.

*Capital Strateg*y

(30) Referring to Table 14 on page 46 of the Budget Book, a question was asked why Developer Contributions were rising while less was being spent on Capital projects. Mr Wood explained that this was for longer term projects, and citing the example of Eastern Quarry development, explained that programmes were slowing down over the next two years but would gain momentum again in the future. If they were projected into the future, Developer Contributions would be shown to be increasing further still.

(31) The Chairman asked whether, in paragraph 4.21, the additional use of borrowing in the 2011-14 plan to accelerate improvements in facilities and address backlog maintenance issues would arrest or reverse the backlog of school buildings maintenance (£17 million) and roads (approximately £400 million). The Leader responded that the 80% reduction in devolved capital to schools and the cancellation of the Building Schools for the Future (BSF) programme would have an impact, but over the previous 10-12 years the Council had had some good years in terms of school maintenance and renewal programmes, resulting in stock that was in much better condition than in a number of years previously. The current year's schools maintenance budget of £14 million, which was a combination of revenue and capital, had been retained in the Budget Book, but the backlog maintenance figures might go up in the medium term, until the Government were in a position to be more generous with capital funding for schools. On the subject of roads, the Leader stated he was hopeful that the Council would be able to maintain its current position, with highways maintenance being a top priority but with less invested in new projects such as traffic calming or crossings, due to a reduction in resources from £110 million to £80 million. The Leader agreed with the Chairman's assertion that, rather than addressing

backlog issues, the Council may be in a position where the backlog may increase over the next two years, due to the challenging financial circumstances.

(32) Mr Simmonds explained that, despite an increase to the cost of borrowing of 1% from the Public Works Loan Board, the Council had managed to maintain a capital investment of £772 million over the next three years, and this would benefit Kent businesses.

Treasury Strategy

(33) The Chairman asked for an update on the position regarding the Council's deposits in Icelandic banks. Mr Simmonds explained that a dividend from Heritable had taken the amount recovered from that bank to over 50% and that there were two important cases coming up – Landsbanki in February, and Glitnir in March – where KCC's preferential creditor status would be under review. If the court cases went as expected, the Council could receive between 90% and 92% of its original investment. With time the economy would improve, meaning that the banks' underlying assets would increase in value; the worst case scenario would be that the Council would receive about 30 - 35% of its original investments. The position was clear under Icelandic law, and the Icelandic Government's priority was to maintain a good relationship with the European Union, which would increase the likelihood of the money being returned.

(34) Mr Wood explained that the current financial year was the first time that the Council had to formally write the impact of potential losses into the accounts, in accordance with guidelines from the Chartered Institute of Public Finance and Accountancy (CIPFA). To employ the previous year's thinking, where it was written into the accounts but did not impact, the Council would have to set aside approximately £6 million. Mr Wood explained that this figure was arrived at by calculating the lost interest into the future, but that the Council was already budgeting for the reduced interest received from the Icelandic investment, and would therefore need to adjust one of the figures in conjunction with the external auditor to avoid double counting. Responding to a question about how much of the original £50 million had been recovered, Mr Simmonds explained that the £9 million from Heritable constituted the total amount received to date.

(35) In relation to paragraph 5.8, a question was asked about when the sub-committee of the Cabinet (the Treasury Advisory Group) had been established. Mr Simmonds explained that it was established in 2008 and that the last meeting was in December 2010; the issue of the Icelandic bank deposits had been discussed regularly by the Committee since the financial crisis.

(36) The Chairman spoke about a local authority bank which had been promoted by the Local Government Association, whereby local authorities pool their investments, and asked whether the Council had any intention to invest in such a bank. Mr Simmonds explained that a Treasury Management paper would be going to Cabinet on 2 February, but that the issue would need to be explored in greater detail in the future. Mr Christie raised the concern that investing in a local authority bank would not spread the risk, and Miss Carey added that there was a likelihood of councils wanting access to funds at the same time.

Risk Strategy

(37) In relation to the roles and responsibilities set out in paragraphs 6.8 and 6.9, a question was asked about who was responsible for understanding the detail relating to risks and ensuring they were captured. Mr Wood explained that the ownership lay with CMT but the person overseeing the recording of risk was the Head of Audit and Risk. Mr Long added that the Governance and Audit Committee also took a continuing interest in the monitoring of risk. Referring to paragraph 6.26, which detailed the reporting between the Head of Audit and Risk and the Governance and Audit Committee, the Chairman asked whether the Informal Member Group on Budgetary Issues could also receive risk updates. Mr Simmonds thought the Governance and Audit Committee the most appropriate forum for Members to be kept updated on risk.

Appendices

(38) Making reference to page 78 of the 'A-Z of services' and the report to Cabinet on 10 January, Mr Christie inquired where exactly the pressure lay relating to Asylum Seekers and explained that when it had become a pressure the previous year, a figure of £3 million was quoted and special precept was being considered. The Leader stated that the Council had done a deal with the Home Office the previous year, that involved bringing down the weekly costs of looking after asylum seekers, but the Home Office was now suggesting that the terms of the deal were different to what was previously negotiated. Mr Abbott explained that the budget proposals reflected this previous agreement, and corresponded to a reduction of the unit cost of looking after asylum seekers from £200 to £150 per week. One of the issues that had arisen related to an agreement with the UK Border Agency that they would repatriate asylum seekers who had exhausted all rights of appeal, but this routinely took over a year to happen, yet the asylum seekers were no longer funded after three months. The Leader explained that Members and officers would be meeting the Immigration Minister jointly with the London Borough of Hillingdon to press the Home Office to honour the agreement.

(39) Referring to the footnote on page 83, Mr Christie inquired whether the Chancellor's announcement that pay would not be frozen for those earning less than £21,000 per annum and increases to inflation, the costs of rail travel and fuel, and VAT had been taken into account when arriving at the decision to freeze the pay of lower paid staff and whether it had been a political decision. The Leader explained that decisions about pay had not yet been taken, but the Budget book was based on a 0% increase in pay. He added that it would be interesting to reflect on Mr Christie's suggestion, and asked officers what a 1% increase for staff earning under £21,000 would cost. Mr Wood explained that this would cost just under £1 million (*Post meeting note: Mr Shipton confirmed that the figure for non-schools staff would be £932,000 and for schools staff an estimate was between £1.4 million and £1.5 million*).

(40) The Chairman referred to a statement by the Prime Minister about pursuing the concept of a 'living wage', and the approach by London Citizens to companies in the City of London to suggest that they took up this idea. All four companies which had adopted this policy had seen significant benefits, such as a reduction in staff turnover. The Leader explained that this had not yet been considered but that it would be an interesting piece of research to undertake, although allowances would need to be made for the significant variations in the cost of living throughout Kent.

(41) Mr Christie sought a definition of ‘socially necessary but uneconomic bus routes’, as mentioned on page 92 of the Budget Book. The Leader explained that a tendering process was currently underway which might lead to savings through better procurement. There were some services where the subsidy amounted to as much as £10 per passenger, and there was a need to rationalise timetables to make the best use of resources without isolating people who depended on the services. Mr Christie went on to ask about the removal of the 9am – 9.30am discretion on Concessionary Fares, and whether the £600,000 saving was based on usage from the previous year. The Leader explained that it was difficult to ascertain the exact cost, but £600,000 represented the amount demanded by district councils to run the service. There were plans to move to an ‘Oyster Card’ model, which would provide better information on the usage of the service. The Leader also informed Members that the Head of Transport and Development had been asked to approach bus companies to see if they would extend the concession free of charge.

(42) On the introduction of a parental contribution for denominational and selective transport, referred to on page 86, the Chairman asked for detail on the level of contribution expected, and how this related to the Freedom Pass. The Leader explained that the intention was to recover approximately 50% of the cost of providing this transport.

(43) Regarding transport for people with Special Educational Needs (SEN), a question was asked about why there was a discrepancy between the reduction from £18.74 million to £17.54 million on page 79 of the Budget Book and the savings of £500,000 on page 86. Mr Abbott explained that the £500,000 was the saving identified to reflect the underspend in the current year, and that there was also a saving of £100,000 to reflect the reduction in single occupancy taxi journeys but also a reduction due to the changes to the Area Based Grant relating to extended right to free travel, which it had been assumed would no longer be available.

(44) Responding to a question about whether there would be a grant from Government available for the adoption of Healthwatch nationwide, Mr Shipton explained that there would be a grant, but it was not expected to be available until 2013/14.

(45) Referring to the reduction in reserves of £9 million in 2011/12 mentioned on page 211, Mr Christie inquired whether auditors would give a qualified opinion on this and whether it represented a risk. Mr Simmonds explained that the money had been taken from long term reserves such as Private Financial Initiatives which would not mature until 2019/20, that the money would eventually need to be repaid, but that the Council had weighed up the risks and judged that it was a prudent measure to take. Mr Wood added that there was no risk, and explained that reserves helped smooth out the impact of varying expenditure over a number of years. Category 1 reserves represented the Council planning ahead for upcoming financial commitments, but in this case the reserves could be used to even out the impact of the front-loading of grant reductions from Government, but the money would be there to meet the financial commitments when they arose.

(46) There was a discussion about Category 3 reserves. Mr Wood explained that officers expected there were no plans to reduce the Emergency Conditions Reserve as part of the general draw-down of reserves.

(47) The Chairman referred to the reduction of £400,000 to voluntary sector organisations detailed on page 86, and asked whether the Council was making any other reductions to the voluntary sector. Mr Wood explained that officers were hoping to draw together a briefing note to set out voluntary sector reductions across the piece, including from which organisations that funding was being reduced. Mr Simmonds explained that the intention was for funding to go to frontline services, and there were some organisations with increasingly heavy overheads so discussions would be taking place around the conditions under which this funding would be made available. Responding to a question about whether this would delay the provision of funding to organisations such as Age Concern, to which the Council was a major contributor, Mr Simmonds responded that the Cabinet Member, Adult Social Services had already made announcements around Age Concern at the Adult Social Services POSC. Mr Abbott explained that the £400,000 in the budget book had been identified the previous year as a result of examining the 23 local partnerships and looking at how savings could be achieved through more countywide procurement.

(48) Referring to page 71, under Contributions to Voluntary Organisations, Mr Christie identified a £1.5 million gap between the 2010/11 and 2011/12 net expenditure and asked for the detail behind it. Mr Wood undertook to ask for a formal response from KASS.

(49) In response to a question about whether £4.07 million was sufficient for workforce reduction over the next two years, Mr Wood explained that although just over £4 million was predicted to still be in the reserves at the end of the current year, there would be an additional £4 million put into the reserves in the next year and another £3.5 million the year after, which would provide approximately £12 million for meeting redundancy costs, which officers felt was sufficient to meet redundancy costs over the next 2-3 years. Mr Wood also clarified that this sum did not include the £750,000 that was being saved as a result of the top tier restructure, although there would be costs associated with that process. Instead £750,000 represented the saving that was being made.

(50) The Chairman referred to the £162 million announced by the Secretary of State for Health, and asked how much of this Kent would receive and what the purpose of this grant would be. Mr Wood explained that the funding would be transferred to Councils and would have to be spent in the current year on services that benefitted Health; if Kent were to get its normal share of nationwide funding, it would amount to approximately £3 million.

(51) In response to a question about the Members Highway Fund on page 149, Mr Wood explained that the reason why no spend was shown for 2010/11 was because most of the money was being spent in a manner which was not deemed capital expenditure under the rules and was instead shown as revenue spend.

(52) Mr Manning posed a question about how the £75 million allocated to the Council through the Private Finance Initiative was accounted for in terms of cash flow. Mr Wood explained that the Council received a grant to meet its costs in any given year. Responding to a follow up question about a similar risk arising to the Asylum Seeker situation, with Government not honouring its commitments, Mr Wood explained that most grants have conditions attached to them so this could not happened.

(53) The Committee asked that formal thanks be recorded to the Finance team for their hard work in preparing the Budget.

RESOLVED: That the Cabinet Scrutiny Committee:

(54) Thank Mr Carter, Mr Simmonds, Ms Carey, Mr Wood, Mr Shipton and Mr Abbott for attending the meeting and answering Members' questions.

(55) Ask that the Cabinet Member, Finance, provides a copy of the letter sent by KCC to Government in response to the Provisional Local Government Grant Settlement 2010-11.

(56) Ask that the Cabinet Member, Finance, provides a table of the reduction in Government grants to other local authorities in England compared to Kent.

(57) Welcome the assurances given by the Leader that proposals on how reductions to the Early Intervention Grant will be implemented in Kent be put before Members for consultation, including through the relevant Policy Overview and Scrutiny Committee.

(58) Welcome the suggestion given by the Leader that research into implementation of a 'living wage' in Kent be undertaken, including mapping the variations in cost of living across the county.

(59) Ask the Group Managing Director to consider whether changes to the risks that the Council faces also be reported to the Cabinet Scrutiny Committee, no less frequently than every six months.

(60) Ask that the Cabinet Member, Finance, provides detail of the number of users of concessionary bus fares over the previous year, and how this relates to the £600,000 identified savings from providing this service from 9.30am.

(61) Ask that the Managing Directors of all Directorates affected provide detail of any reductions in funding to the voluntary sector.

(62) Formally commend Finance Members and Officers for their hard work during the run up to the publication of the budget.