

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 Wednesday, 24 September 2008.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr A R Bassam, Ms S J Carey, Mr A R Chell, Mr B R Cope, Mr G Cowan, Mrs T Dean, Mr R W Gough, Mr C Hart, Mrs S V Hohler, Mr R E King, Mr M J Northey, Mr J E Scholes, Mr J D Simmonds, Mrs P A V Stockell (Substitute for Mr E E C Hotson) and Mr R Truelove.

ALSO PRESENT: Mr A J King and Mr N J D Chard.

APOLOGIES: Mr G A Horne, MBE.

IN ATTENDANCE: Peter Gilroy (Chief Executive), Ms L McMullan (Director of Finance), Mr B Smith (Group Manager - Financial Planning And Budget), Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee) and Mr P Sass (Head of Democratic Services and Local Leadership).

UNRESTRICTED ITEMS

84. Mr John Law

The Chairman stated that the sad and untimely death of Mr John Law, former Conservative Group spokesman on this Committee, was a great shock for everyone and added that he would be very much missed. Members sat in silence as a mark of respect.

85. Declarations of Interests by Members in Items on the Agenda for this Meeting
(Item. A2)

Mr Hart declared a personal interest in item D1 on the agenda (Outcome of formal consultation on the modernisation of East Kent Mental Health Day Services) as he was a candidate for election to the Board of the Kent and Medway NHS & Social Care Partnership Trust.

Dr Eddy declared a personal interest in item D1 on the agenda (Outcome of formal consultation on the modernisation of East Kent Mental Health Day Services) as he was a voting Member of the NHS Foundation Trust.

86. Minutes - 23 July 2008
(Item. A3)

Mr Chell stated that he was present at the meeting held on 23 July and asked for his name to be included in the list of Members present.

Mr Truelove asked for clarification of the final sentence of item 81 (2), relating to the management of motorways and trunk roads in Kent, Surrey and Sussex, as the

impression being given by the current wording was possibly not what the Cabinet Member for Environment, Highways and Waste had intended. Mr Sass stated that the word “no” should appear between the words “be” and “adverse” in the penultimate line of that paragraph, so that the final sentence should read: “He assured the Committee that, in the event of the bid being successful, there would be **no** adverse impact on any of KCC’s existing highways services.”

Mr Cowan stated that his comments on the Working Neighbourhood fund for Thanet had not been reflected in the minutes. Mr Sass undertook to check his notes and add suitable comments to the minutes, in consultation with Mr Cowan.

Mr Hart asked whether the draft Strategy for the Working Neighbourhood Fund for Thanet, which had been reported to TDC’s Cabinet in August, could be reported to this Committee for information and comment. He also stated that a sum of £100,000 had been “top-sliced” from the WNF funding. Mr Sass undertook to follow these two issues up and inform Members accordingly.

RESOLVED: That, subject to the name of Mr Chell being added to the list of Members present, the agreed amendment to item 81 (2) referred to above and Mr Cowan’s comments on the Working Neighbourhood Fund for Thanet being added, the minutes of the meeting held on 23 July 2008 be approved and the Chairman be authorised to sign them as a correct record.

87. Action Taken on Committee's Recommendations
(Item. A4)

Mrs Dean expressed her disappointment that the Cabinet had merely noted this Committee’s decisions, adding that it would be helpful if the Cabinet could give an indication as to whether they either supported/endorsed the Committee’s comments or otherwise, giving appropriate reasons. The Chairman echoed Mrs Dean’s comments.

RESOLVED: That the action taken by the Cabinet on the Committee’s recommendations be noted and the Cabinet be requested to provide more meaningful feedback in future.

88. Informal Member Group on Budgetary Issues
(Item. A5)

(a) **31 July 2008**
(Item. A5a)

RESOLVED: That the minutes of the Informal Member Group on Budgetary Issues held on 31 July 2008 be noted.

(b) **11 September 2008**
(Item. A5b)

Mrs Dean referred to item 4 (Local Area Agreement – Reward Grant) and suggested that the word “virtual” in the second line of paragraph 3 should read “virtuous”.

Mr Smyth referred to item 5 (Impact of Housing Market on Development Contributions) and stated that, on balance, he was content for such reports to continue to be submitted to the IMG on Budgetary Issues, but he reserved the right to ask this Committee to reconsider the position if the volume and frequency of such reports started to impact adversely on the IMG's proper consideration of financial and performance monitoring and other similar reports. He also stated that the relevant local Member(s) should be invited to attend the IMG, whenever a report relating to developer contributions was considered.

RESOLVED: That, subject to the amendment to item 4 referred to above, the notes of the Informal Member Group on Budgetary Issues held on 11 September 2008, be noted.

89. Autumn Budget Statement *(Item. C1)*

The Chairman welcomed Mr A King, Deputy Leader of the Council, Mr N J D Chard, Cabinet Member for Finance, Mr P Gilroy, Chief Executive, Ms L McMullan, Director of Finance and Mr Ben Smith, Group Finance Manager, to the meeting.

Mr Chard introduced the report, stating that the current 3-year settlement was welcome in terms of financial planning, but it was agreed before the impact of the current global economic situation had been realised. Accordingly, the Council was facing challenging decisions to maintain all services at their current levels against increased demands. Specifically, he mentioned the impact of the housing market and developer contributions on the growth agenda; Dedicated Schools Grant; and the as yet unresolved issue of asylum costs. Mr Chard also drew the Committee's attention to the interaction of services with the NHS, financial planning risks, key assumptions and the adequacy of the Council's reserves.

In response to a question from Mr Chell, Ms McMullan confirmed that, with the exception of asylum, there were no other significant sums outstanding to be paid to KCC that she didn't expect to be settled in the current financial year.

In response to a question from Mr Northey, Mr Chard stated that KCC had moved very quickly to address the impact of the global economic situation on the Council's services and the PEF2 would assist in maintaining essential capital investment, which put KCC in a fortunate position in that regard. He added that the additional costs facing the authority, because of the fluctuating oil price for example, would be equalised over the medium term. Ms McMullan stated that action had already been taken to address some of the inflationary pressures following the Cabinet meeting on 4 August, but that further action would be necessary as part of the forthcoming budget and medium term planning round. She added that the Council's policies on treasury management were being examined to ensure that any potential risks were minimised and the Superannuation Fund Committee was currently examining the impact of the current economic conditions on the pension fund.

With regard to Asylum, Ms McMullan stated that the Government's commitment to fund KCC's asylum costs in writing was still awaited. She added that if KCC did not receive its full settlement for previous years, the Council's exposure would be up to £4m in the current year. Mr Gilroy stated that he had written to the Home Office following recent meetings and added that he was certain that the Minister wanted the matter resolved to the satisfaction of all parties.

Mr Gilroy commented that price inflation had to be responded to quickly as there was a serious impact on the Council's procurement activity. Suppliers were also feeling the pinch and KCC needed to address those issues constructively and responsibly. He also stated that the wider community of government in Kent would be coming together at a summit meeting in November to discuss ongoing and future strategies to work together to ameliorate the situation as best as possible, both in respect of short term and strategic issues.

In response to a question from Mr Smyth, Ms McMullan stated that the current formula for the Dedicated Schools Grant left little room for changes to reflect local needs and circumstances. Mr Smyth accepted that the situation needed watching very carefully. Mr Chard stated that the four-block formula was less transparent compared to the previous FSS system and harder to explain to stakeholders. KCC had used an FOI enquiry to try to fully understand the Government's decisions on KCC's settlements, but it remained difficult to see exactly how certain needs were matched with grant. Ms McMullan stated that she would provide a worked example to demonstrate the difficulties.

In response to a question from Mr Truelove on appendix 2 (key pressures), Mr Chard stated that the Policy Overview Committees would get an opportunity in the November cycle of meetings to consider budget proposals for the forthcoming year, in relation to external pressures and how KCC should respond. Mr Gilroy stated that the local government family has to be more radical about overhead and transaction costs and this would be a key feature of the budget proposals.

Mr Gough stated that he was increasingly concerned about the financial burden on local authorities because of the impact of new legislation and the extent to which this was properly funded. Ms McMullan agreed that, whilst the Government's original statement about new burdens was welcomed, the reality is often different, e.g. asylum costs.

Miss Carey stated that District and Borough Councils in Kent were waiting for written confirmation from KCC that the additional funding associated with the Kent Concessionary Travel Scheme would be provided to them, specifically in relation to the cost of the extension of the scheme to cover the period from 9.00am to 9.30am, as agreed by the Cabinet earlier this year. Ms McMullan stated that the Leader had reiterated the Council's commitment to provide these additional costs at a meeting earlier in the week of the Leaders and Chief Executives of the Kent authorities. She added, however, that the precise costs of the extension were still being calculated.

Mr Simmonds asked whether the huge uncertainty on schools funding and whether DSG was retained in its current form or not, would mean that KCC's funding priorities would need to be reassessed. Mr King stated that decisions on priorities would be made collectively by the Cabinet, but that it remained the responsibility of each portfolio holder to work closely together with their relevant officers to challenge budget options in relation to those priorities. He added that the Policy Overview Committees would have a key role to play in those budget discussions. Mr Gilroy stated that KCC also made use of a peer review of budget proposals by officers, before information was presented to Members.

Mrs Dean asked how the authority could deliver its key objectives in the light of such a large number of senior officers leaving the authority within a short space of

time and the consequent changes that were having to be made to the Council's senior management structure. She asked specifically what the arrangements were in the Highways Service and to whom should elected Members contact in relation to enquiries and complaints from constituents about highways matters. She sought further clarification of what KCC was seeking to do in relation to freedom to trade. She made reference to the volume of HGVs in the County and why KCC was seeking to support a further lower Thames crossing and if the proposed crossing included rail facilities. She welcomed the peer review process for budget proposals and asked that the results of these should be shared with Policy Overview Committees. She asked whether KCC would be seeking to become involved in the oil market, given the volatility of the oil price recently. She also asked for further clarification of what was meant by the phrase "little, if any, room to manoeuvre" in paragraph 50 of the report.

Mr Gilroy stated that Mr Badman's departure had been known about for some time and that the interim arrangements to be put in place in CFE were robust and offered stability to the authority. He added that there would be a national advert for a successor to the Managing Director and it was hoped that an appointment would be made before the end of the calendar year. Mr Wilkinson had decided to leave his post for personal reasons and confirmed that appointments would be made to this and other senior posts in the Environment and Regeneration Directorate within the next 21 days.

With regard to the purchase of fuel, Mr Chard stated that the Council was merely seeking greater surety on price, if fuel could be purchased in units of 100,000 litres or more.

Ms McMullan stated that the clarification needed on freedom to trade related to access to information and the ability of Commercial Services to retain information that would not be available to KCC in relation to private companies. With regard to paragraph 50, Ms McMullan drew Mrs Dean's attention to the explanation given in paragraphs 3 to 14 of the report that dealt with the economy and public expenditure.

Mr Chard stated that discussions with Essex County Council regarding a further Thames crossing were at an initial stage, but that he believed there would be great benefit in incorporating rail facilities.

In response to a question from Mr Chell, Mr Gilroy confirmed that the cost of Kent TV was approximately £1 per household and that KCC had also saved approximately £1m on publications since Kent TV was introduced.

In response to a further question from Mrs Dean, Mr Gilroy stated that Members should write to him if they had any concerns about the highways service.

The Chairman asked for clarification about the role of Healthwatch (paragraph 62), specifically, how it was meant to be stronger than LINKS, which was a statutory body. Mr Gilroy stated that Healthwatch would be more effective for local residents because it would have an advisory role in relation to health, social care and children's services. In addition, Healthwatch would provide a monitoring service and would be able to present objective monitoring information to the Health Overview and Scrutiny Committee, the relevant PCT or relevant KCC Directorate, if, for instance, response times or other service standards were not being met.

The Chairman referred to paragraph 56 of the report and asked which jointly funded projects had been affected adversely in Kent as a result of NHS trusts being in deficit. Ms McMullan stated that the reference in paragraph 56 was to a national report produced for the LGA by Price Waterhouse Coopers and that she was not aware of any project in Kent where one of the NHS Trusts had withdrawn funding.

RESOLVED: That:

1. In light of the current global economic situation and the totality of resources available for KCC services between now and 2011, we share the concerns of the Cabinet about the need to monitor closely the effects on the performance of the authority;
2. We express our concern about the recent and impending departures of a number of senior managers in terms of the ability of the authority to continue to deliver high quality, value for money services to the residents of Kent in the immediate and medium term;
3. With regard to the Highways Service in particular, we ask that all Members be advised as a matter of urgency what the managerial arrangements are for the service and, in particular, to whom should enquiries and complaints from elected Members about the highways service be directed;
4. We welcome the assurances received during the meeting that, in light of the serious financial turmoil, both nationally and internationally, that the budget and policies of the Council would be subject to radical review and we particularly welcome the commitment to involve the Policy Overview Committees in that process; and
5. We ask the IMG on Budgetary Issues to continue to pay close attention to the quarterly exception reports, with particular regard to the achievement of key objectives and the major risks to service delivery and to refer any concerns to this Committee for further examination and scrutiny.

90. Revenue and Capital Budgets, Key Activity and Risk Monitoring
(Item. C2)

The Chairman welcomed Mr A King, Deputy Leader of the Council, Mr N J D Chard, Cabinet Member for Finance, Mr P Gilroy, Chief Executive, Ms L McMullan, Director of Finance and Mr Ben Smith, Group Finance Manager, to the meeting.

Mr Chard introduced the report, commenting that the Council had been able to vire £5.111million from the 2007/08 underspend for the current economic situation and he reiterated his thanks to all Officers for that achievement. He referred to table 1a on page 47 of the agenda, stating that the net projected variance against the combined portfolio revenue budgets was a pressure of £0.543m after management action (excluding asylum). Mr Chard referred to the various key activity graphs included in the annexes to the report, which showed better correlation than previously. Finally, he referred to the proposed realignment of budgets within the Kent Adult Social Services portfolio, as detailed in sections 1.1.1 and 1.1.2 of annex 2.

Referring to paragraph 1.1.4.2 (c) on page 81 of the agenda, Mr Smyth remarked that, whilst he supported the work being done to reduce reliance on residential care, some domiciliary care packages for clients with dementia were as expensive as residential care. Mr Gilroy stated that a number of clients, particularly those with dementia, would have no option but to go into residential care.

Referring to paragraph 3.4.3.1 on page 52 of the agenda, Mr Northey stated that it appeared odd that the existing cost of sending waste to landfill was currently a cheaper means of disposal than the waste to energy plant at Allington. He sought assurances that, on environmental grounds, KCC was doing all it could to ensure that the Allington plant was operating effectively as quickly as possible and asked for further information about the differences in cost of each method of disposal and over what period of time the proposed increases in landfill tax would affect the current situation. Mr Chard stated that the relevant officers would provide a written answer to Committee Members.

Referring to paragraph 2.1 on page 68 (number of children receiving assisted SEN and mainstream transport to school), Mrs Dean asked why the budget had not been adjusted for the higher numbers of children receiving transport to school, some of which were awarded on appeal that perhaps would have been granted in any event had the budget been sufficient. Ms McMullan stated that a written note would be provided for Committee Members, which would comment upon a budget savings proposal that didn't come to fruition.

Referring to paragraph 1.1.4.6 (b) on page 83 of the agenda, Dr Eddy asked whether the authority was, in effect, contributing to the inability of the NHS to deliver assessment and related services in the North West of the County as a result of the "vacancy management necessary to offset the pressure within residential care." He suggested that management action was undermining a policy decision in this vital area. Ms McMullan undertook to ensure that the Managing Director of KASS provide a written note for Committee Members.

RESOLVED: That the resolution contained in the previous minute on the Autumn Budget Statement is deemed to cover this item.

91. Review of Specialist Unit and Designated Provision in Mainstream Schools - Update Lead School Implementation
(Item. C3)

The Committee was advised that the Chairman and Spokespersons had agreed that there was no need for the attendance of any Cabinet Member or Officer for the consideration of this item.

The Chairman stated that he wanted to be assured that there were clear monitoring arrangements in place.

RESOLVED: That we ask that the Children, Families and Education Policy Overview Committee consider this matter to ensure that the progress of the Unit review in lead schools is closely monitored to ensure successful outcomes for all children and young people.

92. Outcome of Formal Consultation on the Modernisation of East Kent Informal Mental Health Day Services
(Item. D1)

The Committee was advised that the Chairman and Spokespersons had agreed that there was no need for the attendance of any Cabinet Member or Officer for the consideration of this item.

The Chairman stated that he wanted to be assured that the modernisation and development of these important services were properly monitored by Members.

RESOLVED: That we ask that the Adult Social Services Policy Overview Committee consider this matter to ensure that the future provision of these vital services is maintained to the highest possible standard and that the impact on the dependency on statutory social services is closely monitored.