

KENT COUNTY COUNCIL

INFORMAL MEMBER GROUP ON BUDGETARY ISSUES

NOTES of a meeting of the Informal Member Group on Budgetary Issues held in the Wantsum Room, Sessions House, County Hall, Maidstone on Thursday, 15 September 2011.

PRESENT: Mrs T Dean (Chairman), Mr G Cowan, Mr R J Lees and Mr R F Manning

ALSO PRESENT: Miss S J Carey and Mr J D Simmonds

IN ATTENDANCE: Mr A Wood (Acting Corporate Director of Finance and Procurement), Mr D Shipton (Acting Head of Financial Strategy), Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee) and Mr A Webb (Research Officer to the Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

46. Notes of Previous Meeting on 15 July 2011 (attached for approval)

(Item 1)

- (1) Regarding Item 44 paragraph 2 Mr Wood would forward Members an email he had received regarding the cost of agency staff in Families and Social Care Directorate.

RESOLVED: that the notes of the Informal Member Group on Budgetary Issues held on Friday 15 July 2011 were approved as a correct record.

47. Revenue and Capital Budgets, Key Activity and Risk Monitoring 2011 - 12 (Cabinet report attached)

(Item 2)

- (1) This was the first full monitoring report to Cabinet for 2011 – 2012 and it showed a relatively small net overspend although this is made up of a number of over and under spends.
- (2) The most significant pressures are forecast within the Specialist Children's Services but as the backlog of cases is resolved there should be a reduction in provision required.
- (3) The Revenue and Capital Budgets, Key Activity and Risk Monitoring 2011-12 report had also been discussed by the Governance and Audit Committee on 14 September, and Mr Wood explained that there was a sufficient degree of assurance regarding the delivery of savings.
- (4) Mr Wood undertook to follow up a response about the transfer of the Dorothy Lucy Centre.

- (5) There were continuing difficulties around the forecasting for demand for Children's Services over the coming years. Work was being undertaken within the Families and Social Care Directorate to determine whether further investment in prevention would result in a larger payback to Kent. Investment into Families and Social Care had resulted in the recruitment of more experienced social workers, retention was currently good, and the quality of intervention was vital in ensuring the best possible care for those in the Social Care system. The Council was also looking closely at improvements to the adoption service as a long term strategy.
- (6) On the subject of Academies, Members asked questions around the financial responsibility of any Academies which might fail. Mr Simmonds explained that KCC was only able to operate within the current Government legislation and it would not be practicable for KCC to make provision for such an event.
- (7) Mr Wood undertook to follow up queries over the operational circumstances (routine scheduled maintenance) at Allington Waste to Energy Plant.
- (8) In relation to the Community Engagement Managers (CEMs) a decision had been made to retain the currently level of 12 CEMs (there was a proposal to reduce the number to 6) which would result in an under delivery of the existing savings target and the need to identify alternative savings within the Customer and Communities Directorate.
- (9) Members queried the level of outstanding debt owed to KCC (appendix 2 point 3). Mr Wood explained there had been a system failure in June which meant the sundry debt could not be calculated, the May and July figures showed the accurate position.

RESOLVED that subject to the above information being supplied Members note the Revenue and Capital Budgets, Key Activity and Risk Monitoring 2011 - 12

48. Consultation on Local Government Resource Review (proposals for retention of business rates)

(Item 3)

- (1) Mr Shipton explained to Members that the report on the Government's consultation was largely as anticipated in the presentation on the retention of business rates that had been given to IMG Members earlier in the year.
- (2) The Government was looking to replace Formula Grant settlement for 2013/14 and beyond and replace it with a system that allows authorities to retain any growth in business rates collected. The existing national reallocation of resources through the Formula would be set as a baseline and authorities which were forecast to collect more in business rates than the formula would pay the difference into a national pool and vice versa, authorities which were forecast to collect less than the formula would receive a top-up from the tariff pool. Thereafter any growth in the business rate taxbase would be retained by individual authorities (the consultation is seeking views whether all of the inflationary uplift should be applied to the baseline each year or whether some should be included in the retention)

- (3) It is proposed there would be an option to reset the baseline to reflect changed circumstances although it is understood that ministers are in favour of a long period (up to 10 years) should pass before any reset.
- (4) There is a potential downside for authorities which collect less business rates as their baseline would not be reviewed and they would only get the same tariff/top-up based on the estimated level. This would in effect mean a reduced grant settlement. The consultation includes proposals for a national “shock pot” as a form of insurance against reduced business rates or very low growth/high spending needs.
- (5) The Kent Finance Officers Association has had initial discussions with the Chief Executives of other authorities about options to pool business rates growth (and thus share the risk of any volatility) and there had been mixed views; KCC had particular concerns around the year upon year volatility of the proposals and the impact the changes could have on individual District Authorities.
- (6) The consultation has not got any other radical options to address the apparent inverse correlation between the ability to raise business rates and need to spend on local authority services (other than crystallising the existing allocations, shock pot and allowing pooling). KCC’s initial assessment is that this is a missed opportunity to address concerns about the lack of a link between the tax paid by local businesses and the level of service.
- (7) The consultation closes on 24 October and views were currently being gathered for a response. As set out in para 4.4 of the report there were concerns over the contradictions within the proposals, and the split in two tier areas between county and district authorities. KCC Finance are currently analysing what the picture would have looked like in each district over the past 5 years had the proposed system been in place.
- (8) The system would, however, give Kent the opportunity to borrow against future receipts.

RESOLVED that Members note the Consultation on Local Government Resource Review

49. Draft Budget IMG meeting dates 2012
(Item 4)

RESOLVED: that the meeting dates were agreed