

By: Head of Democratic Services
To: Cabinet – 8 February 2006
Subject: **MEDIUM TERM FINANCIAL PLAN 2007-10
BUDGET 2007/08 COMMENTS FROM POLICY OVERVIEW AND
CABINET SCRUTINY COMMITTEES**
Classification: Unrestricted

Introduction

1. The Policy Overview Committees and the Cabinet Scrutiny Committee considered the budgets that related to their current areas of responsibility. This report provides a summary of the comments on the Draft Medium Term Financial Plan 2007-10 and Draft Budget for 2007/08 made at the following meetings:

Communities Policy Overview Committee – 26 January 2007
(Appendix 1)

Environment and Regeneration Policy Overview Committee –
29 January 2007
(Appendix 2)

Corporate Policy Overview Committee – 30 January 2007 (Appendix 3)

Adult Services Policy Overview Committee – 1 February 2007
(Appendix 4)

Cabinet Scrutiny Committee – 2 February 2007 and 7 February 2007
(Appendix 5)

Children, Families and Education Policy Overview Committee – 6 February
2007
(Appendix 6)

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Background Documents: *None*

**Comments from Communities Policy Overview Committee
26 January 2007**

Present for Budget discussion in addition to Members of the POC: -

Mr P M Hill, Cabinet Member for Community Services, Ms J Edwards, Director, Policy and Resources and Mr D Shipton, Head of Finance and Asset Management.

Item Reference and Issue	Comment/Questions
<p>Item B1 Draft Budget and Medium Term Financial Plan 2007/08 to 2009/10</p> <p><i>Libraries and Archives</i></p> <p><i>Drugs and Alcohol</i></p>	<p>Mr Law - How do you intend to increase the income generated by £800k?</p> <p>Mr Shipton – This is not all new income. We have revaluated the budgets transferred to Communities and have more accurately separated expenditure and income, previously some income was netted off against expenditure.</p> <p>Mr Hirst – 80% of crime is related to drugs and alcohol. This costs us a fortune and it is worsening by the day. This needs more attention. This is a poor budget, I would like us to review it.</p> <p>Mr Hill – I do not disagree with Mr Hirst’s feelings about the impact of drugs and alcohol – I am prepared to make comments to the Alcohol IMG. This is not just KCC’s problem, and if KDAAT needed more money they would let me know. Unfortunately, one of the key appointments in the NHS has yet to be made: there is no executive appointed to the Mental HealthTrust – Drugs and Alcohol. The Commissioner has yet to get in touch with our team.</p> <p>Mr Hirst – The number of admissions to the hospitals in East Kent has doubled.</p> <p>Mr Hill – The efficiency savings that we have made in the directorate do not affect this area: the Kent Drug and Alcohol Action Team were exempt.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="137 432 352 465">Youth Service</p> <p data-bbox="137 763 256 797">Staffing</p> <p data-bbox="137 1424 448 1491">Trading Standards Page 94 Rev Budget</p>	<p data-bbox="555 215 1428 353">Mrs Dean - Expressed concern that a Select Committee had not been set up on Alcohol, and emphasised the importance of this issue. Mrs Dean requested officer support for the IMG on Alcohol.</p> <p data-bbox="555 432 1417 539">Mrs Angell – The Youth Service is the Cinderella service of the Council. The new Head of Service replacing Mr M Price needs to be someone who will give the service more profile.</p> <p data-bbox="555 577 1401 685">Mr Hill – We have been able to increase the Youth Service budget in recent years and hope that we can continue to make this service a high priority in future.</p> <p data-bbox="555 763 1251 831">Mrs Angell – How many officers are there in the Communities Directorate?</p> <p data-bbox="555 875 1390 1055">Mr Shipton – There are approximately 2,100 FTE in Communities directorate of which around 1,500 FTE are funded from KCC (the remainder being funded externally). [Mr Shipton agreed to provide an analysis of KCC and external sources breakdown, by unit]</p> <p data-bbox="555 1093 1401 1234">Mr Law – Advised that it had already been agreed at a County Council meeting that the final Budget would include all staff numbers. It can be misleading without all staff numbers.</p> <p data-bbox="555 1272 1326 1346">Ms J Edwards –Advised that the Unit Plans would be produced in April with staff numbers.</p> <p data-bbox="555 1424 1428 1603">Mr R King – Referred to the Government pressures on Trading Standards, and expressed concern about increasing regulation with apparently no support for this in Government settlement. Are we pressing the Government to alter its figures too?</p> <p data-bbox="555 1641 1428 1821">Mr Bainbridge – Advised that the service does receive some grants to implement new legislation but most are short lived. There can be around 10 new pieces of legislation in a year. Some are absorbed within the existing budget and others the service does not deal with.</p> <p data-bbox="555 1865 1417 1973">Mr King – Suggested that any additional funds from Central Government for Trading Standards should go to Trading Standards as it places an unfair burden on the portfolio.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 651 512 797">MTP Page 90 Environment, Highways, and Waste Portfolio Revenue Budget</p> <p data-bbox="134 1093 512 1160">MTP Page 95 Regulatory Services</p> <p data-bbox="134 1532 379 1570">Budget Page 33</p>	<p data-bbox="557 215 1401 577">Mr Shipton – If the funds are earmarked as specific grants these go to the service e.g. the Chancellor announced a new grant in his pre budget speech to support the enforcement of smoking bans. This will be a specific grant and time limited. Kent as a floor authority has an issue with specific grants that are transferred into Revenue Support Grant (RSG) as the formula goes up by the amount of the specific grant transferred but the amount of protection we receive as a floor authority is reduced by a similar amount and we end up with no overall increase in RSG.</p> <p data-bbox="557 651 1417 797">Mrs Hohler – Referred to the line in the Environment and Regeneration budget entitled General Support to Communities £50k, and noted that this is not reflected in the Communities budget.</p> <p data-bbox="557 837 1426 1016">Mr Shipton - Referring to page 94, advised that this was a one-off contribution towards the infrastructure cost of the directorate. Money was received from the all the other Directorates totalling £415k. Each directorate decided which portfolio the money came from</p> <p data-bbox="557 1093 1369 1131">Mrs Hohler – What is the one off reduction of £120k for?</p> <p data-bbox="557 1167 1426 1458">Mr Shipton - This is a saving that will be achieved in 2008/09 by no longer jointly funding 10 Police Community Support Officers. We have already notified the Police that funding will cease in April 2008. We will bring this saving forward into 2007/08 through a range of one-off savings across the whole of the Regulatory Services and Community Safety division e.g. by delaying expenditure on other activities until 2008/09.</p> <p data-bbox="557 1532 1267 1603">Mrs Hohler – Questioned the reference to Turner Contemporary income of £82k.</p> <p data-bbox="557 1644 1417 1749">Mr Hill- This reflects the income that the Turner Contemporary team currently receives from the Arts Council and other charitable foundations to organise exhibitions.</p>
<p data-bbox="134 1827 379 1865">Budget Page 37</p>	<p data-bbox="557 1827 1401 1973">Mrs Hohler – Noted that, under capital Budget investment, the same amount of £2.910m is shown in the column headed later years for 2010-11 and 2011-12 starts. Is this £2.910m into the base budget?</p>

Item Reference and Issue	Comment/Questions
<p>Budget Page 34/ MTP Page 94</p> <p>Youth Service</p> <p>Adult Education</p> <p>Rogue Traders</p>	<p>Mr Shipton This is because the capital budget does not identify annual spend beyond 2009/10. The budgets reflect annual programmes and we have made provision of £2.910m for schemes starting in 2010/11 and a further £2.910m for schemes starting in 2011/12. The projects will be identified according to agreed priorities.</p> <p>Mr Northey – Sought clarification regarding the Budget page 34 where the spend on Communities in 2006/07 is shown as £50.305m and MTP page 94 where the 2007/08 base budget is shown as £50.305m.</p> <p>Mr Shipton – The starting point for the MTP is always the previous year’s budget, this is the base budget. This is adjusted for any budgets transferred from other portfolios (base adjustments), the effects of pay and price increases, legislative pressures, Towards 2010, Service strategies and improvements, additional income and savings to derive the budget for the coming year.</p> <p>Mr Chell – Referring to anti-social behaviour in his ward, he sought assurance that the Youth Service Budget had no budget cuts in the work with young people.</p> <p>Mr Hill – Assured Mr Chell that the budget proposals had no reductions in front line services for youth and any savings would be from administrative efficiencies.</p> <p>Mrs Dean -Sought clarification on the withdrawal of LSC grant.</p> <p>Mr D Crilley Advised that Adult Education suffered a loss of £3m from a budget of over £16m. This has been managed with minimal disruption to courses for students although there has been some reductions in the programme. Basic skills funding is set to continue.</p> <p>Mrs Dean - Enquired about the £50k budget held by the Kent Partnership Board which is dedicated to providing information about rogue traders.</p> <p>Mr Bainbridge - Advised that 20 rogue traders had been brought to justice in conjunction with the Kent Police. He pointed out that doorstep messages were at odds with each other from Neighbourhood Watch, Age Concern etc. He advised that he had produced a paper on this advising that this was not appropriate. It is a national issue.</p>

Item Reference and Issue	Comment/Questions
<p>PSCOs</p>	<p>[Mr Bainbridge agreed to forward the “Safer Stronger Communities” Group paper to Mrs Dean]</p> <p>Mrs Dean – Expressed her concern that she was not aware of progress.</p> <p>Mrs Angell – Expressed concern that 10 part-funded Community Wardens appear to have had funding withdrawn.</p> <p>Mr Hill – The County Council has 100 Community Wardens – we contributed 10 PSCOs while we built the Community Wardens up to 100. KCC now no longer contributes to the 10 PSCOs.</p>

**Comments from the Environment and Regeneration
Policy Overview Committee
29 January 2007**

Mr K A Ferrin, Cabinet Member for Environment, Highways and Waste, Mr R L H Long, Lead Member for Regeneration and Supporting Independence (representing Mr R Gough, Cabinet Member), and Mr P Raine, Managing Director of Environment and Regeneration were in attendance for this item accompanied by Mr B Gould, Strategic Finance Adviser.

Item Reference and Issue	Comment/Questions
<p>Item B1</p> <p><i>Draft Budgets 2007/08 and Draft Medium Term Financial Plan 2007/10</i></p> <p><i>Highways Maintenance and Street Lighting</i></p>	<p>Mr Pete Raine gave a short introduction on the draft Budget paper and highlighted the following:-</p> <p>The budget situation is not as good as we would have hoped but this situation will be the norm for other directorates and other authorities. The Directorate has what it believes is a deliverable budget, but it is not without pain and, alongside sensible efficiencies and an ambitious programme of income generation, there will be some real cuts and pain. In common with other top-tier authorities an overall real-terms cut, combined with unavoidable pressures such as increased costs in waste management mean that difficult decisions are inevitable.</p> <p>Mr Ferrin – advised that the explanatory note that had been circulated before the meeting required one amendment, in that the £1.5m that was flagged up in service strategies and development for smaller scale works was, in fact, intended as a contribution towards the inflationary pressures in revenue maintenance elements of the Kent Highway Services budget.</p>
	<p>Mr Ferrin went on to say that work that was part of the ongoing programme of transforming Kent Highways Services had, as was expected, revealed some inconsistencies and variability in service standards and monitoring in different parts of Kent. Areas like gully records were one area where variations had been identified, and other parts of the asset register, such as lighting, also had weaknesses. Work was in hand to identify and resolve these problems and put in place consistent, risk sensitive operational plans. This would inevitably lead to changes in maintenance programmes and schedules. These changes would be noticeable and could cause concern to some communities, but it was important to put the maintenance programme of a consistent and sustainable basis.</p>

Item Reference and Issue	Comment/Questions
<p>Street lighting</p>	<p>Mr Daley – expressed concern about this. KCC had established the Kent Highways Partnership with the districts and then taken it back in-house. Surely maintenance schedules and programmes would have been known to, and overseen by, KCC engineers and the programmes agreed with the districts? How could it be that there are significant variations?</p> <p>Mr Ferrin – replied that the statutory, legal position had not changed. KCC had always been the highways authority. However, the reality was that, with 12 different district systems there were inevitable, and perhaps locally attractive, differences in approach. Thus information, data and records were, in some cases, different. We now need, particularly given the overall financial framework we are operating in, to bring things into line and, where appropriate, re-evaluate our approach.</p> <p>Mr Harrison – expressed concern about streetlighting problems in his division. Failures had been reported, and acknowledged, but there were considerable and seemingly inexplicable delays in getting repairs done.</p> <p>Mr P Raine agreed to look into this outside the meeting and get back to Mr Harrison with an update.</p>
<p>Operation CUBIT</p>	<p>Mr Harrison - He expressed his sadness in the CUBIT Team being reduced and asked whether anyone else would be filling the gap. The CUBIT teams had been both popular and successful and it seemed a retrograde step to be reducing the service by 50%</p> <p>Mr P Raine – Advised that, just a few years ago, there were 12,000 vehicles being abandoned on Kent’s roads every year. Now, due in part to the success of CUBIT alongside changes in the overall scrap metal economy, there were only 3000. Given this it was felt sensible and prudent to reduce the number of CUBIT teams but the situation would be monitored. If the number of abandoned vehicles started increasing it will be looked at again.</p>

Item Reference and Issue	Comment/Questions
<p>Highways</p> <p><i>MTP Page 90 “Expand Clean Kent Campaign to include Fly-tipping and Litter”</i></p> <p><i>MTP Page 91 “Clean Kent Enforcement”</i></p> <p><i>MTP Page 92 “Reduce Operation CUBIT”</i></p>	<p>Mr Harrison – asked who actually deals with and crushes the cars?</p> <p>Mr P Raine agreed to produce a note setting out the process and circulate it to the Committee</p> <p>1. Mr Parker – referring to Mr Ferrin’s comments regarding the problems with some of the highways data he commented that KCC was embarking on more two-tier working, with greater devolution and partnering – he hoped that KCC would be ensuring that similar problems don’t occur again.</p> <p>2. Mr Parker – Referring to the MTP Page 90 “Expand Clean Kent Campaign” £250k, he said he was disappointed with the number of prosecutions, deterrence appeared to be low and he felt the issue was not being tackled the way it should be. More money should be put in.</p> <p>3. Mr Parker – Asked how are we going to do this with just £200k?</p> <p>4. Mr Parker – Stated that this proposed reduction concerned him. We could well have an increase in the problems as a result of our reduction in effort.</p>
<p><i>MTP Pg 92 Close scrapstore, cease plastics recycling and reduce contribution to ReMaDe post</i></p>	<p>5 Mr Parker – Noted that we were proposing to close scrapstore, cease plastics recycling etc, reducing budget on Education on Waste – it was very difficult to reconcile stated objectives like reducing and reusing with this sort of reduction.</p> <p>Mr Ferrin replied – Agreed with Mr Parker that it would be important to ensure that service delivery problems that could be created as a result of more ‘devolved’ working were avoided. In a difficult budget situation it was essential to look hard at value for money issues and in his judgement the impact of the war on waste programmes was doubtful in some areas. With regard to the recycling of plastics KCC was only dealing with 250 tonnes of plastic per annum and the environmental gains of recycling have to be weighed against the environmental losses through the need for significantly increased lorry movements (as a lorry could only carry half a tonne of plastic). He said that, having seen the results from the trials, this would have been his view whatever the budget situation.</p>

Item Reference and Issue	Comment/Questions
	<p>In reference to the Clean Kent Campaign Mr Ferrin said that this was an area where KCC and the districts were working together and that he wanted to see more progress. He felt that there were now organised criminal elements who were operating in the waste disposal world and that the additional resources were needed in order to increase activity in this area.</p> <p>Mr P Raine – Restated that the budget had necessitated some hard decisions and that while he felt the war on waste had done an excellent job there were areas, for example home composting, where we had done as much as we reasonably could and resources needed to be focussed on top priorities.</p> <p>On Operation CUBIT Mr Raine said that it was a joint Police / District / DVLC / LKCC operation and while he felt that the reduction to one team was reasonable, given the fall in the numbers of abandoned vehicles previously referred to, there was nothing to prevent other bodies establishing CUBIT teams if they felt this was a local priority.</p> <p>Mr P Raine agreed to produce a note:-</p> <ul style="list-style-type: none"> • Updating members on how Clean Kent operates • Listing prosecutions and pending prosecutions • Giving information on full time employees <p>Providing reassurance that partners were aware KCC was pulling out of CUBIT Operation</p> <p>Dr Eddy – Are there any changes between the Budget and MTP that went to Cabinet in this Budget and MTP?</p> <p>Mr Ferrin – There is the additional sum of £1.5m allocated by Cabinet at that stage.</p> <p>Dr Eddy – The Audit Commission were told as part of KCC’s CPA submission that the Kent Highway Partnership was an example of good practice in partnership working, yet we are now hearing that there are significant problems in terms of data, record keeping and maintenance programmes. What assurances can Mr Ferrin and Mr Raine give that the new arrangements will work better and resolve these problems?</p>
	<p>Mr Ferrin – responded by there had been problems in the previous arrangements, many of which were only now</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 813 520 882">MTP Page 90 Congestion Reduction Initiatives</p> <p data-bbox="134 1664 284 1697">Highways</p>	<p data-bbox="557 215 1422 394">becoming clearly apparent. He felt that some activities had, in the past, been inadequately supervised and this was primarily a problem created by Members rather than officers. We are working hard to resolve problems as they become apparent but this will take time.</p> <p data-bbox="557 477 1362 546">Mr P Raine agreed to add to the note to Members of the POC:</p> <ul data-bbox="655 555 1417 618" style="list-style-type: none"> <li data-bbox="655 555 1417 618">• What the role and responsibilities of the Waste Forum <p data-bbox="557 627 1406 696">As it was possible that there could be some confusion as to what powers the forum had.</p> <p data-bbox="557 813 1094 846">Dr Eddy – What are these initiatives?</p> <p data-bbox="557 925 1417 1285">Mr P Raine – there is a Towards 2010 target to reduce journey times by 10% and most of the activity to deliver on this would come from existing revenue and capital budgets. The Urban Traffic Management Centre (UTMC) monitors traffic flows, traffic signal phasing and other elements of the road network in order to manage and improve traffic flow. The additional allocation of £100k in 2007/08 and a further £150k in 2008/09 would augment spending in other areas of the portfolio budget, for example integrated transport capital programmes.</p> <p data-bbox="557 1373 1315 1442">Dr Eddy – asked for the bulk of congestion reduction programme, which part of the budget covers this?</p> <p data-bbox="557 1518 1337 1588">Mr Ferrin – It was included in the Integrated Transport Programme.</p> <p data-bbox="557 1664 1417 1809">Mr Curwood – I estimate 90% of Maidstone central’s gullies need digging out. It takes 6 minutes to clean a gully and 45 minutes to dig one out – this will be very expensive. A greater budget is a requirement for future plans.</p>
	<p data-bbox="557 2000 1422 2098">Mr Ferrin – In the Town Centres we know where most of the gullies are. In the rural areas this is not necessarily the case. I am not aware of whether Mr Curwood’s figures are</p>

Item Reference and Issue	Comment/Questions
<p><i>Budget Page 30 Change and Developing Division</i></p>	<p>in the Budget Book.</p> <p>Mr P Raine agreed to produce a note for Members, separating out the major budget headings of the KHS budget</p> <p>Following on Members asked questions on the Regeneration and Supporting Independence Portfolio.</p> <p>Mr Long gave a short introduction.</p> <p>Mr Parker – Sought clarification on what £285k had been used for, given that this was an increase on the previous year.</p> <p>Mr P Raine – Explained that the work by Robert Hardy spreads over the whole directorate, LAA, PSA agreements, 2 tier working, staff officers, etc. He said it was a small cost effective team.</p> <p>Mr B Gould – advised two posts were transferred from another portfolio, and that this, combined with other budget changes, was what led to the variation between the two years.</p> <p>Dr Eddy – Strategies have gone up £240k increase. What other major strategies will we be looking at?</p> <p>Mr B Gould – The Local Development Frameworks (which replaced Local Plans), Local Development Waste Framework, London Thames Crossing Study (Page 93 £50k in for 2007/08 only). There has been one post reduction.</p>
<p><i>Lower Thames Crossing</i></p>	<p>Dr Eddy –What is our commitment to the Lower Thames Crossing?</p>

Item Reference and Issue	Comment/Questions
	<p>Mr P Raine - £50k in 2007/2008. The growth in 2007/08 is explained by the additional funding for taking the minerals and waste local development frameworks through their statutory processes and the funding for the Lower Thames Crossing study.</p>

Comments from Corporate Policy Overview Committee 30 January 2007

Present for Budget discussion in addition to Members of the POC: -

Mr N Chard, Cabinet Member for Finance; Mr A King, Cabinet Member for Policy and Performance; Mr P Gilroy, Chief Executive, Ms L McMullan, Director of Finance; Mr D Honey, Finance Manager; Ms A Beer, Director of Personnel & Development; Mrs A Cook, Performance Monitoring Manager; Mr D Oxlade, Group Manager Policy, Mr G Wild, Director of Law and Governance, Mr D Cockburn, Director of Business Solutions and Policy and Mr T Minter, Kent Partnership Director attended for this item.

Item Reference and Issue	Comment/Questions
<p>Item B1</p> <p><i>Draft Revenue and Capital Budgets 2007/8 and Draft Medium Term Plan 2007/2010</i></p> <p><i>Introduction</i></p>	<p>Ms McMullan set out the overarching budget position. In order to balance the budget, a total of £40m needed to be generated from savings and income generation. A lot of these savings and income generation would come from the central department.</p> <p>Mr Honey gave information in relation to the specific portfolios, Corporate Support, Finance, Policy and Performance and Public Health, which fell within this Committee's remit. The report to this Committee in November 2007 set out the need to identify savings. In relation to the £7.5m of savings from this area, £3.1m related to the Chief Executive Service Unit and £4.4m related to financial items such as debt charges. It was anticipated that there would be an income generation of £6.7m. All savings had been identified within the Chief Executives department and agreed with services directorates.</p> <p>The total budget that Chief Executive's Department was responsible for was £132m in 2006/07 rising to £137m in 2007/08. The cost of services to the directorates and the democratic process had decreased. The impact of savings and income generation was already being seen. It was noted that the Contact Centre had moved to the Communities budget area.</p>

Item Reference and Issue	Comment/Questions
<p>Kent Works</p>	<p>Mr Chard reminded Members that a few years ago the Council had set out a 1 in 4 reduction in staff in Finance and IT. At that time it was questioned whether it was possible to maintain the high level of service with this level of staff reduction but Finance have managed to achieve a Level 4 for the use of resources. In the Medium Term Financial Plan (page 14) in the table for the Revenue Budget proposals 2007-08 to 2009-10 he referred to the figure of -1.1% for the “2007-08like for like increase” for Finance and commended them for doing their part in relation to savings. He referred to the proposal to achieve £6.1m worth of income generation and £5.9m worth of savings within the Finance portfolio. There was a drive to reduce central costs and spread as much money as possible into front line services. He made special reference to Commercial Services and stated that the work of Mr Harlock and his team had made an outstanding contribution to the Council’s budget.</p> <p>Mr A King stated that it was a continuing process to keep central costs low and to reduce them. This was an important part of the way that the local authority was run. He acknowledged that this would get increasingly difficult to do year on year. It was important to innovate and find new ways of doing things. It was not only front line services that needed to be in tune with the 21st century, it was important to keep the local authority at the leading edge of service delivery. He mentioned that it was a role of this Policy Overview Committee to look at the way that the local authority managed the corporate centre.</p> <p>Mr Birkett stated that a week ago today, he had attended a meeting of the County Council which had discussed two-tier working in local government and had been told that everything would be open and transparent. He referred Members to page 42 of the Budget Book in relation to the joint heading “Kent Partnerships and Kent Works” joining this two budgets together made the total sum positive. Mr Birkett advised that the questions he raised were from him and not from the East Kent Business Partnership. However, he believed that Kent Works did not work. It had shown a deficit over the last two years and he believed that this deficit should have been shown separately from the heading of Kent Partnership.</p>
	<p>Mr Minter explained that he was Chairman of Kent</p>

Item Reference and Issue	Comment/Questions
	<p>Works and that it was difficult to answer the point made by Mr Birkett that Kent Works did not work as he had not seen any evidence to support this claim. He set out the background to the establishment of Kent Works, which was about getting young people ready for the world of work. In June 2005, Business Link Kent gave up the LSC Contract to deliver work experience in schools. TM reported the situation to Cabinet and said that the contract was unaffordable and undeliverable. They said this was such an important issue we must do it and match funded the LSC over three years. Kent Works was established and won the contract to begin delivery in August 2005. There were at least three Education and Business Partnerships in Kent that were unlikely to survive the funding reductions. In the first year Kent Works had a target to deliver 8,750 places but managed to deliver over 10,700 places and therefore had been able to deliver on the contract and increase the target. I</p> <p>In July 2006 the Learning Skills Council had cut their budget by £92,000 but Kent Works was committed to its contract with schools to deliver and they did not think it was tenable to say that they would not deliver the promise and the vision. Therefore they had delivered but had gone over budget as the figures over contract were not funded. When KCC supported the start up of Kent Works, £570,000 was allocated over three years which was based on a best guess in relation to the profile of the funding. However, the start up costs have been in the region of £500,000 and therefore, there was an overspend from the first year of £150,000 which has been carried on into the current year the same amount will be drawn down from next year. In addition prices had to be competitive to gain market share.</p>
	<p>Mr Minter stated that in relation to recommendations for</p>

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	<p>Towards 2010 education and business links were a key part. Kent Works was planned to reconfigure to do more than work experience in the Learning Skills Council contract and to play a major role in delivering on aspects of Towards 2010 “preparing for employment”. There was one other organisation in Kent still delivering work experience and this was the East Kent Business Partnership which was a strong organisation, but it did not win the Learning Skills Council contract. He had had discussions with the Chairman of this partnership (with a national arbitrator) had agreed in principle to merge the two organisations. However, the Board of the East Kent Business Partnership had rejected this proposal. This left East Kent Education Business Partnership in the situation where it could cherry pick the work which paid the most. He believed that possibly some of the negative comments that Members had been hearing may have emanated from this competitor organisation. However, if Members had specific evidence in relation to where Kent Works was not achieving, then if they contacted him he would investigate this further.</p> <p>Mrs Dean stated that, as part of the consultation on the Fire Authority budget, she had met with West Kent Chamber of Trade and their view was that Kent Works was not using the expertise of the business world in their work and she would like to know whether Kent Works were drawing on the expertise of Chambers of Trade. For example, were Kent Works doing things that businesses could do themselves?</p>
Staff numbers	<p>Mr Minter agreed to take away the point made by the Chamber of Trade and mentioned that one of the members of the Kent Works Board was a member of the Invicta Chamber of Commerce and he would use this link to seek the views of Chambers.</p> <p>Mr Birkett expressed disappointment that the staff numbers on page 42 were shown as full time equivalents which he believed was a bland statement and he would like to see this itemised to be more open and transparent. In relation to these 90 full time equivalents, Mr Birkett asked whether it would be possible to have a manpower budget for the County Council Budget meeting.</p>
	<p>Mr Gilroy stated it was not like previous years where the full time equivalent level was fixed, circumstances were</p>

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<p>Savings/income generation</p>	<p>she had been to a meeting where it was stated that Kent's apprenticeships would be offered at less than the minimum wage rate. Although she understood the logic behind this i.e. it freed up money to increase the number of apprenticeships but she referred to young people in her division who had left school and had to get jobs at more than the minimum wage in order to pay for the essentials such as food. It was important that these types of young people were able to benefit from Kent Apprenticeships and were not disadvantaged by the fact that they could not afford to take up these apprenticeships. She was discussing with the Leader the possibility of ring fencing some of the Kent Apprenticeship jobs to help this type of young person.</p> <p>Mr Burgess gave a perspective from the viewpoint of a small businessman, i.e. a sole trader trying to expand his business. He believed that if he took someone who was not in education or employment and paid them below the minimum wage, it would be cost effective for both parties. By paying them a small amount now it would lead them having the opportunity to earn a larger amount later.</p> <p>Mr Hotson asked whether the £40 million savings had been found or scheduled.</p> <p>Ms McMullan stated that the £40 million savings/income generation had been identified as part of an exercise that had been carried out over the past year. She stated that as Section 151 officer, she was responsible for signing off the Budget as robust. She was confident that the savings/income generation could be delivered and that she was sure that the options put forward were ones that everybody was committed to taking through to the end of the year. She was not saying that some of the options did not have a risk but in terms of overall scale, the risk that they would not deliver on the savings/income generation was small.</p>
	<p>Mr Chard stated that delivering savings year on year</p>

Item Reference and Issue	Comment/Questions
<p><i>Stronger and Prosperous Communities / Two-tier working</i></p>	<p>Director of Finance it was always true that she would be stating that next year and the following year would be difficult and the opportunity to make savings would become less and less year on year. What she was concerned about was the Government announcing a new corporate spending review in June/July and they were expecting real term growth over the Government spending. However, once this had been allocated to Education and Health, it would only leave a small percentage for Kent to build into next years budget. She referred to the Government's cash Gershon savings of 3%. If we stopped carry out a specific service this would not count as a Gershon saving. She stated that as a Council we always delivered, eg. we found innovative ways to do things and used IT operations to do jobs differently to take out staff who were currently doing things in a manual way. Chief Officer's Group were going to be spending an Awayday to think about how to transform the business across the Council. It would not be easy but she was confident that the Council would be able to cope.</p> <p>Mr Hotson asked whether in relation to "stronger and prosperous communities" it would be possible to hand pick a team with the Chief Executive to look with District Council colleagues at giving more duties to them or to take on other duties at the request of District Councils; He emphasised that District Leaders wanted quick wins.</p> <p>Ms McMullan stated that at times had been difficult working across directorates and therefore she appreciated the challenges of working across districts. However, it was her view that there were savings to be made when we worked together. She was not sure how quickly we could get to that stage. It was confirmed that Mr Gilroy and Kent Leaders would be putting together a working group to look at this.</p>
	<p>In relation to two-tier working, Mr Chard stated that this related to the whole of the public sector not just local government. He did not think that this should be finance driven but driven by what was best for the citizen and community. It was important to recognise that delivery of services to users and the community should be affordable no matter who delivered it.</p>

Item Reference and Issue	Comment/Questions
	<p>Mr Gilroy referred to the £800 million plus procured from the Private and Voluntary Sector in relation to the move to E-Commerce and electronic procurement. Regarding Social Care two tier working, 80% of it was local government services which were either purchased or provided by the County Council. This was a highly volatile and sophisticated budget to manage. He referred the purchase card, developed by Kent County Council four to five years ago, which was now being adopted by Hampshire County Council and Swindon Council. This had resulted in £700,000 savings in back office in one directorate. Pushing this across two tiers had been less successful than encouraging colleagues in authorities outside Kent to adopt it and he was not sure why this was the case. In relation to two tier working, when we were talking about services it was important to recognise the business case and whether it was a saving or cost to the public purse.</p> <p>He stated his preference was to look at areas where it was possible to make cash savings in the short term, to sweat our property assets aggressively and to look at financial services, HR and Payroll working together and to look wider than the local authority family including Police and Health. If we did our best to sweat our assets differently we could make life for Kent's residents better and reduce tax increases. He hoped that it would be possible to avoid territorial issues.</p>
<p>Democratic Budget Services</p>	<p>Mr Smyth referred to the Budget for Democratic Services on page 39 of the Budget book and that the figure had reduced from £4.132m in 2006/07 to £3.957m in 2007/08. However, with the new local government bill, it would appear that we would need more resources in Democratic Services and therefore he questioned whether cuts should really be made here against this background.</p>
	<p>Mr Gilroy stated that this came back to the earlier point in relation to two tier working and looking at the political governance issue of the cost of Democratic Services across Kent. It was necessary to look at the way that elected Members were supported and to think broadly about this. In relation to E-Commerce, the way that we managed the business would be changing too as we had too much paper and hard copies. It was necessary to think radically about the way we manage the democratic process, taking the government's decentralised issue, to look at how we support 600 elected Members across Kent.</p>

Item Reference and Issue	Comment/Questions
	Mr Smyth agreed that this was the right initial approach but that it might be necessary to expand Democratic Services rather than contract it.

Comments from the Adult Services Policy Overview Committee 1 February 2007

Present for Budget discussion in addition to Members of the POC: -

Mr R J E Parker as a substitute for Mrs E Green, Mr K G Lynes (Cabinet Member for Adult Services), Mrs T Dean and Mr D Smyth.

Officers present from the Adult Services Directorate: Oliver Mills, Caroline Highwood, Michelle Goldsmith and Michael Thomas-Sam.

Item Reference and Issue	Comment/Questions
<p><i>Item B1</i></p> <p>Draft Revenue and Capital Budgets 2007/2008 and Draft Medium Term Financial Plan 2007/10</p> <p>Predicting Future Problems</p> <p>Changes to Domiciliary Care Charging to Produce Savings</p>	<p>Mr Northey – Is it possible to build a section in to future budgets to identify how planned future spending could improve the health and wellbeing of a given number of people? Identify a formula or be able to estimate, eg, £x of investment could help x number of people?</p> <p>Mr Mills - Benefits of early intervention and preventative care are well recognised in Kent. It is very important to develop sound academic evidence in support, and Kent is working with national organisations to do so.</p> <p>Mr Lynes - Simple ideas can make a big difference. Avoiding old people having falls, for example, could avoid significant costs in a year from the injuries caused by falling</p> <p>Mr Christie – How was this saving identified? Does the £500,000 saving delivered by the 2010 target give better value than Domiciliary Care?</p>
	<p>Mr Lynes - This was a very difficult decision as it was very important to protect eligibility criteria to deliver a range of preventative services and once you start to change them it is very difficult to go back. In addition, raising eligibility criteria would mean that people entered the system with more complex needs than they might otherwise have had, which would store up problems for the future.</p>

Item Reference and Issue	Comment/Questions
<p>Health Visitors for Older People</p>	<p>Other areas of spending have been reviewed to ensure the moderate eligibility level for Domiciliary Care Charging can be retained. Proposed changes to charging will place Kent in the middle pack in the level of proposed charges for Domiciliary Care in the UK – plenty of local authorities charge more.</p> <p>Mr Mills - The £500k investment in Towards 2010 is all to develop mainstream services to be more responsive.</p> <p>Changes to Domiciliary Care Charging are not a change to policy but a change to the thresholds. In line with the policy. Those on low income will continue not to pay a charge. There will be transitional protection where there is significant increase. The intention is to maintain the charge for the duration of the Medium Term Plan to provide consistency. Members will have the opportunity to scrutinise the proposal once a key decision is ready to be taken about the detailed changes.</p> <p>Mrs Rowbotham - Exploring the option of health visitors for older people would help with preventative measures and keep older people in their own homes longer, and could save money.</p> <p>Mr Lynes – KCC continued to look forward to engaging the Health Economy in constructive partnerships on such issues. The query still remained however from where the NHS would fund such changes.</p> <p>Mr Mills - Agree elderly people in their own homes benefit well from early intervention and new technology, and combining skills would mean one person visiting instead of two.</p>
<p>OT Bureau</p> <p>Pressures Carried Forward</p>	<p>Mr Koowaree - OT Bureau – Why the difference in revenue spending?</p> <p>Miss Goldsmith - It has reduced because the previous year's budget reflected Adults' and Children's Services before disaggregation, whereas this year they have been separated.</p> <p>Mr Koowaree - Why do pressures from 2006/07 appear in the revenue spending? (page 21 of budget doc)</p> <p>Miss Goldsmith - £4.915m is the current year's pressure to overspend. One-off savings are being used to address this and these will not be available for next year. No grants beyond 2007/08 are yet known.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="134 215 432 241">General Comments</p> <p data-bbox="134 472 411 573">Spending on Assessments and Services</p> <p data-bbox="134 1021 448 1088">Learning Disabilities Income</p>	<p data-bbox="557 215 1426 282">Mr Hibberd - The principles of this budget are right, we are moving in the right direction.</p> <p data-bbox="557 327 1426 427">Mr Christie - There are no political differences between the parties around the issues in this budget. We all know there is a limited pot of money and we need to achieve a balance.</p> <p data-bbox="557 472 1426 640">Mrs Newell - Our last inspection report criticised the amount spent on doing assessments compared to the amount spent providing services, Could the changes to domiciliary charging add to this effect, and could the changes deter some uses from taking up services?</p> <p data-bbox="557 685 1426 976">Mr Mills - We always ensure the limited budget available is spent wisely to get a good balance (the MTFP notes on page 89 that there was a plan to Modernise Assessment Services). Changes to charges will be phased in over time and we would always encourage existing service users to remain. Some of them may end up paying a similar price for their service than they might have done from a private provider had they used Direct Payments.</p> <p data-bbox="557 1021 1426 1088">Mrs Newell - Income from Learning Disability has dropped. Why?</p> <p data-bbox="557 1088 1426 1189">Miss Goldsmith - The grant income from preserved rights grants is reduced each year, and some is rolled into base budget.</p>
<p data-bbox="134 1245 501 1346">Medium term Service Priorities in the Medium Term Plan</p> <p data-bbox="134 1391 363 1417">POPPs Income</p> <p data-bbox="134 1603 504 1630">Telecare and TeleHealth</p>	<p data-bbox="557 1245 1426 1346">Mr Lake - Very pleased to see £1.5m Government grant secured for POPPs; how will this be spent? Good also to see Telecare and TeleHealth continuing to be developed.</p> <p data-bbox="557 1391 1426 1570">Mr Thomas-Sam - This will be spent spreading projects, similar to those initiated in Brighter Futures in West Kent to areas in East Kent, funding and stimulating Voluntary Organisations to enable older people to live more productively.</p> <p data-bbox="557 1615 1426 1895">Mr Mills - Development of both of these schemes is going very well. In TeleHealth there are currently 130 users. The service is effective, with good outcomes (e.g., avoiding admissions to hospital). The University of Kent has published some findings on its website on the launch of Telecare and this can be made available to Members. Telecare is now operating in six districts and has included 500 users.</p> <p data-bbox="557 1939 1426 2040">Mr Lynes - A good working relationship between NHS and KCC has allowed these schemes to develop. We are seeking to increase take up by around 100% for TeleHealth.</p>

CABINET SCRUTINY COMMITTEE

MINUTES of the Special Budget meeting of the Cabinet Scrutiny Committee held at Sessions House, County Hall, Maidstone on Friday 2 and Wednesday 7 February 2007.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr A R Bassam (7 February only), Mr A H T Bowles, Mr J R Bullock MBE (2 February only), Mr C J Capon, Mr A R Chell (substitute for Mr A R Bassam on 2 February and for Mr J R Bullock MBE on 7 February), Mr B R Cope, Mrs T Dean, Mr C G Findlay (substitute for Mrs P A V Stockell on 7 February only), Mr J B O Fullarton (2 February only), Mr C Hart (2 February only), Mr W A Hayton (substitute for Mr E E C Hotson on 2 February only) Mr C Hibberd (substitute for Mr C T Wells on 2 February only), Mr P W A Lake, Mr C J Law (2 February only), Mrs M Newell, Mr R J E Parker, Mr J E Scholes and Mrs P A V Stockell (2 February only).

IN ATTENDANCE: Mr J Wale, Assistant to the Chief Executive, and Mr S C Ballard, Committee and Member Services Manager.

UNRESTRICTED ITEMS

53. Draft Medium Term Plan 2007-10 (incorporating the Budget and Council Tax setting for 2007/08)

(Item 2)

(1) A supplementary report was tabled at the 2 February meeting summarising the comments on the draft Medium Term Plan and Budget made at the following meetings:-

- (a) Communities Policy Overview Committee – 26 January 2007;
- (b) Environment and Regeneration Policy Overview Committee – 29 January 2007;
- (c) Corporate Policy Overview Committee – 30 January 2007;
- (d) Adult Services Policy Overview Committee – 1 February 2007.

(2) A further supplementary report was tabled at the 7 February meeting summarising the comments on the draft Medium Term Plan and Budget made at the following meeting:-

- (e) Children, Families and Education Policy Overview Committee – 6 February 2007.

(3) Mr N J D Chard, Cabinet Member for Finance; Ms L McMullan, Director of Finance; Mr B Smith, Group Manager, Finance; and Mr K Abbott, Director of Finance and Corporate Services, Children, Families and Education Directorate, attended both the 2 and 7 February meetings to answer Members' questions on this item.

(4) After an introductory statement by Mr Chard, the Committee questioned Mr Chard, Ms McMullan, Mr Smith and Mr Abbott about the following issues:-

(a) Effect of being "Floor" Authority

In answer to questions from Mr Hart, Mr Parker, Mr Smyth and Dr Eddy, Mr Chard and Ms McMullan explained that "floors" were part of the Government's grant distribution arrangements. Without the "floor" (which was worth £1.9m to KCC) KCC would receive a worse grant increase. Recent changes to the funding arrangements meant that floor authorities received no additional Government funding for the revenue effects of "supported borrowing", and so the revenue costs had to be met by the Council Taxpayer.

(b) Reduction in Capital Programme

In answer to questions from Mr Smyth, Mrs Dean and Dr Eddy, Mr Chard explained that he was proposing that the capital programme should be reduced by £20m because of the additional revenue cost to the Council Taxpayers. This would be the first time that the Government's offer of supported borrowing had not been taken up in full. This was because of the recent change in funding arrangements. He said that one example of the capital projects which would not now go ahead was the redevelopment of Greenhithe Station.

In answer to questions from Mrs Newell, Mr Chard explained that the Greenhithe Station project had originally been included in the capital programme because it was expected that there would be additional revenue support to cover the costs of borrowing (although the County Council would obviously have preferred a capital grant). Now that the revenue impact of borrowing basically fell to council taxpayers, the scheme had had to be reconsidered alongside other priorities.

In answer to a question from Mr Smyth, Mr Chard said he thought it unlikely that the decision not to take up the full allocation of supported borrowing would prejudice the County Council in the future, not least because a number of other "floor" authorities had also decided they could not afford to take up their full supported borrowing allocation. He added that it would be dangerous to leave the Greenhithe Station project in the capital programme and rely on slippage on other schemes. He was keen to focus resources on improving management of the capital programme by, for example, improving the accuracy of forecasting the progress of projects.

(c) Adult Services

In answer to a question from Mrs Newell, Mr Chard said that for 2007/08 he proposed a budget increase of 6% for Adult Services compared with an increase in FSS of only 4.4%.

Ms McMullan said that KCC had worked with the Kent Districts and the Department of Work and Pensions to set up the Kent Benefits Partnership which had been successful in encouraging pensioners to claim the benefits to which they were entitled. She accepted that some

people who were just over the benefit limit would have to pay the full cost for their care services. This was a national issue which she was pleased to see had been taken on board by the Lyons Inquiry.

(d) Turner Contemporary

In answer to questions from Mr Hart, Mrs Dean and Dr Eddy, Mr Chard said that the £15m costs previously quoted by the Leader of the Council related only to the building. The £17.4m shown in the budget included other elements such as inflation.

Ms McMullan added that she was reasonably confident that the £17.4m figure was accurate but it could not be guaranteed until contracts were let. Any change in the cost at that stage would be reported to Members in the usual way.

(e) Climate Change

In answer to a question from Mrs Dean, Mr Chard explained that the costs of implementing the recommendations of the Climate Change Select Committee had not been identified separately in the budget but were included within the relevant budget lines. It would be possible to identify climate change issues more clearly in Directorate Business Plans.

(f) Kent Film Project

In answer to questions from Mrs Dean, Dr Eddy, Mr Bullock and Mr Law, Ms McMullan said that the cost shown for the Kent Film Project was an estimate. Because the project had not yet started, no assumption had been made about income at this stage, although she confirmed that it was the intention that the project should generate income.

(g) KCC Asset Base

In answer to a question from Dr Eddy, Ms McMullan said that there were two main areas of work taking place – and nearly completed – to accurately establish KCC's asset base, as follows:-

- (i) Kent Property Services were co-ordinating a list of all properties owned or leased by KCC;
- (ii) Kent Highway Services, with PricewaterhouseCoopers, were reviewing highways.

(h) Localism

In answer to questions from Mr Bullock, Dr Eddy and Mr Smyth, Mr Chard explained that there was too little certainty as yet about localism and improved two-tier working for any additional resources to be identified for this in the 2007/08 budget, although he accepted that

additional resources may need to be identified in the budgets for future years.

(i) Delegated Schools Budgets

In answer to a question from Mr Smyth, Mr Abbott explained the difficulties in estimating DSG because actual figures were not announced by the DfES until June each year. This was a major flaw in the current DSG system and KCC and other councils had lobbied – and would continue to lobby – for changes.

The current system also did not reflect the merger between education and children's social services which all councils had been required to make.

Finally, the headroom on DSG had been significantly reduced by such factors as a clawback by Government last summer, and an increase in Teachers' Superannuation contributions from January 2007. Mr Abbott expected the lack of headroom to cause problems for all schools over the next 3-4 years, particularly for those with falling rolls.

(j) Transition of Clients from Children's to Adult Services

In answer to a question from Dr Eddy, Mr Chard and Mr Abbott explained that disaggregation of the Social Services budget took place as a one-off event last year and so was reflected in the current year's budgets for Children and Family Services and Adult Services. A more detailed breakdown of the budgets showing how transition was covered would be supplied.

(k) Special Educational Needs

In answer to a question from Mr Smyth, Mr Abbott explained that the £1m pressure would be dealt with by tightening up the eligibility criteria by which the County Council provided support to schools, although no decision had yet been taken on how the criteria might be changed. This might have an impact on schools' budgets but it recognised that the bulk of the increase in Government funding to the County Council was through the Delegated Schools Grant.

In answer to a question from Mr Parker, Mr Abbott said that SEN was the only area where KCC budget savings might have a direct impact on schools' budgets.

(l) Clusters

In answer to questions from Mrs Newell, Mr Abbott explained that the budget for Clusters was not being reduced but an identified pressure of £299k to enhance management support could not be met. Where Clusters identified additional management support posts as being necessary, these could be funded by contributions from the budgets of the schools within that cluster, as happened already.

(m) Fostering

In answer to a question from Mrs Newell, Mr Abbott explained that the Director of Children's Social Services was carrying out a major review of fostering to identify areas for savings, including cost-effectiveness of placements, length of placements and reduction in the use of independent fostering agencies. He emphasised that there was no intention to move any child from one placement to another simply to reduce costs.

(n) Business Start-up Units

In answer to a question from Mr Smyth, Mr Abbott explained that start-up units were being established on some secondary school sites for businesses which could offer vocational education, work experience and possible longer-term job opportunities for pupils.

(o) Building Schools for the Future

In answer to a question from Mrs Newell, Mr Abbott said that the £216.43m identified in the Education and School Improvement Portfolio Investment Plan was for BSF in Gravesham and the start of BSF in Thanet.

(p) Maintenance of School Buildings

In answer to a question from Mrs Dean, Mr Chard and Mr Abbott explained that the £4m reduction in the maintenance programme for school buildings in both 2007/08 and 2008/09 could safely be made because of the Building Schools for the Future programme, which involved:-

- (i) new schools which did not require so much maintenance;
- (ii) PFI schemes, where the provider, rather than the County Council, was responsible for the maintenance costs for the life of the scheme.

(q) SureStart Grant

In answer to a question from Mr Smyth, Ms McMullan explained that the £13m shown for SureStart grant in the breakdown of the 'Grant Income and Contingency' line of the Education and School Improvement Portfolio Budget was the best estimate of the grant that the County Council would receive. Calculation of the grant was not straightforward as part of it came via the Local Area Agreement and confirmation of the grant figures from Government was still awaited. Whatever the eventual level of grant received, it was the Council's policy to spend the entire amount on SureStart projects.

(r) Duty of Care for Looked After Children

In answer to a question from Dr Eddy, Mr Abbott explained that no provision had been made in the 2007-10 Medium Term Plan for this, because it was still the subject of consultation by Government. The new Duty of Care certainly raised significant resource issues and the Council would highlight this in its response to the Government consultation, and also make the point that this was another area where there was inconsistency between Government departments in the grant arrangements for children's services. Depending on the outcome of

the consultation, provision for Duty of Care would be included in future years' Medium Term Plans.

(s) Council Tax Increase

In answer to a question from Dr Eddy, Mr Chard said that he would have preferred to propose a Council Tax increase of lower than 4.95% but this would have required unacceptable cuts in the Council's services to the Council Taxpayers.

In answer to a question from Mr Smyth, Mr Chard said that he was pleased that the Government had moved away from the old SSA system. Nevertheless he was concerned at the opaqueness of the Government's method of calculating block grant. Mr Chard said that he awaited the outcome of the Lyons Review and CSR07 with interest. He expressed concern that there might be a delay beyond the planned date of June/July in the announcement of the outcome of CSR07. Dr Eddy offered to raise this issue with Kent Labour MPs when he met them in March.

(5) RESOLVED that:-

- (a) Mr Chard, Ms McMullan, Mr Smith and Mr Abbott be thanked for attending the meetings to answer Members' questions;
- (b) the Committee place on record its congratulations to the staff of KCC for consistently delivering high quality services within budget;
- (c) the Cabinet Member for Community Services be requested to provide the Committee with information about how the £580k savings from the review of the Library Services was expected to be achieved, including details of any anticipated job losses; and the likely impact of the review on education services;
- (d) the Chairman write to the Chancellor of the Exchequer on behalf of the Committee urging that there be no delay beyond the planned date of June/July in the announcement of the outcome of CSR07;
- (e) the Committee's discussions, as set out above, be drawn to the attention of Cabinet on 8 February.

**Comments from the Children, Families and Education
Policy Overview Committee
6 February 2007**

Present for Budget discussion in addition to Members of the POC:-

Dr T R Robinson, Cabinet Member for Children and Family Services, Mr J D Simmonds, Cabinet Member for Education and School Improvement, Mr K Abbott, Director, Finance and Corporate Services and Mr Richard Hallett, Finance Manager attended for this item.

Item Reference and Issue	Comment/Questions
<p><i>Item B1</i></p> <p><i>Draft Revenue and Capital Budgets 2007/08 and Draft Medium Term Plan 2007/2010</i></p>	<p>Mr Abbott set out the position for schools in the next financial year. He stated that overall the schools budgets was in a standstill position. The three year financial plan model had encouraged schools to identify pressures earlier than they normally would have done and, therefore, he was aware that there was a slight increase in a number of schools forecasting deficits. One of the key issues for the budget was the treatment of Early Years pupil data which had had an impact on 2007/08. Also there was the increase in superannuation for teachers from January 2007 and, therefore, the headroom that had been anticipated for schools for 2007/08 had now disappeared. Also there was no mechanism within the funding for schools to reflect local price issues. For example, schools coming out of long term contracts for energy, catering and cleaning and then having to take on a new contract at a higher cost.</p> <p>He informed Members that the DfES were launching proposals to change school funding and consultations would be out later in the month with a report back in the early Autumn on changes that would come into effect in 2008.</p> <p>Also referred to the issue of the £500 personal budget for each Looked After Child which will impact on the Dedicated Schools Grant in future. The other issue he mentioned was the difficulty caused by having the majority of funding routed through the DSG which was a funding system designed for schools and education at a time when Kent, like most other authorities had moved into the new integrated Children Services arrangements in line with the requirement of the Children Act. He believed this did not work well and that changes are needed to match the funding mechanisms to the post Children Act structures and service demands.</p>
	<p>In relation to the Medium Term Financial Plan, Mr Abbott</p>

Item Reference and Issue	Comment/Questions
<p><i>Budget Book - Page 6</i></p> <p><i>Budget Book - Page 1</i></p> <p><i>Budget Book - Page 6</i></p> <p><i>Budget Book - Page 1</i></p>	<p>this was a standstill budget for schools there had been an increase in DSG of 5.6% on last year. He was assuming that was slightly better than standstill.</p> <p>Mr Abbott agreed that the Dedicated Schools Grant (DSG) had increased by 5.6% but this included £11m of new funding for Personalised Learning and Practical Learning in schools. Therefore, although Kent schools had received more funding they had new responsibilities and that once the budget was adjusted for that the overall position was standstill.</p> <p>Mr Truelove asked about the effect of the grant across portfolios not just the DSG but also Social Services and the Learning Skills Council which equated to £907m, and asked for an indication of what this compared to in previous years, ie, what percentage increase this was.</p> <p>Mr Abbott undertook to give a detailed analysis of this outside of the meeting.</p> <p>Mr Truelove referred to the £98m for education and schools improvements and asked if this was outside of the schools budget and also referred to, on page 8, the £32m on assets.</p> <p>Mr Abbott stated that this figure included the £32m in assets which was a capital finance charge.</p> <p>Mr Truelove referred to the income in the schools budget of £78.9m and asked what this represented.</p> <p>Mr Abbott replied that schools locally generated money. For example, money that they had been awarded from the National Lottery or grants that they had gained independently of KCC, for example, grants from teacher training bodies.</p> <p>Mr Truelove stated that in the summary under the spending changes for the delegated schools budget there was a reduction of almost £5m. He asked how this was arrived at.</p> <p>Mr Abbott agreed to check this figure with Corporate Finance and supply it to Members.</p>
<p><i>Budget Book - Page 9</i></p>	<p>Mr Truelove referred to the summary of the revenue budget for the DSG income which had increased by £687m and asked how this related to other figures in the budget.</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="188 600 440 667"><i>Home to School Transport</i></p> <p data-bbox="188 1039 580 1106"><i>“Claw Back” of Allocated Schools Budget</i></p> <p data-bbox="188 1774 555 1841"><i>Medium Term Financial Plan – Page 86 to 87</i></p>	<p data-bbox="614 340 1487 564">Mr Abbott stated that this equated to the figure on page 17 and demonstrated a change in the approach to the budget which had been decided, corporately, and agreed by the Directorate. The grant for the DSG was now part of two portfolios whereas it had previously been shown in the Finance portfolio budget.</p> <p data-bbox="614 600 1487 712">Mr Truelove asked whether the £15m that KCC proposed to spend on home to school transport was in excess of what other comparable authorities were spending.</p> <p data-bbox="614 748 1487 994">Mr Abbott explained that work had been carried out a couple of years ago to look at the costs and compare them with other local authorities. At that point in time the cost paid by KCC was comparable to other similar authorities, although recognising that the geography of Kent made a difference. However, he did emphasise that these figures were a couple of years old.</p> <p data-bbox="614 1039 1487 1151">Mr Vye referred to the information that a percentage of the allocated budget for schools was going to be clawed back and asked for further information on this.</p> <p data-bbox="614 1187 1487 1733">Mr Abbott explained that following the introduction of a DfES requirement to claw back school balances a process had been agreed with the Schools Funding Forum and that the schools outturn figures would be taken as a starting point, these would then be adjusted to take into account money held in reserve for specific purposes. For example, if they were holding reserves for a building project then that would be taken off the outturn figure. They would then look at the remaining balance to see if it was more than 8% for primary and special and middle schools or 5% of the budget for secondary schools which would then attract claw backs. His initial view was that there would be little claw back by the time these adjustments were made. The details of this process have been e-mailed to schools and posted on Cluster web this week.</p> <p data-bbox="614 1774 1487 1908">Mr Vye referred to the figure of £1m on page 86 for support for statemented pupils and the same figure on page 87 shown as a saving to manage additional statemented cost pressures and asked if these were the same figure.</p>
	<p data-bbox="614 1957 1487 2024">Mr Abbott explained that in the SEN budget shown on page 86 and 87 there were pressures and the service had</p>

Item Reference and Issue	Comment/Questions
<p data-bbox="188 488 555 560">Medium Term Financial Plan - Page 85</p> <p data-bbox="188 927 555 999">Medium Term Financial Plan – Page 84</p> <p data-bbox="188 1442 264 1473">DSG</p> <p data-bbox="188 1554 571 1657">Improvement Budget Book Page 6 - Education in Schools</p>	<p data-bbox="614 271 1487 450">identified a need for a £1m increase in their budget which was reflected in page 86. However, in the context of all the other budget pressures it had not been possible to fund this and so the saving on P87 was to show that the service would have to manage this pressure.</p> <p data-bbox="614 488 1487 633">Mr Vye referred to the sum of £299,000 from the clusters “to resist enhancement of management support” and asked whether this was correct and was this a cutback on the existing budget.</p> <p data-bbox="614 672 1487 891">Mr Abbott explained that this was similar to the previous issue; the clusters had identified a pressure in relation to their administration. However, with the current budget there was no funding to address this identified pressure and, therefore, it was decided that this was something that the clusters would have to manage.</p> <p data-bbox="614 929 1487 1075">Mr Vye asked whether relation to supporting improvement in 740 early years settings there was £752,000 allocated in 2008/09. What is this sum for and why is it not put in the current year?</p> <p data-bbox="614 1113 1487 1406">Mr Abbott replied that that since April last year OfSTED had inspected 70 early year settings which had received a rating that indicated that they needed further support. Work was being carried out to redirect resources internally and funding had been put into year 2. The position in the current year was that there was to be no overall reduction in staff in the advisory service but as a trade off for this resources from there were being redirected to support early year settings.</p> <p data-bbox="614 1444 1487 1516">Mr Abbott stated that increase in the DSG for Kent equalled £37m.</p> <p data-bbox="614 1554 1487 1626">Mr Christie asked what the increase of 58% in Policy and Service Development represented?</p> <p data-bbox="614 1697 1487 1843">Mr Abbott stated that this sum included two key factors £0.8m Towards 2010 targets and £2.4m for the effect of disaggregation of the budget from Social Services and Education and Libraries into the new directorate.</p>
<p data-bbox="188 1921 528 1953">Budget Book - Page 7</p>	<p data-bbox="614 1921 1487 2024">In response to a question from Mr Christie. Mr Abbott explained that the 40% reduction in the school’s support service budget was to cover one post taken out of a small</p>

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<p>Budget Book - Page 15 – Adoption Service</p> <p>Medium Term Financial Plan – Page 85 and 87</p> <p>Medium Term Financial Plan – Page 86 and 87</p> <p>Budget Book – Page 7</p>	<p>unit and that automation had been put in place to cover that post.</p> <p>Mr Christie asked why there was no comparison for the previous year spend on this budget.</p> <p>Mr Abbott explained that the bottom of page 16 of the Budget Book, showed the old presentation of the budget as per the Social Services directorate. However the new directorate was trying to provide a more detailed format. As already agreed at Cabinet Scrutiny the directorate would go back and reinstate the budget for 06/07 in this new format but this could not be done until the work on school budgets had been completed.</p> <p>Mr Christie referred to the staffing savings and reduction in the pay budget and hoped that this would be managed without compulsory redundancies. He had looked at the full time equivalents against staff savings on page 85 and asked whether the 33.4 posts of savings was comparable to the 90.3 posts.</p> <p>Mr Abbott replied that the 33.4 did compare to the 90.3 posts but it would depend on when the timings of the savings came on line. Some posts were already vacant and therefore the savings could be made in April. However, if redundancies were necessary then this would impact later in the year.</p> <p>Mr Abbott referred to the Medium Term Financial Plan – Page 86/87 and stated that historically, in fostering and adoption there was an overspend of £2m+ which was balanced by vacancies. They had now put £2m in the budget to balance this overspend. The vacant posts which in many cases had been vacant for many years, would now be removed from the establishment. He also confirmed that potentially there could be a number of compulsory redundancies but these were more likely to be among support staff rather than front line staff.</p> <p>Ms Olivier referred to the increased costs of managing major contracts on behalf of schools and asked for an explanation of this as schools were self funding and managed their own contracts.</p>
	<p>Mr Abbott explained that this increase in the Client Services budget related to encouraging healthy eating and schools meals contracts and also included funding for Towards</p>

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<p data-bbox="188 342 576 414"><i>Budget Book – Page 8 – Management Information</i></p> <p data-bbox="188 636 405 669"><i>Towards 2010</i></p> <p data-bbox="188 1335 552 1406"><i>Three Year Budgets for Schools</i></p>	<p data-bbox="614 271 699 304">2010.</p> <p data-bbox="614 342 1485 600">In response to a request from Ms Olivier for more information on this budget Mr Abbott explained that there had been a big increase in this budget because of the change in responsibilities. Funding for placements for three year olds had been moved into this budget along with four year olds and therefore this brought together all the early years providers payments.</p> <p data-bbox="614 636 1485 1037">Mr Bristow stated that although there had been discussions with partners on 2010, a lot of their views had not been taken into account. When KCC was under pressure and looking at what Kent County Council could provide itself and what partners could do, they may find themselves in difficulties in relation to compliance. This could put KCC at risk of not being able to use the full range of potential because they could not comply with 2010 as their views had not been taken into account. He did not want to see the power of voluntary sector organisations underestimated in the power of what KCC could do.</p> <p data-bbox="614 1043 1485 1294">Mr Simmonds replied that there were a number of issues here, one of which was ensuring duplication in spending on voluntary services and ensuring that services that were now being funded via children’s centres were not also funding by KCC through the voluntary sector. It was important for KCC to look at the way that they worked with the community and used voluntary service organisations.</p> <p data-bbox="614 1335 1485 1440">Mr Chell asked for an explanation of the three year budget for schools and asked why there was currently less than three years budgeting.</p> <p data-bbox="614 1447 1485 1879">Mr Abbott explained that they were currently only able to issue a two year budget as they only had guidance for 2007/08. When they had the information for 2008/09, 2009/10, and 2010/11, then it would be possible, hopefully later in the year, to issue some budget guidance for the three year period. He explained that the multi-year budgets were linked into the national Comprehensive Spending Review process which meant that in Year 1 there would be information for three years, Year 2 just for two years and Year 3 (as per 2007/08) only one year. He agreed that this cycle, which they were tied into was not helpful either to the authority or to the schools.</p>