

By: Paul Carter, Leader of the Council
Nick Chard, Cabinet Member for Finance
Peter Gilroy, Chief Executive
Lynda McMullan, Director of Finance

To: Cabinet - 2 February 2009

Subject: Medium Term Plan 2009-12 (Incorporating the Budget and Council Tax Setting for 2009-10) – Update

Classification: Unrestricted

Summary: This report updates the Draft Medium Term Plan 2009-12, published on 7 January 2009, with more recent information. The new information consists of:

- The final Local Government Finance Settlement figures announced by central Government on 21 January 2009.
- The final tax bases agreed by the Kent District Councils as at 31 January 2009. The final information needed to complete this was not received until 29 January 2009, which is why this report was not available prior to the meeting.
- The final surplus or deficits announced on the District Councils' Collection Funds as at 31 January 2009.
- A draft summary of the outcomes of debate on the Medium Term Plan and Draft Revenue and Capital Budgets for 2009-10 following discussion at the following 2009 meetings, as shown as Appendix B:
 - Communities Policy Overview Committee on 13 January;
 - Corporate Policy Overview Committee 14 January;
 - Adult Social Services Policy Overview Committee on 15 January;
 - Children, Families and Education Policy Overview Committee on 16 January;
 - Environment and Regeneration Policy Overview Committee on 20 January;
 - Cabinet Scrutiny Committee on 26 January;
- Business Consultation Forum on 27 January 2009.
- In addition there will be a Formal Budget Consultation meeting with Trade Union and Professional Body Association representatives on 11 February 2009.

Introduction

1. Kent County Council published its Medium Term Plan 2009-12 (incorporating the Budget and Council Tax Setting for 2009-10) for consultation on 7 January 2009, in line with the agreed process.
2. However, there were three main areas of potential change which are now dealt with in this update:
 - (1) Central Government announced the Final Settlement on 21 January, which replaces the information received at Provisional Settlement on 26 November. This provides KCC with the final Formula Grant figure for 2009-10, and a provisional figure for 2010-11. Figures are unchanged from the Provisional Settlement.
 - (2) District Councils are obliged by legislation to calculate and notify their preceptors of their tax base by 31 January. KCC's calculation of council tax depends upon the number of Band D equivalent properties (or "taxbase") within its area.
 - (3) District Councils must also calculate and notify their preceptors of any surplus or deficit on their Collection Funds. This amount is shared on a pro rata basis between all preceptors and must be used when calculating the Council's overall budget and council tax requirement.

Consultation

3. KCC carried out extensive consultation on the "Vision for Kent". This has helped to identify service priorities and has been a key influence in setting out the key targets for action for "Towards 2010". The latest Annual Report (covering 2007-08) was presented to County Council on 19 June 2008. The annual budget process provides formally for consultation with the public, trade unions, the Business community, opposition Members and professional organisations.
4. This year, one public consultation workshop was run on 13 September 2008. This all day event invited a representative sample of resident council tax payers to consider spending issues facing the county and possible council tax increases for the forthcoming year. Participants were invited to set their own level of council tax within a budget model. Formal feedback has been received from market research firm MORI on KCC's study of public attitudes to expenditure priorities and Council Tax levels. A summary of the main report is attached at Appendix A.
5. The Policy Overview Committees considered the budget proposals during the week beginning 13 January 2009. Feedback from the Policy Overview Committees was reported to Cabinet Scrutiny on 26 January, where overall budget strategy was considered. A summary of comments made is provided in Appendix B.
6. A meeting with business leaders took place on 27 January. The minutes from that meeting are attached at Appendix C to this report. A meeting with the staff representatives will take place on 11 February.

Final Settlement

7. The Final Local Government Finance Settlement was announced by central Government on Thursday 21 January. Figures are unchanged from the position reported to Cabinet on 12 January 2009.
8. Details of the Final Settlement for KCC, as compared to the Provisional Settlement are as follows:

Component	Provisional Settlement 2009-10 £m	Final Settlement 2009-10 £m	Change from Provisional Settlement £m
Relative Needs	276.5	276.5	0.000
Relative Resource	-170.6	-170.6	0.000
Central Allocation	171.4	171.4	0.000
Floor Damping	-10.1	-10.1	0.000
External Funding	267.2	267.2	0.000
Like-for-like cash change	+ 3.2%	+ 3.2%	

Component	Provisional Forecast 2010-11 £m
Relative Needs	284.4
Relative Resource	-176.4
Central Allocation	179.5
Floor Damping	-11.8
External Funding	275.7
Like-for-like cash change	+ 3.2%

9. It should be noted that the headline increase in grant for 2009-10 is 3.2%, which is above the floor funded minimum. The headline figure for 2009-10 falls to 2.0% when the ending of the Local Authority Business Growth Incentive scheme (LABGI) grant is taken into account.
10. Details of the release of a further £100 million of LABGI money, to help local authorities respond flexibly to the effects of the economic downturn in their area are expected to be announced in Parliament on 3 February.

Surplus / Deficit on Collection Funds

11. District Councils must calculate any surplus or deficit on their collection funds. These most frequently arise when the District Council over or under performs against its projected level of tax collection. This amount is shared on a pro rata basis between all preceptors and affects the council tax calculation.
12. Information now received from the districts indicates an overall surplus from their Collection Funds, of which KCC's share in 2009-10 is £0.230m. This surplus compares to last year's deficit of £0.245m. It must be borne in mind that these

are annual, one-off figures and both surpluses and deficits can and do arise on the Collection Funds. Nevertheless, there have been some significant deficits and discussion is being pursued with the Kent Finance Officers to clarify the underlying reasons for this and the late notification of the particular problems.

Tax Base

13. KCC's calculation of council tax depends upon the number of equivalent Band D properties (or "taxbase") within its area. District councils are obliged by legislation to notify its preceptors of this figure by 31 January. The final figure was received on 29 January 2009.
14. The actual figure notified by District Councils is 540,114.82. The taxbase includes the impact of the additional taxation capacity from the districts' discretion to reduce the discount granted on empty properties. Overall this means the tax base is 0.8% higher in 2009-10 than in 2008-09, but 0.2% less than the growth included in the budget proposals released on 7 January. This equates to a reduction in our tax income of £1.135m.

Band D equivalents	2005-06	2006-07	2007-08	2008-09	2009-10
Ashford	43,206.80	43,736.00	44,533.00	44,555.50	44,707.10
Canterbury	50,186.00	50,603.00	50,904.00	51,275.00	51,540.00
Dartford	32,117.49	32,434.30	32,874.94	33,507.59	34,098.03
Dover	38,771.34	39,030.59	39,483.81	39,795.66	39,810.15
Gravesham	33,953.37	34,134.99	34,765.31	34,957.82	35,489.01
Maidstone	56,304.70	56,754.80	57,738.10	58,514.80	59,057.60
Sevenoaks	48,697.76	48,914.04	49,187.56	49,705.82	50,021.05
Shepway	38,890.06	38,965.06	39,125.37	39,373.38	39,344.82
Swale	44,403.95	45,148.28	45,772.01	46,379.34	46,798.58
Thanet	44,533.82	45,261.76	45,600.57	46,179.22	46,452.65
Tonbridge & Malling	45,356.60	46,071.78	46,709.13	47,350.82	47,951.43
Tunbridge Wells	43,092.19	43,646.73	43,854.52	44,262.76	44,844.40
Total	519,514.08	524,701.33	530,548.32	535,857.71	540,114.82
% increase	1.3	1.0	1.1	1.0	0.8

Debt Restructuring

15. Since the draft budget was released on 7 January, we have been able to take advantage of the low short-term borrowing costs, by restructuring relatively expensive debt. This has saved over £3m from the 2009-10 capital financing budget.

Conclusion

16. In summary, the following changes have been made since the draft Medium Term Plan was published on 7 January 2009:
- Final Grant Settlement for 2009-10;
 - Tax Base notification by districts;
 - Overall tax surplus from district Collection Funds payable to KCC;
 - Debt restructuring has taken place.
17. The policy proposals are unchanged from those published on 7 January, when the KCC element of the council tax increase for 2009-10 was 2.85%. The changes included in this report reduce our funding requirement through council tax by a net £2.187m, made up as follows:

	£m
Further debt restructuring	- 3.169
Collection Fund surplus	- 0.230
Lower than expected taxbase	+ 1.135
Additional Second Homes Grant	+ 0.077
Reduction in funding requirement	- 2.187

18. This saving will be passed on to the Kent residents by way of a reduction in the proposed council tax. This means that the 2.85% increase announced on 7 January can be reduced to 2.44%.
19. The revised calculation of the proposed Council Tax for 2009-10 is as follows:

TABLE 5 - CALCULATION OF COUNCIL TAX	
	£000
Budget Requirement 2008-09	857,018
Spending increase (net of adjustments)	29,452
Budget requirement 2009-10	886,470
Financed from:	
Formula Grant / Area Based Grant	- 331,936
Council Tax collection surplus	- 230
Precept requirement from Council Tax	554,304
Divided by final tax base (Band D equivalent)	540,114.82
Basic Amount	
Tax rate for Band D property 2009-10	1,026.27
Tax rate for Band D property 2008-09	1,001.79
Increase	£24.48
	+ 2.44%

20. The final position on the Children, Families and Education Directorate in relation to the estimated Dedicated Schools Grant (DSG) will be subject to the recommendations from the Schools Forum. The recommendations on this need to be delegated to the Cabinet Member for Operations, Resources and Skills (CFE). Final DSG should be known in June 2009.

Recommendations

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to matters relating to, or which might affect, the calculation of Council Tax.

Any Member of a Local Authority who has not paid Council Tax for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

21. Cabinet are asked to endorse the following proposals for submission to County Council on 19 February 2009:

- (1) the Revenue Budget proposals for 2009-10. Cabinet is asked to note the proposed change to the capital financing and local priorities budgets, note the changes to the council tax base and endorse the resulting change to the council tax;
- (2) the budget requirement of £886.5m before deducting Area Based Grant;
- (3) a total requirement from Council Tax of £554.3m to be raised through precept to meet the 2009-10 budget requirement;
- (4) a Council Tax as set out below, for the listed property bands;

Council Tax Band	A	B	C	D	E	F	G	H
£	684.18	798.21	912.24	1,026.27	1,254.33	1,482.39	1,710.45	2,052.54

being a 2.44% increase over 2008-09;

- (5) the Capital Investment proposals, together with the necessary use of borrowing, revenue, grants, capital receipts, renewals and other earmarked capital funds and external subject to approval to spend arrangements;
 - (6) the Prudential Indicators as set out in Appendix D of the Medium Term Plan 2009-12.
22. Cabinet is also asked to endorse the revenue and capital proposals for each of the ten portfolios of the County Council, as set out in the draft Budget Book and Medium Term Plan, as adjusted for the above changes, and recommend them to County Council. A revised Budget Book and Medium Term Plan reflecting the changes in this report will be produced for County Council on 19 February.

23. Cabinet is asked to agree that the final recommendations in relation to the School Budgets and the Dedicated Schools Grant be delegated to the Cabinet Member for Operations, Resources and Skills (CFE).

Officer Contact:

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Background documents:

- *Impact of Current Economic Situation on the Council - Cabinet 4 August 2008;*
- *Autumn Budget Statement - Cabinet 15 September 2008;*
- *Effect of the downturn in the economy on Corporate Services - Corporate Policy Overview Committee 14 November 2008;*
- *Provisional Local Government Finance Settlement 2009-11 - 26 November 2008;*
- *Preparing the County Council for Future Challenges - County Council 11 December 2008;*
- *Local Government Provisional Finance Settlement - Cabinet 12 January 2009;*
- *KCC consultation response to Provisional LG Finance Settlement - 6 January 2009;*
- *Draft budget 2009-10 and Draft Medium Term Plan 2009-12 - launched 7 January 2009 and considered by Policy Overview Committees between 13 and 20 January 2008, and Cabinet Scrutiny Committee 26 January 2009;*
- *Final Local Government Finance Settlement 2009-10 and Provisional Settlement 2009-11 - 21 January 2009.*

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Budget and Council Tax Consultations in Kent 2008/09

Summary of Public Consultation Workshop:

Ipsos MORI
Social Research Institute

**Kent County Council
Budget Consultation Workshop**

Executive Summary

September 2008



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Background

- The workshop provided Kent County Council (KCC) with some valuable insights into the priorities of Kent's residents. It involved a day long discussion and deliberation of the priorities of 60 residents from East and West Kent and their consequent views on the current 2008/09 and prospective 2009/10 levels of council tax. The participants were asked to think about their individual priorities before the workshop, as part of the pre-task exercise, and then encouraged to place them in the context of their priorities for the county as whole throughout the day. As the deliberations evolved during the small group work the participants sometimes unanimously agreed, but sometimes were required to vote to reach a conclusion. As some noted at the end of the day; many of the decisions they were being asked to consider were important and ones which would have negative consequences if taken badly, therefore often proving difficult.

Key findings

- The workshop confirmed many of the themes identified by previous research for KCC by Ipsos MORI and others. Kent is generally well-liked by its residents; it is attractive, and with good transport links. But there is also a very strong sense that the County faces many threats. These centre on the growing population, which cannot be sustained by existing infrastructure / facilities.
- Roads are a powerful symbol of this – both in regards maintenance and capacity – and they also tap into local unease about the presence of foreigners, whether transitory or permanent. Crime, education, health, social services and employment are also major issues.
- As found in previous years, Kent's residents display a typically vague understanding of local government structure, and the division of responsibilities between county and district. Policing, motorways, housing and local planning are all often supposed (wrongly) to fall under the County's jurisdiction although education is correctly seen as one of KCC's main areas.
- The sources of council funding and division of spending are also not well understood, and people are generally unaware of the legislative constraints on budgets.

- Despite this, people know what they want. Among those areas for which KCC is responsible, education is a key priority, along with road maintenance, community safety and social services. Further, public transport is deemed to be in particular need of improvement, e.g. buses' operating hours.
- Initially, most people, especially older participants, deemed council tax to be “too high” – but as the various council responsibilities were discussed, people’s views softened somewhat. Evidence of service quality, value for money and improvement are key here. By the time of the main budget exercise people were quite cautious in allocating either additional funds or savings – and as a result the totals agreed were, often well, within the limit set of a 2% discretionary increase (on top of the unavoidable 3% already built in – giving a 5% total increase). The range of total increases agreed upon across the six groups varied from 3.8% to 4.99%. The table below summarises the increases agreed by each group, more detail is provided in the appendices.

Group	18-44, East	18-44, West	45+, East	45+, West	Mixed	Mixed
Increase £	£4,300,000	£5,500,000	£8,600,000	£10,700,000	£8,700,000	£7,700,000
Increase %	0.80%	1.02%	1.60%	1.99%	1.62%	1.43%
Total Increase	3.8%	4.02%	4.6%	4.99%	4.62%	4.43%

- In principle, people favour those areas that represent a long-term investment in the future, such as core education and training, importantly areas where improvements can be seen as a result of additional or maintained funding. In contrast, road maintenance, although crucial, was viewed as a bottomless pit by some.
- It is felt that false economies in short-term savings should be avoided, as should the funding of areas where the benefit is ill-defined or ‘non-deserving’ groups are the focus (e.g. The Freedom Pass and Children’s University).

Decisions

- Of the four broad areas under consideration; Children, Families & Education; Adult Services; Environment & Regeneration; and Communities, the first two initially garnered the most support overall – but with very different priorities among younger and older people (who favoured the ‘children’ and ‘adult’ categories respectively).
- Areas that proved to have a broad popular appeal *across* age groups /regions included Reading Recovery Teachers, Schools Sports Equipment (though less so The 2012 Olympics specifically), Occupational Therapists, Healthcare & Wellbeing Scheme, Apprenticeship Scheme and a Recycling / Processing Facility.
- Less popular (or less appropriate for KCC funding) were Partnership with Parents, Kent Children’s University and the 11-16 year olds’ ‘Freedom Pass’. Any notion of restricting the eligibility for social care was also rejected. Participants also questioned the benefits of additional funds for road maintenance (though equally did not want to see this *cut*), the acceptance without negotiation of inflationary costs from travel & other contract providers, and any cuts in library budgets or in revenues from fees.
- The idea of Participatory Budgeting was well-received by some, but the threat of recession (and that some of the recipients were deemed less important – e.g. the arts) worked against this stream of extra funding. More positively, some felt it would provide ‘a legacy’, and would bring the community together. Indeed, some felt it was a sufficiently good idea to work with existing (but re-allocated) funds, rather than requiring new money.

Implications

- The concerns articulated by residents mirror those identified by Ipsos MORI qualitative research in past years which also found a widely held perception that change was happening too quickly in Kent. People keep returning to a common desire to see better management of development and progress to hold on to the County’s “green”, scenic attributes.
- These findings highlight the importance of managing residents’ expectations about what KCC, and other local authorities, can do given different remits and constraints (including central government policy). While surveys for KCC have found the majority of residents correctly identifying the services KCC is responsible for, there

is considerable confusion about who is responsible for some of the key issues of concern including tackling crime, providing affordable housing and managing traffic congestion.

- Consequently, there will be merit in continuing efforts to communicate what KCC is responsible for and what it is doing when it comes to several key areas of concern especially crime, housing, traffic congestion and facilities for the young.
- When taking forward decisions and communications about the 2009-10 budget it will be important to reflect not just on the decisions residents reached, but also the principles which underpinned such decisions. These include the desire on the part of residents to:
 - target areas where *improvements* can be achieved / ‘felt’;
 - target areas where quality / value for money can be achieved;
 - ‘invest in the future’ (e.g. education / training for the young);
 - avoid false economies (e.g. short-term cessation of road maintenance);
 - maximise benefits for the number or spread of beneficiaries (highlighted by the 45+ Eastern group);
 - acknowledge ‘duties’ (not just legislative, but moral – e.g. elderly care);
 - ‘give-and-take’ with necessary trade-offs between different funding areas [these usually occurred *within* broad groupings rather than between them – e.g. Handy Vans vs Home Safe Vans].
- The workshop also highlighted the necessity to spell-out exactly what some policies and initiatives entail in practical terms – we found that residents’ opinions and priorities did change as they were given more information and, for example, evidence of impact could swing these.
- It will also be important to be mindful of the changing economic backdrop and remember that most of those residents receiving news about Council Tax levels for 2009-10 will be instinctively resistant to anything that increases their outgoings.

Appendix B

By: Head of Democratic Services & Local Leadership
To: Cabinet – 2 February 2009
Subject: **MEDIUM TERM FINANCIAL PLAN 2009-12
BUDGET 2009/10 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 2009-12 and Draft Budget for 2009/10 made at the following meetings:

Communities Policy Overview Committee – 13 January 2009
(Annex 1)

Corporate Policy Overview Committee – 14 January 2009
(Annex 2)

Adult Services Policy Overview Committee – 15 January 2009
(Annex 3)

Children, Families and Education Policy Overview Committee
– 16 January 2009 (Annex 4)

Environment and Regeneration Policy Overview Committee
– 20 January 2009 - (Annex 5)

Cabinet Scrutiny Committee – 26 January 2009
(Annex 6) - To follow

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Communities POC – 13 January 2009

Budget 2009/10 and Medium Term Financial Plan (MTP) 2009/12

(Item B5)

(1) The Committee considered the Communities Directorate's Draft Budget proposals set out in the Draft Budget 2009-10 and the Draft Medium Term Financial Plan 2009-2012 and also the report which was circulated specifically relating to the key areas of these documents for Communities.

(2) Mr Hill, Ms Honey and Mr Shipton introduced the MTP, the Revenue Budget and Capital Budget for the Communities Directorate. Mr Hill and Officers answered questions from Members about the following issues:-

(a) Inflation

(3) In response to a question from Mr Northey on how far the inflation figures had been built into the budget and what strategies there were to deal with variations in the rate of inflation, Mr Shipton explained that contracts for rent, cleaning etc relating to the cost of running buildings include an annual indexation and therefore it was easier to predict the rate of inflation on the contracts. However, the area of greatest risk was the cost of electricity, as the Council had not entered into any long term contracts for energy provision, and a figure of 20% for inflation had been built into the budget for this. This represents prudent provision for what was the most volatile cost in recent months (with estimated increases in excess of 40% earlier in the year) and he was confident that they would be able to cope with any other variables.

(b) Contact Centre re-charges

(4) In response to a question from Mr Chell, Mr Shipton confirmed that there would not be any charge to the Directorate for the services provided by the Contact Centre as these costs were covered corporately and have not been included in the corporate budget delegated to service directorates.

(c) Personnel Services – charges

(5) In response to a question from Mr Chell, Mr Shipton explained that the cost to the Directorate for Personnel Services would be based on the number of requests that the Directorate made to them and the support given.

(d) Use of kent.gov to advertise vacancies

(6) Mr Shipton confirmed that KCC only used kent.gov to advertise its vacancies. Evidence had shown that this was the most effective way of recruiting staff.

(e) Adult Education - income

(7) In response to a question regarding the vulnerability of the market- related income from Adult Education, Mr Shipton explained that there was a contingency plan that identified potential risks and action which could be taken in the event of these risks coming to fruition. Adult Education had a very detailed financial plan.

(f) Staff reductions

(8) In response to a question from Mrs Rowbotham, Mr Shipton stated that regarding the management restructuring and staff efficiency savings, one post had been identified in the MTP, which was subject to consultation, and a reduction of one post in the central support team. He explained that if an officer took early retirement then the portfolio would pick up the retirement cost until the officer reached normal retirement age. This might be an issue with the proposed restructuring of Registration Services. Ms Honey confirmed that there would be a confidential up date on this restructuring at the next briefing for Dr Eddy and Mrs Dean.

(g) Vacancy Management

(9) Mr Shipton explained that a flexible approach was taken to vacancy management, there was local discretion and that savings were adjusted according to actual turnover of staff during the year.

(h) Homesafe Van funding

(10) In response to a question from Mrs Rowbotham, Mr Shipton explained that the funding for the Homesafe Van, which had previously come out of the Communities Directorate budget would now be funded from the Supporting People programme within the Adult Social Services budget as this was more appropriate. He confirmed that the Directorate would continue to look at all possible sources of government funding for their services but it was important to have an exit strategy for any such funding should it come to an end.

(i) Review of essential user's car allowance.

(11) In response to a question from Mr Rowe, Mr Shipton explained that officers were contracted as car users but whether they were an essential or casual car user would depend on the number of miles travelled in a year and was not a contractual condition. Where staff were not going to reach the required mileage to qualify as an essential user it was important to give them adequate notice that they would be re-classified as a casual user.

(j) Grants to village halls

(12) Mr King emphasised the importance of investing in community infrastructure, i.e. village halls, which were a good way of stimulating community activities and stated that he would like to see more flexibility in this budget in future.

(13) Officers and the Cabinet Member were congratulated by Members on the budget that had been produced for Community Services, which safeguarded frontline services and achieved savings and were in line with the Committee's views, as expressed at the last POC.

RESOLVED that that the Budget 2009-10 and Medium Term Plan 2009 to 2012 for the Community Services Portfolio, along with the responses made to the questions from Members, be noted.

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Corporate POC – 14 January 2009

Budget 2009/10 and Medium Term Financial Plan 2009/12

(Item B2)

(1) The Committee considered the Chief Executives Departments (CED) Draft Budget proposals set out in the Draft Budget 2009-10 and the Draft Medium Term Financial Plan 2009-2012 and also the report which was circulated specifically relating to the key areas of these documents for this Department.

(2) Mr Chard, Mrs McMullan and Mr Wood introduced the MTP and the Revenue Budget and Capital Budget for the Chief Executives Department then answered questions from Members about the following issues:-

(a) Bridging loans to other portfolios

(3) In response to a question from Mr Gough, Mr Wood gave an explanation of the way that the bridging loans to other portfolios was reflected in the MTP.

(b) Policy and Performance – savings

(4) In response to a question from Mr Gough, Mr Cockburn explained that the base budget of the Policy Unit was the staff costs. Mr Gilroy stated that the way that the policy unit would be re-structured would mean that there were only a few officers in the core who were permanent, and the rest would come in when required from the Directorates. Also it was hoped that there would be private sector and government secondments in and out of the Policy Unit.

(c) IMG on MTP

(5) Members were pleased to see how many of the suggestions made by Members of the IMG on MTP had been taken up in the draft budget

(d) Pay

(6) In response to a question from Mr Smyth it was confirmed that the budgeted figure for the staff cost of living increase in 2010/11 was 2%

(e) Prices in contracts

(7) Mr Wood explained that the figure in the budget for 2009/10 price increases was based on the best current estimate. In response to a question Mr Wood said that there was provision for a particular rent review which was due for renewal in 2010/11 and the assumption had been made that there would be a modest increase.

(8) Mr Gilroy identified particular cost pressures in social care and special needs education transport, although these do not directly impact on the CED.

(f) Delegated of Corporate Budgets

(9) In response to a question from Mr Smyth on what would happen if it was not possible to reach a unanimous decision on a delivery of a specific support service, Mr Wood explained that there are protocols set-out which detail how this would be resolved. One of the objectives in delegating the budget was to improve the quality and cost of services provided, through good discussion and negotiation with service directorates. It was not good value for money for one directorate to opt out and have services supplied separately hence the need for unanimous agreement to fundamentally change service delivery/provider.

(g) Vacancy Management

(10) Mrs Dean asked what the figure for vacancy management for each portfolio was based on. As Mrs Beer was not present at this point in the meeting it was agreed that a written response would be provided by Mrs Beer.

(h) Unspecified savings

(11) Mrs Dean asked whether the information on the headings which were currently showing as “unspecified savings” would be available by the time that the County Council considered the budget and set the Council Tax. Ms McMullan and Mr Wood stated that working was continuing to ensure that as much of the unspecified savings would be identified by the time that the draft budget was published for County Council, including those within the CED.

(i) Public Health

(12) Mr Burgess mentioned the importance of the public health agenda for the people of Kent. Mr Marsh reminded Members of the benefits to be gained from this for the people of Kent, KCC and its partners.

(j) Small Businesses

(13) In response to a question from Mr Burgess on the way that KCC supports small businesses, Mr Gilroy gave the example of the Commercial Services’ Lease Car service which ordered all its cars from Kent distributors. There were a lot of other services that KCC sub-contracted to small businesses in the County.

(14) RESOLVED that that the Budget 2009-10 and Medium Term Plan 2009 to 2012 for the Corporate Services Portfolio along with the responses made to the questions from Members be noted.

Adult Social Services POC – 15 January 2009

Budget 2009/10 and Medium Term Financial Plan 2009/12

(Item B3)

(Mr N J D Chard, Cabinet Member for Finance, was present for this item along with Mr M J Angell, Lead Member for Adult Social Services, Mrs T Dean and Mr D Smyth)

(Miss M Goldsmith, Directorate Finance Manager, was in attendance for this item)

(1) Miss Goldsmith introduced the report and referred to the special Informal Member Group (IMG) on the Medium Term Plan which had been convened at the POC's November meeting and met on 20 November 2008. The notes of the IMG had been agreed earlier in the meeting as an accurate record, and the discussion which took place at the IMG was acknowledged as being most helpful.

(2) In response to a question from Mr Christie, Miss Goldsmith confirmed that the increase in pay and prices shown for 2009 had taken account of the proposed 1% pay increase for staff.

(3) In response to a question from Mr Christie, Mr Leidecker clarified that £500,000 savings shown against Extra Care Sheltered Housing (ECSH) was an estimate based on the number of clients who, it was predicted, would opt to go into ECSH instead of residential care, as ECSH was the less expensive of the two options. Mr Leidecker added, however, that the modelling used to estimate patterns was complicated and adjustments between Budget headings (particularly for older persons' services) would always be made as the year progressed.

(4) Responding to a similar question from Mrs Newell and Mr Christie, Mr Leidecker and Miss Goldsmith explained the way in which various services' budget headings related to each other, and how a change in one would cause a change in another as clients moved from using one service to using another. For example, a decrease in Domiciliary Care spending under both the physical disability and mental health headings corresponded in each case to an increase in spending on Direct Payments. In preparing the Budget, KASS officers looked at trends in service take-up and used these to predict the demand in the coming year.

(5) Responding to a question from Mr Maddison about bad debt, Miss Goldsmith explained that the Directorate's level of debt was monitored monthly and a bad debt provision existed to accommodate the level of debt that would potentially not be paid. The provision is adjusted for on a monthly basis.

(6) Mr Mills confirmed to Mrs Newell that, under the new national framework, an increase in grant had been made to PCTs to cover Continuing Care. KASS had shown a saving under the Continuing Care heading as it was expected that a saving could be made, but Mr Mills emphasised that patterns were very difficult to predict as not all Continuing Care clients were funded by KASS and some were self-funders.

(7) The Chairman thanked Miss Goldsmith, Mr Mills and Mr Leidecker for their explanations and responses to Members' questions and said that Members needed to achieve an understanding of the budget setting process and issues in order to fulfil their role of scrutinising and challenging each Directorate's budgeting and spending.

(8) RESOLVED that the information contained in the Budget report and the Medium Term Financial Plan for Kent Adult Social Services, and given in response to questions put by Members, be noted, with thanks.

Children, Families and Education POC – 16 January 2009

Budget 2009/10 and Medium Term Financial Plan 2009/12

(Item B2)

(1) The Committee considered the Children, Families and Education Directorates Draft Budget proposals set out in the Draft Budget 2009-10 and the Draft Medium Term Financial Plan 2009-2012 and also the report which specifically relating to the key areas of these documents for this Directorate. Mr Dance and Officers answered questions from Members about the following issues:-

(a) LAC (Looked after Children) and Personal Education Allowances

(2) In response to a question from Mrs Angell on the funding shortfall to required to fully satisfy the commitments in the LAC pledge, Mr Abbott explained that when the funding was announced by government, £100m was to be allocated nationally, KCC estimated that it would receive £2m and the pledge was funding on that basis with some additional KCC funding. However, the grant received was £700K, therefore increased additional funding was allocated in the budget so that KCC could fulfil the pledge. Mr Abbott undertook to provide Mrs Angell with details of the additional funding.

(b) Income to be generated by C, F & E units

(3) In response to a question from Mrs Angell, Mr Abbott stated that the £402K was what two units believed could be raised as income through charging schools.

(c) Freedom Pass

(4) Mr Abbott explained that the Directorate did not receive an income from the Freedom Pass but in the budget there were savings, which should be generated from a reduction in the number of season tickets that the Directorate needed to purchase, the savings were based on the figures from the pilots and discussion with Commercial Services and E & R.

(d) Practical Cooking Spaces in schools

(4) In response to a question from Mrs Angell, Mr Ward stated that there were seven Kent schools which would receive a grant of £300k each for this purpose. He undertook to supply Members with the details of which schools would receive this grant.

(e) Special Schools – major investment deferred

(5) Mrs Angell expressed concern about the delay that would be caused by the decision to defer major investment in six special schools where work had not

commenced and for this work to be funded from Building Schools for the Future (BSF). Mr Dance explained that this decision had been taken to make best use of existing capital resources. This had been discussed with the relevant Head Teachers. Work was being done to support the individual schools to find buildings that they could use in the interim. He emphasised that rolling out the special schools review was his highest priority.

(6) In response to a request from Mrs Dean, Mr Dance agreed to visit West Malling Primary School and look at the accommodation for pupils.

(7) In response to a question from Mrs Dean, Mr Ward confirmed that the Special Units did not automatically fall with BSF, however, some secondary school units would be picked up under BSF.

(8) Mr Ward undertook to let Members have a list of the six special schools concerned.

(f) Corporate Loan (MTP – page 50)

(9) In response to a question from Mr Gough, Mr Abbott explained that the Corporate Loan was a means of smoothing cash flow in the MTP by the use of a small corporate loan.

(10) RESOLVED that that the Budget 2009-10 and Medium Term Plan 2009 to 2012 for the Children, Families and Education portfolios along with the responses made to the questions from Members be noted.

Environment and Regeneration POC – 20 January 2009

Budget 2009/10 and Medium Term Financial Plan 2009/12

(Item B3)

(Mr N J D Chard, Cabinet Member for Finance, was present for this item, along with Mr R L H Long, Lead Member for Regeneration and Supporting Independence, Mrs T Dean and Mr D Smyth)

(1) Mr Austerberry introduced the Environment, Highways and Waste part of the Budget, highlighting the key elements in respect of proposed capital investment, and those impacting on the revenue budget. He emphasised that next year's budgets were being set against a very volatile economic climate and that the work of the Environment, Highways and Waste teams was very susceptible to changes in fluctuating oil prices. Nevertheless significantly increased sums had been found to direct towards front-line highways maintenance, and investment provided towards greater energy efficiency of the street lighting stock. Mr Austerberry, Mr Hallett and Mr Ferrin answered a number of questions from Members.

(2) Responding to a question from Mr Daley, Mr Hallett explained that income shown as coming from recyclables came from waste streams such as textiles and metals, which were still able to generate income. The market for paper and plastics was currently less buoyant and therefore the ability to generate income was more limited. Achieving the income targets would therefore need to be watched closely next year.

(3) Mr Hallett explained to Mr Muckle how changes in the Highways Maintenance Budget in the Committee report related to headings in the Budget document, as resources redirected from service units had been shown centrally this year. Mr Ferrin added that there had been a big redirection of funding this year. He gave the example of capitalising buses, of which the IMG had not been in favour but which had freed up very useful revenue which could be diverted to Highways Maintenance.

(4) Mr Parker welcomed the extra investment in vegetation control and asked about the budget for the maintenance and replacement of street trees. Mr Hallett explained that £870,000 had been allocated in the 2008/09 Budget for inspection and maintenance of street trees – *NOTE Mr Hallett has clarified this figure with KHS and he should have quoted £720k. The difference is a management fee from Jacobs, which covered more than just tree maintenance. This non-tree maintenance management charge should have been removed from the figure quoted.* Mr Ferrin added that no funding had been identified for replacing street trees, although some would certainly be needed. It was difficult, however, to identify how much would be needed.

(5) Mr Daley welcomed the investment in the maintenance of street trees and said he was pleased to see the street scene being taken seriously. He asked about the progress of a survey of street trees which he had been advised a while back was being

carried out. Mr Ferrin reassured him that the survey was continuing. There were surveys currently ongoing on several things; for example, street lighting, and he highlighted the complexity of undertaking such surveys. For example, in the case of street lighting, it is necessary to identify the location of each light, to determine who is responsible for it (11,000 lights across Kent were not KCC's responsibility) and the type of lamp it used.

(6) Mr King welcomed the increase in the Highways Maintenance Budget. He then referred to recommendations made by the Flood Risk Select Committee and asked where in the Budget these would be covered. Mr Ferrin explained that much discussion had gone on since the Select Committee had published its report a year ago about what would be covered by the duties of the dedicated Flood Risk Officer post proposed by the Select Committee and from where the budget for it would be drawn. The post could be placed in Environment, Highways and Waste or in Emergency Planning. A major flood risk consultation by the Environment Agency was due to start in April 2009 and the outcome of this would also need to be taken into account when setting the job specification for the new post. Mr King commented that budget provision would have to be made regardless of where the post was to be placed.

(7) Mr Hallett then introduced the Regeneration part of the Budget and highlighted key changes in the way in which the Budget headings had been presented this year. He pointed out where savings made had allowed investment in other areas, for example, in apprentices, transport strategies, and the Supporting Kent Business project.

(8) In response to a question, Mr Hallett advised Mr Manning that funding planned to be allocated in respect of the Open Golf Championship at Sandwich would now appear in the budget for the 2010/11 financial year.

RESOLVED that the information contained in the Revenue and Capital Budget report and the Medium Term Financial Plan for Environment and Regeneration, and given in response to questions put by Members, be noted, along with the issues raised by the IMG and the portfolio holders' written responses to them, which were appended to the Budget report.

KENT COUNTY COUNCIL

BUSINESS CONSULTATION FORUM

Notes of a meeting of the Business Consultation Forum held at Sessions House, County Hall, Maidstone on Tuesday, 27 January 2009.

PRESENT:

KCC: Mr K G Lynes (in the Chair) and Mr A J King, MBE.

BUSINESS COMMUNITY: Philip Acock, Fourayes Farm Ltd; Geraldine Allinson, Kent Messenger; Paul Anderson, Sustaina Limited; Terry Beer, Denne Group Ltd; Tim Bentley, Kent Ambassador; Sam Booth, Lightmaker Group Ltd; Nigel Bradbury, Biddingtons Technical Plastics; Neil Brooks-Johnson, Lloyds TSB Bank Plc; Anna-Marie Buss, Bussroot Ltd; Miranda Chapman, Pillory Barn Creative; Scott Davis, Lightmaker Group Ltd; Hugh Edelanu, H.E Group Ltd; Tim Garbutt, Surin Restaurant; Sir Brandon Gough, Kent Ambassador; Ben Green, Denne Construction; Phil Haynes, ComputerTel Ltd; Richard Hill, Hadlow College; David Holmes, Shepherd Neame Ltd; Steve Howell, Jacobs; Simon Hume-Kendall, Lamberhurst Holdings Ltd; Graham Jones, Whitehead Monckton; Stephen Kingsman, Denne Group Ltd; Tim le Lean, Year One; Alex Ledger, Clydesdale Bank; Ian Legg, HSBC Bank Plc; Mark Lumsden-Taylor, Hadlow College; Cliff Malone, Jacobs; Tracey Manley, Thames Gateway (Kent) Chamber of Commerce; Richard Maylam, Richard Maylam Land Services; Andrew Metcalf, Maxim PR & Marketing; Allan Mowatt, The Kent Foundation; Jo Nolan, Screen South; Simon Redman, Kent Police; Nick Rowell, Kent Invicta Chamber of Commerce; Paul Sabin, Kent Ambassador; Elisabeth Sigurdardottir, All Seasons Care Services; Neil Smith, Safehands Community Carers; Tony Stevenson, Stevenson Brothers; David Stone, All Seasons Care Services; Trevor Sturgess, Kent Messenger; Sally Taylor, Safehands Community Carers; Tracy Wainwright, Ramada Hotel & Resort Maidstone; Darryl Watts, Oil Drum Limited; Pam Watts, SWEEEEP; Darren Welch, Denne Construction; and Morag Welham, Kent Messenger.

OTHER MEMBERS PRESENT: Mrs T Dean, Mr R L H Long and Mr D Smyth.

KCC OFFICERS: Lynda McMullan, Director of Finance; Andy Wood, Head of Financial Management; Allison Campbell-Smith, Programme Manager; Karen Mannering, Democratic Services Officer; Clive Bainbridge, Director of Community Safety & Regulatory Services; Theresa Bruton, Interim Head of Regeneration Projects; Janet Gale, Business Support Assistant; and Jim McKenzie, Economic Development Manager.

1. Introduction

Mr Lynes welcomed everyone to the meeting. Kent County Council published its Medium Term Plan 2009-12 (Incorporating the Budget and Council Tax Setting for 2009-10) for consultation on 7 January 2009, in line with the agreed process. Copies had been circulated prior to the meeting.

2. Medium Term Plan 2000-12 (Incorporating the Budget and Council Tax Setting for 2009-10) - Update

- (1) Mr Wood gave a presentation on the budget proposals for 2009/10.
- (2) The presentation included references to KCC Budget Summary; World and UK Economy; Inflation Outlook – Bank of England; National pressures and risks; Government Grant; Revenue and Capital budget; pressures and savings; Council tax proposals; where the money came from; how the Council Tax was split; KCC's ranking on current level of Council Tax; Business rates; Business rates adjustments; supplementary business rates; and Local Authority Business Growth Incentive Scheme.
- (3) There followed a question and answer session including aspects of the LABGI Scheme; sustainability; allocation of primary school capital programme; rural roads maintenance; tourism; Homesafe; and Backing Kent Campaign.

3. Mr Lynes thanked all those present for attending the meeting and for their feedback. He stated that any further questions/queries would be welcomed and could be e-mailed to either himself or Nick Chard, using the KCC address.

He drew attention to the leaflet circulated at the meeting relating to the Kent Excellence in Business Awards, which was a new awards scheme that had been set up to recognise and reward excellence in business within the Kent and Medway region.