

Notes of a meeting of the Cabinet Scrutiny Committee Informal Member Group on Budgetary Issues held on Friday, 30 January 2009.

Present: Mr D Smyth (Chairman), Mrs T Dean, Miss S J Carey

Officers: Ms L McMullan, Director of Finance, Mr Nigel Smith, Head of Development Investment, Mr P Sass, Head of Democratic Services and Local Leadership and Mrs A Taylor, Research Officer to the Cabinet Scrutiny Committee.

Also present: Mr N J D Chard, Cabinet Member for Finance; Mr I T N Jones

1. Notes of Previous Meeting held on 8 January 2009.

(Item 1)

- (1) Mr Sass circulated a letter from the Chief Executive to Mrs Dean clarifying that he had been misquoted in the Local Government Chronicle article relating to savings made by Kent TV. Mr Smyth stated that Mrs Dean was unlikely to be entirely satisfied with the response and it was agreed that Mrs Dean should follow the issue up directly with the Chief Executive. Mrs Taylor agreed to follow up the progress at Five Acre Wood School and St James the Great School **(AT to follow up)**.
- (2) Mr Smyth referred to page 1.20 of the notes and raised a point which had been discussed at the previous Cabinet Scrutiny Committee meeting relating to the Business Plan templates. He asked whether a column could be included in the table of New Projects & Activities which showed who the projects or activities would be reported to. Ms McMullan agreed to discuss this with Mr Wood who was responsible for putting together the Business Plan templates.
- (3) The notes of the meeting held on 8 January 2009 were approved.

2. North West Sub Station Site Dartford

(Item 4)

Mr Jones attended for this item

- (1) Mr Smyth and Mr Chard explained that they had not found the report to contain any contentious issues for the North West Sub Station Site in Dartford and Mr Smith confirmed that in fact it had not been his intention for this report to form a substantial item on the agenda and in this instance the Council was getting the contributions it was requesting for the development. Members noted the report.
- (2) Members raised the issue of 'clawback arrangements', which had previously been raised at the Cabinet Scrutiny Committee and Mr Chard requested that Mr Smith produce a paper on the guiding principles of 'clawback' for the Budget IMG to consider at a future meeting. **(Mr Smith to follow up)**

3. Community Infrastructure Levy (CIL) *(Item 3)*

- (1) The IMG considered a report detailing how the proposed Community Infrastructure Levy (CIL) might work. It was noted that the proposals were currently supposed to be subject to formal consultation later in the spring and the earliest that CIL would be introduced would be the autumn of 2009.
- (2) Members of the IMG echoed the concerns of the officers contained in the report and it was noted that Mr Smith was preparing a full report to Cabinet Members, which would deal with a number of issues, including the economic impact of CIL on the existing and planned programme of community infrastructure development under Section 106, together with recommending some robust modelling to be undertaken in relation to gap funding and other implications for KCC.
- (3) Members were keen to see that County Councils were able to have the power to co-ordinate the impact of the CIL across and between Districts and Boroughs, because of their strategic and overarching roles in service delivery. Under the current proposals on Districts are 'charging authorities'.
- (4) Mr Chard agreed that the proposed response to any formal consultation paper on the CIL and the forthcoming Cabinet paper should come back to the IMG for comment in due course.
- (5) The Budget IMG agreed to thank Mr Chard and Mr Smith for raising the matter with them at an early stage and welcomed the offer of being given an opportunity to comment on any proposed formal response to the consultation paper in due course.

4. Revenue and Capital Budget Monitoring Exception Report *(Item 2)*

- (1) Ms McMullan referred to the pressure asylum costs were placing on the budget, and confirmed that KCC had been awarded some £6million funding against a debt of £10million in respect of costs in previous years. The Council had recently been advised that this was due to be increased to almost £7million which was positive news. However, Asylum costs continued to be a pressure on the budget and the Leader had written to the Government to try to clarify the levels of funding for this year and in the future.
- (2) Paragraph 2.5.4 of the monitoring exception report referred to a deficit of over £3million, this would continue to be a pressure until the Council was able to agree sufficient funding for asylum costs.
- (3) Mrs Dean asked which areas were not being funded properly, whether it was the over 19s. Ms McMullan confirmed that queries over unit costs meant that funding was not adequate.
- (4) Miss Carey asked what the cost of the dispute was and asked how the costs were being funded. Ms McMullan explained that when the Council and the Government do manage to come to an agreement on the funding the direct

costs would be funded but not the indirect costs. Ms McMullan reiterated that the £7million funding from the Government funded the asylum costs for a couple of years which meant that the cost didn't fall on the Council Tax – which the Council was very keen to avoid.

- (5) Mr Smyth queried the shortfall in the reserve and Ms McMullan explained that the £7million brought the reserve up to its current level.
- (6) Mrs Dean asked where the reserve was originally funded from and Ms McMullan clarified that it was an underspend from a few years ago.
- (7) The other point to note from the Exception Report was the slippage in capital of £3.6million.
- (8) Members of the IMG noted the Revenue and Capital Budget Monitoring Exception Report