

Notes of a meeting of the Cabinet Scrutiny Committee Informal Member Group on Budgetary Issues held on Friday, 27 November 2009.

Present: Mr R F Manning (Chairman), Mr I Chittenden

Officers: Ms L McMullan, Director of Finance, Mr A Wood, Head of Financial Management, Mrs B Cooper, Director of Economic Development, Mr N Smith, Head of Development Investment, Mr P Campion, Development Contribution Manager, Mrs V Thistlewood, Principal Regeneration and Project Officer, Mr P Sass, Head of Democratic Services and Local Leadership and Mrs A Taylor, Research Officer to the Cabinet Scrutiny Committee.

Also Present: Mr J D Simmonds, Cabinet Member for Finance, Ms S Carey, Deputy Cabinet Member for Finance, Mr S Manion, Member for Dover North

1. Notes of Previous Meeting held on 7 October 2009.
(Item 1)

(1) The notes of the meeting held on 7 October 2009 were approved.

2. Development Contributions – Section 106 Agreements – Aylesham Village Expansion
(Item 2) Mr S Manion, Mrs B Cooper, Mr N Smith, Mr P Campion and Mrs V Thistlewood were present for this item.

Mr Manion declared a personal interest in this item as Vice Chairman of Dover District Council; the local Ward Member for the development site; a member of Aylesham Community Trust; a member of the Industrial Communities Alliance and a Governor at St Joseph's Catholic Primary School

- (1) Members of the Budget IMG were updated on the latest situation regarding the development at Aylesham village, noting that the County Council had originally requested a £5.2million contribution from the developer, and £1.3million had been offered.
- (2) Mrs Thistlewood explained that officers had been working on more innovative and cost effective solutions to deliver a sustainable community at Aylesham village. Emphasis was being placed on using existing buildings more effectively and where appropriate for multiple purposes
- (3) Mr Manning queried the Highways revenue implications. Officers explained that the highways infrastructure would have to be in place for the development to proceed although at the current time the figures were not available from the Highways department.

- (4) In response to concerns about the original level of contributions sought from the developer by the County Council Mr Campion explained that a mathematical exercise provided the contribution levels based on the total number of units in the development, but the Council was now looking in more detail at the service provision required and the needs of the community. The Total Place initiative encouraged authorities to look at how buildings could be used more effectively for less cost and the Council was working with service providers to ensure that a sustainable solution could be found, which also allowed the S. 106 agreement to be concluded.
- (5) The Budget IMG raised concerns that discussions about the size of the contribution being sought by KCC and the way in which the additional services required could be provided in a more cost-effective way should have been held earlier and that further discussions should now be held with all the relevant parties.
- (6) The Cabinet Member raised concerns that in granting planning permission without ensuring a full contribution from the developers Dover District Council had created a difficult scenario for the county bearing in mind the potential size of the development. There were established criteria for developer contributions which needed to be addressed in such cases. It was essential that districts did work closely with county on such issues.
- (7) The Chairman of the Budget IMG explained that the concern of the group was that this development could not place additional pressure on KCC's budget. Ms McMullan explained that it was a case of risk management and it would be beneficial for a further group, involving all the relevant parties, to meet.
- (8) In response about the timetable from Mr Chittenden, officers explained that the development was due to have started by March 2010.
- (9) Members of the Budget IMG:
 - a. Thanked Mr Manion, Mrs Cooper, Mr Smith, Mr Campion and Mrs Thistlewood for attending the meeting and answering Members' questions
 - b. Asked that officers report back to the next meeting on 7 January 2010.
 - c. Request that the relevant Cabinet Members ensure that cross directorate discussions take place, including:
 - i. A review of the protocols between the County and Districts
 - ii. A review of the formula to determine contributions requested

POST MEETING NOTE: the Chairman and Vice-Chairmen of the Budget IMG ask that the issues and concerns raised regarding future developments, the protocols between the County and Districts and the formula used to determine contributions requested be reviewed by the Scrutiny Board.

3. Update on Icelandic Deposits

- (1) The Cabinet Member explained that overall there was optimism about the progress made on recovering money deposited in 3 Icelandic owned banks. He was pleased to report that there had not been any effect on front line services.
- (2) It was expected that the recovery process would be largely complete by 2011.
- (3) The Budget IMG noted the report and recognised the efforts of the officers concerned and their reaction to the recovery process.

4. Quarterly Monitoring Report

- (1) There had been positive movement in the revenue position of the Council. A major risk had been identified within Kent Adult Social Services and these were further cases of Ordinary Residence which could have a significant impact on the financial position. There was a need to lobby the Government and talk with other local authorities about this issue.
- (2) A £6million settlement had been reached regarding the Turner project, this would be repaid into reserves so had no impact on the outturn for 2009-10.
- (3) There was the continuing pressure on the fostering, adoption and residential care services within the Children, Families and Education department.
- (4) Asylum continued to be a pressure, currently £3.808million and discussions were ongoing regarding the recovery of this funding.
- (5) In response to a query from Mr Chittenden about the capital variances within the Environment, Highways and Waste directorate, officers explained that this related to the re-phasing of Highways projects; future projects could be brought forward if funding was available from other projects which might have slipped.

(6) Of the difference between the pressures and the underspends within the report approximately £6million related to the schools drawdown and £4million were asylum costs.

(7) Members of the Budget IMG noted the Quarterly Monitoring Report

5. Dates of 2010 meetings

(1) Members of the Budget IMG noted the dates of the meetings during 2010.