AGENDA

CABINET

Monday, 2nd February, 2009, at 10.00 am	Ask for:	**Karen Mannering / Geoff Mills**
Darent Room, Sessions House, County Hall, Maidstone	Telephone	**(01622) 694367/ 694289**

Tea/Coffee will be available 15 minutes before the meeting.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Declaration of Interests by Member in Items on the Agenda for this meeting
2. Minutes of the Meeting held on 12 January 2009 (Pages 1 - 4)
3. Revenue & Capital Budget Monitoring Exception Report (Pages 5 - 10)
4. Medium Term Plan 2009-12 (Incorporating the Budget and Council Tax Setting for 2009-10) - Update (Pages 11 - 48)

   (Please bring with you to the meeting the Draft Budget and Medium Term Plan previously circulated)
5. Annual Minimum Revenue Provision (MRP) Statement 2007/08 and 2008/09 (Pages 49 - 52)
6. School Admissions Appeals (Pages 53 - 54)
7. Other items which the Chairman decides are relevant or urgent

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)

Peter Gilroy
Chief Executive
Friday, 23 January 2009

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 12 January 2009.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr M C Dance, Mr K A Ferrin, Mr G K Gibbens, Mr P M Hill, Mr R A Marsh and Mr L B Ridings

ALSO PRESENT: Mr R L H Long and Mr R J Parry

IN ATTENDANCE: Mr P Gilroy (Chief Executive), Ms A Honey (Managing Director Communities), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services), Mr M Austerberry (Interim Executive Director, Environment, Highways and Waste) and Mr K Abbott (Director, Finance & Corporate Services)

UNRESTRICTED ITEMS

1. Minutes of the Meeting held on 1 December 2008
(Item. 2)

The Minutes of the meeting held on 1 December 2008 were agreed and signed as a true record.

2. Revenue & Capital Budget Monitoring Exception Report
(Item. 3 - Report by Mr Nick Chard, Cabinet Member for Finance and Ms Lynda McMullan, Director of Finance)

(1) Mr Chard said that by the end of this financial year the revenue budget was expected to show an underspend of some £5m, excluding asylum and also assuming the implementation of management action. Lynda McMullan said that within the Capital Programme there had been some further reviews undertaken of a number of projects and Directorate's were now bringing forward several schemes from within their portfolios.

(2) Cabinet noted the latest forecast Revenue and Capital Budget Monitoring position for 2008/09 as detailed in the Cabinet report.

3. Local Government Provisional Finance Settlement
(Item. 4 - Report by Mr Paul Carter, Leader, Mr Nick Chard, Cabinet Member for Finance, Mr Peter Gilroy, Chief Executive and Lynda McMullan, Director of Finance)

(1) This report informed Cabinet of the Local Government Provisional Finance Settlement for the years 2009 to 2011, which was announced on 26 November 2008. Mr Chard said that the Council's funding was a cash increase of some £5.1m which equated to 2% over the 2008/09 settlement on a "like for like" basis. If retail price Inflation was taken into account, then the figure was effectively a cut of 1%. Lynda McMullan said the Provisional Grant Settlement for 2009/10 and 210/11

was exactly as announced in the three year settlement and therefore there were no changes expected to the Council's financial planning assumptions as a result of this announcement. Mr Carter said that although the level of Council Tax for 2009/10 was currently proposed at 2.85%, nonetheless, Cabinet would be looking to see if that could be reduced further.

(2) Cabinet then noted the contents of the report.

4. Operation of Household Waste Recycling Centres - Service Review
(Item. 5 - Report by Mr Keith Ferrin, Cabinet Member for Environment, Highways and Waste and Mr Mike Austerberry, Executive Director for Environment, Highways and Waste).

(1) Mr Ferrin said that the Council had undertaken an in-depth review into the way it operated its network of waste recycling centres and the recommendations now put forward for policy changes were considered to be necessary and appropriate. Among some of the more significant changes, was to retain barriers but to increase their clearance height to two metres in order to take account the fact that since the last review in 2001 many more people owned taller MPVs and 4x4 vehicles. In addition, pick-ups would also be allowed as well as single axle trailers but there would continue to be a limit on the access of twin axle trailers at selected sites. Mr Ferrin said that overall he believed the proposals now being put forward would enhance the services offered by the County Council and would be welcomed by local residents.
(3) During discussion, Members of Cabinet said that the welcomed the changes proposed in the report, particularly those in respect of raising the height barriers and the changes to opening hours.

(2) Cabinet resolved to adopt the changes to the Household Waste Recycling Centres operating policies as set out in Appendix A to the Cabinet report; and agreed to monitor the effectiveness and impact of these changes with a further report being submitted to Cabinet after 12 months of operation.

5. Policy & Protocol on Surveillance
(Item. 6- Report by Mr Mike Hill, Cabinet Member for Communities and Mr Clive Bainbridge, Director of Community Safety and Regulatory Services)

(1) This report described the background to the establishment of a protocol on Surveillance taking into account the requirements of the Acquisition of Communication Data regulations as defined in the Regulation of Investigatory Powers Act 2000

(2) Mr Bainbridge said that this matter had caused significant media interest over the past year, based around the wholly unfounded belief that the County Council was using anti-terrorism legislation inappropriately or even illegally. The Regulation of Investigatory Powers Act 2000 allowed the use of certain investigatory techniques by a public body that could otherwise been seen as being contrary to the principles of the Human Rights Act and hence actionable by an aggrieved party. To ensure that the reputation of KCC was properly upheld, the Director of Community Safety and Regulatory Services had undertaken a comprehensive exercise to update the original approved protocol for consideration

and approval. The updated document covered all the activities of the County Council although the only parts of the Council regularly using surveillance techniques, within the scope of the Act was Trading Standards and to a lesser extent, Environmental Crime Officers. Mr Hill said that the new protocol provided additional transparency and clarity to the County Council's powers and he was confident that it provided the right balance in the way the County Council used those powers. He also said that there would be annual report to the Council's Governance and Audit Committee which would give further transparency as to the way the County Council used these powers in relation to its responsibilities as a Trading Standards Authority and in respect of tackling issues such as fly-tipping.

(3) Following discussion:-

(i) Cabinet approved the County Council's revised Policy and Protocol on Surveillance, including the Acquisition of Communications Data as set out in the document attached to the Cabinet report; and

(ii) noted that there would be an annual report on the operation of the Policy and Protocol to the County Council's Governance and Audit Committee.

6. Commission for Social Care Inspection - Annual Performance Review Report for Adult Social Care

(Item. 7 - Report by Mr Graham Gibbens, Cabinet Member for Adult Social Services and Mr Oliver Mills. Managing Director, Kent Adult Social Services)

(1) This report presented the outcome from the Annual Performance Assessment undertaken by the Commission for Social Care Inspection into the County Council's provision of Social Care Services for Adult Services.

(2) Mr Mills said that the standards on which authorities were assessed by the Commission had been raised each year since the current inspection regime had been put in place some seven year ago. It was therefore a significant achievement that the Directorate had once again been given a three star rating for the services which it provided. Mr Mills said this achievement was a tribute to the professionalism and continuing commitment shown by members of staff. Mr Mills also referred to the partnership arrangements which the County Council had developed with Swindon Council in relation to the provision of its Adult Social Care Services. Last year, Swindon Council had achieved a two star rating and this had been sustained thus providing further evidence of the success of the partnership between the County Council and Swindon which finished in September 2008. Mr Gibbens said that the report by the Commission confirmed that the County Council's capacity for improvement remained excellent although it had to be recognised that the service was having to deal with some very real pressures. This was therefore, a very encouraging report and on behalf of Cabinet he placed on record his thanks to the staff within the Kent Adult Social Services Directorate for their continuing hard work and commitment.

(3) Cabinet then noted the report and the findings of the Commission for Social Care Inspection and placed on record its thanks and congratulations to the staff of the Kent Adult Social Services Directorate on this achieving such an excellent result.

7. Annual Performance Assessment of Services for Children and Young People in Kent County Council 2008

(Item. 8 - Report by Mr Leyland Ridings, Cabinet Member for Children Families and Educational Achievements, Mr Mark Dance, Cabinet Member for Operations, Resources and Skills, Dr Ian Craig and Mr Keith Abbott, Interim Managing Directors for Children, Families and Education)

(1) This report presented the outcome of the Annual Performance Assessment undertaken by Ofsted into the services for children and young people provided by Kent County Council. The assessment consisted of six judgements, five of which were classified as "good" and one, the capacity to improve, including the management of services for children and young people was judged to be "outstanding/excellent". The overall judgement for the effectiveness of Children's Services was "good".

(2) Both Mr Ridings and Mr Dance congratulated the CFE Directorate on receiving such an excellent Annual Performance Assessment of its services for children and young people and placed on record their thanks and congratulations to staff on this excellent result.

(3) Cabinet noted the outcome of the 2008 Annual Performance Assessment of Services for Children and Young People in Kent County Council and placed on record its thanks and congratulations to staff within the CFE Directorate on achieving such an excellent result.

8. Decisions from Cabinet Scrutiny Committee - 10 December 2008

(Item. 9 - Report by Mr Alex King, Deputy Leader and Mr Peter Sass, Head of Democratic Services and Local Leadership)

(1) Cabinet noted this report and agreed the actions recommended by the Cabinet Portfolio Holders.

To: CABINET – 2 February 2009

By: Nick Chard, Cabinet Member – Finance

Lynda McMullan, Director of Finance

REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT

1. Introduction

1.1 This exception report highlights the main movements since the report to Cabinet on 12 January 2009. There has been an encouraging reduction in the pressures on the revenue budget this month; however these are largely offset by an increased pressure on Asylum.

2. Revenue

2.1 The current underlying net revenue position by portfolio after the implementation of assumed management action, compared with the net position reported last month, is shown in **table 1** below.

Table 1: Net Revenue Position after Proposed Management Action

Portfolio	Gross Position £m	Proposed Management Action £m	Net Position after mgmt action £m This month	Net Position after mgmt action £m Last month	Movement £m
OR&S (CFE) *	+1.916	-1.277	+0.639	+0.639	-
CF&EA	-0.413	-	-0.413	+0.043	-0.456
KASS	+0.505	-0.505	-	-	-
EH&W	-2.010	-	-2.010	-1.863	-0.147
R&SI	-0.375	-	-0.375	-0.375	-
Communities	+0.470	-0.470	-	-	-
Public Health	-0.116	-	-0.116	-0.116	-
Corporate Support	-0.247	-0.464	-0.711	-0.675	-0.036
Policy & Performance	+0.018	-0.018	-	-	-
Finance	-2.882	-	-2.882	-2.382	-0.500
Total (excl Schools & Asylum)	**-3.134**	**-2.734**	**-5.868**	**-4.729**	**-1.139**
Asylum	+5.222	-	+5.222	+4.186	+1.036
TOTAL (excl Schools)	**+2.088**	**-2.734**	**-0.646**	**-0.543**	**-0.103**
Schools	+8.000	-	+8.000	+8.000	-

2.2 **Table 2** shows the forecast underlying gross position **before** the implementation of proposed management action, compared with the gross position reported last month.

Table 2: Gross Revenue Position before Management Action

Portfolio	Variance This Month £m	Variance Last Month £m	Movement £m
Operations, Resources & Skills (OR&S) (CFE)	+1.916	+1.916	-
Children, Families & Educational Achievement (CF&EA)	-0.413	+0.043	-0.456
Kent Adult Social Services (KASS)	+0.505	+0.851	-0.346
Environment, Highways & Waste (EH&W)	-2.010	-1.863	-0.147
Regeneration & Supporting Independence (R&SI)	-0.375	-0.375	-
Communities	+0.470	+0.594	-0.124
Public Health	-0.116	-0.116	-
Corporate Support & External Affairs	-0.247	-0.211	-0.036

	Variance		
Portfolio	**This Month £m**	**Last Month £m**	**Movement £m**
Policy & Performance	+0.018	+0.022	-0.004
Finance	-2.882	-2.382	-0.500
Total (excl Asylum)	**-3.134**	**-1.521**	**-1.613**
Asylum	+5.222	+4.186	+1.036
Total (incl Asylum)	**+2.088**	**+2.665**	**-0.577**

2.3 The gross underlying revenue pressure (excluding schools) is currently £2.088m as shown in table 2 above, but this is expected to reduce to an underspend of £5.868m (excluding the pressure on Asylum) by year end, after assuming the implementation of management action, as shown in table 1. However, with the inclusion of the Asylum pressure of £5.222m, this reduces to an overall underspend of £0.646m. An update on the Asylum position is included in paragraph 2.5 below.

2.4 Table 1 identifies that even after management action, a residual pressure is still forecast within the Operations, Resources & Skills portfolio, however this is partially offset by an underspend on the Children, Families & Educational Achievement portfolio, leaving a residual pressure of £0.226m (excluding Asylum) for the CFE directorate to manage. The Directorate expects that its forecast outturn will reduce in the next full monitoring and that no further management action will be required to achieve a balanced budget position by year end.

2.5 **Asylum:**

2.5.1 <u>2008-09</u>
The net forecast outturn pressure on this service has increased by £1.036m to £5.222m this month. This movement can be broken down between an increase in expenditure of £0.400m and a reduction in the predicted level of grant income of £0.636m.

2.5.2 The £0.400m increase in the gross expenditure is mainly due to higher number of clients than previously forecast. The reduction in the level of income is as a result of the reducing number of clients who are eligible for inclusion on the 2008-09 grant claim following the completion of the 2007-08 Home Office audit.

2.5.3 The latest data shows a reduction in the number of monthly referrals in both November and December when compared to October. Whilst this data is encouraging, the cumulative number of referrals for 2008-09 to the end of December is still higher than at the same point in any of the previous 3 financial years.

2.5.4 With regard to the 2008-09 special circumstances bid, the Home Office has now published it's guidance on what costs can be included. Whilst this gives us greater confidence of the likely level of income Kent can hope to receive from such a bid, initial calculations imply that it will leave the authority with a sizeable pressure, possibly in the region of £3.1m of the £5.2m current forecast pressure, that will not be covered by grant income. This is mainly because there is no provision in the grant rules for any costs relating to the 18+ care leavers to be included in the special circumstances bid. Discussions are ongoing with the Home Office minister to ensure the best resolution for the taxpayers of Kent.

2.5.5 <u>2007-08</u>
We reported last month that we had received verbal confirmation from the DCSF that, as expected, they would pay £1.48m of our original £2.6m special circumstances claim from the 2007-08 financial year. However we have now received written confirmation that they will pay the full £2.6m subject to a satisfactory audit.

3. 2008-09 REVENUE MONITORING POSITION BY DIRECTORATE & PORTFOLIO

The main changes in the gross position before management action this month, as shown in table 2, are:

3.1 Children, Families & Education:

3.1.1 Children, Families & Educational Achievement:

The overall movement in the gross position on this portfolio is a reduction of £0.456m from +£0.043m to -£0.413m. The main movements are:

- -£0.110m Residential Care provided by KCC from +£0.029m to -£0.081m. There is a reduction in expenditure of £0.040m due to a decrease in the number of forecast client weeks linked to confirmation of the start and end dates of individual client placements. In addition additional Joint Residential Assessment Panel (JRAP) income of £0.070m has only recently been approved.
- -£0.116m Independent Sector Residential Care from – a reduction in the pressure from +£0.821m to +£0.705m. Additional JRAP income of £0.202m has only recently been approved, but this is partially offset by increased spend of £0.086m due to the high cost of non disability placements.
- -£0.350m KCC Family Support – an increase in the underspend from £1.373m to £1.723m. This reduction is part of the CSS Management team's action plan to cover the pressures on the Assessment and Related, Fostering and Independent Sector residential care budgets. This action includes maximisation of new external income sources like the children's fund and in some cases delayed appointments to vacant posts.
- +£0.120m Assessment and Related – an increase in the pressure from +£0.707m to +£0.827m. This is largely due to an increase in staffing costs including agency staff covering long term sickness with other minor increases over all headings.

3.1.2 Management Action:

Overall the CFE directorate is forecasting a gross pressure of £1.503m (+£1.916m OR&S portfolio and -£0.456m CF&EA portfolio). Work is currently being undertaken to identify expenditure within the OR&S portfolio that we may be able to charge to the LA element of the DSG where we have some capacity. As previously reported, we still expect this to be £1m. In addition we are drawing down the 2007-08 LAA reserve of £0.277m to help offset part of this pressure. This will leave the directorate with a residual pressure of £0.226m (excluding Asylum) still to manage before the end of the financial year. The directorate expects that its forecast outturn position will reduce in the next full monitoring. This is because budget managers tend to forecast on the side of caution and as we move towards the end of the financial year it becomes clearer that not all of their spending plans will be achieved by 31 March; it is therefore expected that no further management action will be required to achieve a balanced position.

3.2 Kent Adult Social Services:

3.2.1 The overall movement in the gross position on this portfolio is a reduction in the pressure of £0.346m from £0.851m to £0.505m. The main movements are:

- +£0.105m Older People Other Services – a reduction in the underspend to £0.509m due to additional expenditure on Occupational Therapy equipment in order for the directorate to meet waiting time targets.
- -£0.297m Learning Disability Supported Accommodation – an increase in the underspend from -£1.199m to -£1.496m. As stated last month, the forecast allowed for an increasing trend in the number of clients accessing this service but actual activity to date would suggest that this assumption was high. There continues to be discussion at a national level on what constitutes supported accommodation as there are many similarities with domiciliary care. The underspend of £1.496m against this budget line should therefore be viewed against a pressure of £0.603m on domiciliary care and a pressure on Direct Payments of £0.781m as clients opt for a Direct Payment instead.

There are a number of smaller movements across all other services, which are all below £0.1m.

3.2.2 It has previously been reported that the Directorate is unlikely to achieve all of the savings within the MTP, and this remains the case particularly with regard to the saving against Learning Disability residential. This is because, as stated above, moving the required number of clients into supported accommodation is taker longer than anticipated. Despite this the Directorate remains confident that other savings will be found, i.e. through the application of Good Financial Practice, to ensure that a balanced budget is achieved by the end of the year. The 'Guidelines for Good Financial Practice' were previously referred to as 'Management Action Plans' in 2007-08 and details were provided to Cabinet in September. Through these, and the range of innovations implemented, including telehealth and telecare through the 'Whole System Demonstrator Programme', the Directorate remains wholly committed to delivering a balanced outturn position, and it is expected that we will balance the remaining £0.505m forecast pressure by year end.

3.3 Environment, Highways & Waste portfolio:

The underspend for the portfolio has increased by £0.147m this month to £2.010m. This is due to:

- -£0.570m increase in the underspend on the waste budget from £3.630m to £4.200m. The reasons for this movement are:
    - -£0.400m as a result of the Allington plant not being operational for most of December while the results of testing were being examined. The saving, as discussed in previous reports, results from the differential between the current disposal costs at waste to energy plant and those for landfill. This differential is currently a saving of approximately £16 for every tonne that is diverted to landfill, but this option is not sustainable in the long run due to increasing landfill taxes and restrictions in the allowances.
    - -£0.170m increase in recycling income for textiles and metals. Income for these two commodities is staying more buoyant than other areas of recycling but any overall additional income against recycling targets is unlikely to be sustainable in 2009-10, because of the economic downturn.
- +£0.423m pressure on concessionary fares. This is to reimburse Districts for bringing forward free bus travel for the over 60's and disabled people from 9.30am to 9.00am. This partially offsets the previously reported £0.9m underspend on the public transport budget which is the result of the transport group working in partnership with the bus companies to keep the costs of supporting socially necessary but uneconomic bus services and the Freedom Pass below the original estimates.

3.4 Communities portfolio:

The gross position on this portfolio has improved by £0.124m to a pressure of £0.470m. This reduction mainly relates to the Library Service which has benefited from a number of rate rebates totalling £0.085m. The remaining underspending comes from vacancy savings where posts are being held vacant for the remainder of the financial year to offset the directorate pressures. It is expected that further vacancy savings will be reported next month once all units respond to the directorate request to hold posts vacant wherever possible, in order to offset the residual pressure. Once these vacancy savings are confirmed, any residual variance will be addressed.

3.5 Corporate Support & External Affairs portfolio:

The position on this portfolio has improved by £0.036m on the Democratic Services budget. This is due to further underspending on the Local Boards budget due to delays in spending the budget provided in the 2008-11 MTP for supporting the development of Localism in Kent, as reported last month.

3.6 Finance portfolio:

The position on this portfolio has improved by £0.5m on treasury management. This is mainly the result of better than expected cash flows and delays in borrowing.

4. 2008-09 CAPITAL MONITORING POSITION BY DIRECTORATE

4.1 There have been a few cash limit adjustments this month as detailed below:

		2008-09 £000s
1.	As reported to Cabinet on 12 January 2009	320,688
2.	Income from Strategic Health Authority for Learning Disability Development Fund (LDDF) Partnership projects (KASS portfolio)	97
3.	Increase in Schools devolved funding for school travel plans (grant funded)	400
		321,185
4.	PFI	73,420
		394,605

4.2 The current forecast capital position by portfolio, compared with the position reported last month is shown in **table 3** below and **table 4** shows the impact of this variance on each of the funding sources.

Table 3: Capital Position

	Variance		
Portfolio	**This Month £m**	**Last Month £m**	**Movement £m**
Operations, Resources & Skills (CFE)	+1.128	+4.080	-2.952
Children, Families & Educational Achievement	+0.056	-0.005	+0.061
Kent Adult Social Services	+0.077	+0.257	-0.180
Environment, Highways & Waste	-5.218	-5.318	+0.100
Regeneration & Supporting Independence	-2.384	-2.384	-
Communities	-0.971	-0.971	-
Corporate Support & External Affairs	+3.398	+3.398	-
Policy & Performance	-	-	-
Finance	+0.237	-0.064	+0.301
Total (excl Schools)	**-3.677**	**-1.007**	**-2.670**
Schools	-	-	-
Total	**-3.677**	**-1.007**	**-2.670**

4.3 **Table 4: 2008-09 Capital Variance analysed by funding source**

	Capital Variance £m
Supported Borrowing	+0.261
Prudential	+5.443
Prudential/Revenue (directorate funded)	-1.057
PEF2	+0.381
Grant	-10.946
External Funding – Other	-2.277
External Funding – Developer Contributions	+1.870
Revenue & Renewals	+3.668
Capital Receipts	-0.866
General Capital Receipts (generated by Property Enterprise Fund)	-0.154
TOTAL	**-3.677**

4.4 The overspend against borrowing (both prudential and supported) shown in table 4 above is mainly within the Operations, Resources & Skills portfolio. A shortfall in funding within this portfolio was highlighted in the full monitoring report to Cabinet in December and this will be addressed in the draft 2009-12 MTP.

4.5 Overall there is a further -£2.670m of re-phasing of projects this month, as identified in table 3, the main movements are detailed below:

4.6 Operations, Resources & Skills (CFE) portfolio:
The forecast variance for the portfolio has moved by -£2.952m from +£4.080m to +£1.128m this month. The main changes are:

- -£3.000m Kingsmead project - following a review of the MTP, this project is being re-defined and revised estimates are included in the draft 2009-12 MTP. There will be no costs in the current year.
- +£0.121m Quarryfields project – all additional costs on this project are to be funded from Early Years revenue contributions.

4.7 Children, Families & Educational Achievement portfolio:
The forecast variance for this portfolio has moved by +£0.061m this month from -£0.005m to +£0.056m. This is mainly due to the inclusion of three additional Modernisation of Assets projects, with the overspend to be funded by revenue contributions.

4.8 Kent Adult Social Services portfolio:
The forecast for the portfolio has moved by -£0.180m from +£0.257m to +£0.077m this month. The main movements are:

- -£0.100m Crispe House – this project is still ahead of schedule compared to the position anticipated in October when the revised capital programme was approved, however this represents a reduction in the amount now expected to be pulled forward from 2009-10.
- -£0.080m re-phasing of the Bower Mount project into next year.

4.9 Environment, Highways & Waste portfolio:
The forecast for the portfolio has moved by +£0.100m from -£5.318m to -£5.218m. This is due to additional preliminary design fees of £0.060m, which are expected to be funded by additional grant and revenue contributions and a £0.040m reduction in the re-phasing into 09-10 on the Kent Thameside Strategic Transport programme.

4.10 Finance portfolio:
The forecast for the portfolio has moved by +£0.301m from -£0.064m to +£0.237m this month. This is mainly due to the re-phasing on Modernisation of Assets reported last month being brought back into 2008-09. The programme had been put on hold in the summer pending further planning to ensure funding was spent in the right areas. Projects have now been accelerated and the re-phasing to 2009-10 is no longer expected.

5. RECOMMENDATIONS

5.1 Cabinet Members are asked to note the latest forecast revenue and capital budget monitoring position for 2008-09.

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:

TABLE 1 – CHANGE IN SETTLEMENT 2009-10			
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 <u>not</u> 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 <u>not</u> 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:

Lynda McMullan – Director of Finance Extension 4550

Andy Wood – Head of Financial Management Extension 4622

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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Appendix A

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.

Ben Marshall

Kirstin McLarty

John Leaman

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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Annex 1

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 causal 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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Annex 2

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.

Annex 4

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 the 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 building 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.

Annex 5

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.

Appendix B

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 26 January 2009.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Ms S J Carey, Mr A R Chell, Mr B R Cope, Mr G Cowan, Mrs T Dean, Mr R W Gough, Mr C Hart, Mrs S V Hohler, Mrs J Law, Mr M J Northey, Mr J E Scholes, Mr J D Simmonds, Mr R Truelove and Mr R Tolputt (Substitute for Mr R E King)

ALSO PRESENT: Mr N J D Chard

IN ATTENDANCE: Ms L McMullan (Director of Finance), Mr A Wood (Head of Financial Management), Mr P Sass (Head of Democratic Services and Local Leadership) and Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

123. Apologies and Substitutes
(Item.)

Mr Sass reported apologies from Mr R King, substituted by Mr R Tolputt and apologies from Mr Hotson.

124. Budget 2009/10 and Medium Term Financial Plan 2009-12
(Item. 3)

The Committee considered the Cabinet's proposed 2009/10 budget and Medium Term Financial Plan for 2009-12 and welcomed Mr N J D Chard, Cabinet Member for Finance, Ms L McMullan, Director of Finance and Mr A Wood, Head of Financial Management to the meeting.

Mr Smyth began the debate by congratulating the Finance Service for ensuring that the budget papers were produced a fortnight earlier than they had been in previous years, giving Members greater opportunity to read and digest the papers.

Referring to the press release that accompanied the publication of the budget papers, Mr Smyth asked Mr Chard to comment on the statement of the Leader of the Council that ways would be investigated to reduce the proposed increase in the Council Tax to below 2.85%. Mr Smyth also asked if the level of 2.85% was sustainable for 2010/11, stating that on two occasions in the past, the first year of a new 4-year Council term had involved a much higher increase in Council Tax than the immediately preceding year. Mr Chard stated that the proposed increase in Council Tax was highly commendable, given the Government's grant settlement for KCC and the spending pressures being faced by the authority. He acknowledged that the affordability of Council Tax payments was never more important than in the current economic climate and every opportunity would be taken to trim budgets further without affecting service delivery. With regard to the sustainability of the increase in Council Tax, Mr Chard commented that it was important to maintain stability, but warned that there was no absolute guarantee that grant levels would be maintained for 2010/11 given the unprecedented economic outlook and that further cost pressures might also impact on the level of the Council Tax 2010/11.

In response to a question from Mr Truelove on the impact of investments in Icelandic banks (page 25 of the MTP, paragraph 3.28), Ms McMullan stated that there was no impact in terms of the loss of capital or interest, as a claim had been submitted for the principal plus interest. She added that the DCLG had confirmed that there would be no bottom line impact on either the 2008/09 accounts or the 2009/10 council tax. In response to a further question from Mr Truelove about the impact of any future loss, Ms McMullan referred Members to page 46 of the Budget Book, stating that any future loss would be reflected under "interest on cash balances". Slightly later in the meeting, but relating to this particular issue, Mr Simmonds reminded Members that it was just such events for which KCC held reserves and the prudence of this policy was now clear to see.

Mr Smyth referred to a statement made by David Cameron MP earlier this month at a press conference, at which he said that if there was a Parliamentary Election in April 2009 and the Conservative party came to power, he would issue an instruction to all of his Ministers that their departments' budget increases would be restricted to 1% in real terms, rather than 2%. Mr Smyth stated that this was much more severe than the current Government's decisions on public spending and he asked Mr Chard to comment on how a cut in grant of that order would be managed. Mr Chard stated that, in such a situation, he could not comment on what the full implications would be, although he added that the present Government's decisions on regional variations in grant levels had affected Kent adversely, commenting that KCC would have received some £2.6m extra if we had been given the average grant for County Councils. Mr Chard also commented on the existing four-block model, which was an unhelpful way of calculating grant for KCC.

Mr Simmonds asked whether the Council was benefiting from lower interest rates on borrowing and sought information about the future cost of pensions. Ms McMullan stated that borrowing money over a short term was relatively cheap but more expensive over a longer term. She added that it was important to examine KCC's borrowing strategy and it would be beneficial to restructure some old debt, although this would be difficult to achieve. She also stated that KCC was not encountering any problems borrowing money, but close attention was being focused on the ability of suppliers to borrow money. With regard to pensions, Ms McMullan stated that it was a very difficult market at the moment and that the authority was looking carefully at the right time to go back into the equities market. She added that the next actuarial review of the pension fund in 2011/12 was bound to be affected by the current economic situation. Mr Chard commented on the proposed Local Government Bank, which could help the public sector greatly if there was sufficient political will to achieve it, adding that he had attended a meeting at the Local Government Association the previous week to discuss the initiative.

Mr Scholes stated that there was an informal meeting of the Superannuation Fund Committee later in the week, to discuss the investment situation. He added that the actuarial valuation would not affect budgets until 2011/12, but careful financial planning would be needed to address the impact of any recommendation by the actuary as to the level of the employers' contribution.

Mrs Dean asked how KCC's proposed level of Council Tax compared against other Councils and asked Mr Chard whether he thought that KCC had done well with Government funding over the last 12 years. Mr Chard stated that, out of 34 County Councils, KCC's proposed Band D Council Tax was the 12th lowest. He added that KCC was a leading innovator, which provided good value for money to residents. He also stated that KCC had received less grant this year than many other County Councils, but had still managed to propose a reasonable level of Council Tax increase.

Mrs Dean raised a further question about the targets each Directorate had for vacancy management. She stated that these were totally untargeted savings, as one could not predict where the vacancies might occur and Members had expressed concern about this approach in the past. She added that, from her calculations, the amount of money to be saved as a result of vacancy management had increased by £1.2m over the previous year. Mr Wood stated that the additional figure for vacancy management across all Directorates was less than 1% (about 0.3%) of the total salaries budget, when staff turnover was between 8% and 10% at any one time. He added that Mrs Dean was correct to say that it couldn't be predicted where the vacancies would arise, but that any statutory posts would not be left unfilled. He also stated the saving had been calculated on the basis of leaving other posts vacant for one month before being filled. In response to a further question from Mrs Dean about the increase in the vacancy management target in financial terms compared to last year, Mr Wood stated that a note was being prepared by the Director of Personnel and Development, which would be sent to Members.

Mrs Dean asked for the details of the "undefined" savings that each Directorate was being asked to make in next year's budget. Mr Wood stated that the undefined savings related to around 0.5% of adjusted controllable spend and was likely to come from procurement, such as mobile phones etc. He added that this information would be provided to Members as soon as it was available. He also confirmed that the total of the undefined savings of £1.8m included £600,000 on corporate support costs and that none of the Directorates had indicated that they couldn't achieve their element of the total saving.

Referring to page 57 of the MTP, Mrs Dean asked for an explanation of why it was being proposed to convert safety base spend to grant, as a revenue saving. Ms McMullan stated that the there would be no diminution in the quantum of safety work carried out; this was essentially a change in financing from revenue to capital.

Mrs Dean stated that the amount of money being spent on highways maintenance was proposed to be increased by £23m, of which some £15m would be spent in 2009/10 and she asked for an explanation as to why the increase had been made and why this year. Mr Chard stated that increasing the amount of money spent on highways maintenance was one of the Cabinet's four key priorities for next year's budget; the others being adult social care (because of demographics), children's social care and the freedom pass. In this respect, it was a policy decision of the Cabinet. Ms McMullan confirmed that an additional £5m had also been added to the current year's highways maintenance budget.

Mrs Dean asked if the agreed recommendations of Select Committees had been calculated and properly funded in the budget. Mr Chard confirmed that the revenue implications and any capital implications were being worked on by officers and a note would be provided in due course, setting out how these recommendations were reflected in the budget proposals.

Mrs Dean asked about the extension of the Kent TV pilot into a third year and asked for confirmation of where the additional cost of £400,000 was reflected in the budget. Mr Chard confirmed that no formal decision had been taken as yet to extend Kent TV into a third pilot year when the current contract expired in August 2009. He added that it was the Leader's wish for Kent TV to be embraced by other public sector organisations in Kent, but that further discussions and negotiations were required. Mr Wood confirmed that, if the pilot was not extended into a third year, the cost of that extension would come out of the total cost of the Strategic Development Unit (£2,517,000) listed on page 41 of the budget book.

Miss Carey asked whether the resources allocated by central government were sufficient given the needs of KCC's services. Mr Chard stated that KCC never seemed to have an appropriate amount of resources given the cost pressures being faced by the authority, He referred to the gap between cost pressures and savings/income generation, as detailed on page 47 of the MTP, adding that KCC had done less well than the average grant settlement for County Councils.

Mr Hart stated that the Freedom Pass did not appear to have a high profile in his Division and more widely, apart from the promotion of the scheme that he had done himself and he asked what arrangements were in place to promote the scheme across Kent, particularly to parents, rather than just in schools. Mr Hart added that he was concerned that the apparent lack of promotion of the scheme had affected the level of take-up, particularly in poorer areas. Slightly later in the meeting, Mr Truelove asked for confirmation as to the eligibility criteria for the Freedom Pass, stating that it was not a free service to all 11-16 year olds, because a number travelled to schools outside of the administrative County of Kent where they couldn't use the pass, but lived in KCC's area. Referring to Mr Hart's question, Mr Chard stated the Freedom Pass had been an outstanding success, adding that a sum of £3.8m had been committed to the roll-out of the scheme and that there would be more promotion of the scheme via the Communications and Media Centre. On the points raised by Mr Truelove, Mr Chard stated that it was only possible to use the Pass within KCC's area, rather than for free travel anywhere in the Country, but he undertook to pass on Mr Truelove's concerns to Mr Ferrin and also clarify the rules on eligibility for Members of the Committee. Mr Hart mentioned former County Councillor John Law's long held view that the Freedom Pass should be as widely available as possible. Mrs Law echoed her late husband's commitment to the scheme and its ongoing success.

Mr Scholes referred to the restructuring of long term debt and whether comment could be made about the achievability of this and the quantum of savings that the Council could realise. Ms McMullan stated that new rules were introduced last year that made the cost-benefit analysis of achieving savings by restructuring long term debt more difficult. She added that in previous years, KCC had made savings of several millions of pounds by restructuring debt, but she was unable to give details about the level of savings that could be achieved now, because of the new rules and the fines imposed on Councils for doing this. In response to a further question from Mr Scholes on this issue, Mr Chard confirmed that central Government had been lobbied by KCC on the impact of the new rules. He added that, if the Local Government Bank became a reality, there would be no longer a need for the fines and all local authorities would be able to take the opportunity of restructuring long term debt and achieve significant savings. Mr Chard stated that he would be taking this initiative forward as much as he could, as would the Leader.

Mr Cowan asked if the proposed pay award for staff of 1% was designed as a way of keeping the increase in Council Tax as low as possible. Mr Chard stated that he thought 1% was fair and reasonable in the circumstances of inflation coming down. In response to a further question from Mr Cowan about Chief Officer bonuses, Ms McMullan stated that she would ask the Director of Personnel and Development, Ms Beer, to prepare a note about how the bonus scheme worked and send it to Committee Members.

Referring to page 86 of the MTP, Mr Gough asked whether any further information was available about the growing need for KASS to step in to assist former self-funders, as a result of the impact of the ongoing economic situation. Ms McMullan stated that the level of secured debt amongst this group of clients had been going up over the last 2 months or so, although this money would eventually be repaid. She added that the Managing Director of Adult Social Services was working with her staff to monitor the situation closely. If and when people in this client group ran out of capital, advice would be given to ensure that they were claiming the maximum in terms of benefits. Ms McMullan also stated that it was too early to say what the financial impact would be on KCC, but that further information would be provided to Members as soon as it became available. It was also agreed that it would be useful to have a new indicator relating to this in next year's quarterly budget monitoring reports.

In response to a question from Dr Eddy, Mr Chard confirmed that 1% of KCC's salary bill was £3.7m and that 1% on the Council Tax was approximately £5.6m.

Referring to paragraph 3.13 on page 23 of the MTP, Dr Eddy asked for clarification as to where the additional sum of £1.5m Children's Social Services was shown in the budget. Mr Chard referred Members to page 53 of the MTP, where the £1.5m was shown, but added that the Committee might find it useful to receive a paper in due course setting out exactly what the additional investment being made in Children's Services meant in terms of service organisation and delivery. Dr Eddy agreed that Mr Chard's offer would be most useful to help the Committee's understanding in this area.

Referring to page 16 of the Budget Book, Dr Eddy asked for a breakdown of the international development costs in CFE, which were included as part of Management Information. Dr Eddy also asked for further information in relation to the cost of the Managing Director's office and Democratic Services in CFE (page 14 of the Budget Book), which was proposed to increase from £1.966m to £2.531m and how this differentiated from the Strategic Management costs for CFE, for which there was a specific definition this year. Mr Chard stated that this information would be supplied.

Dr Eddy referred to the Chief Executive's communication to all staff on 7 January in relation to the 1% pay rise, which indicated that the ongoing economic situation meant that a restraint on pay was appropriate and that this was the best way to avoid compulsory redundancies. Dr Eddy also referred to a further communication to staff on 16 January about leadership development programmes, some of which cost many hundreds of pounds, which was introduced with the words "There may be a credit crunch, but in local government, it's business as usual". He asked Mr Chard to comment on the extremes of those two statements. Mr Chard stated that the 1% pay offer was appropriate in the current circumstances, but that it was also important to maintain the investment in training and development for the ongoing and lasting future success of the organisation.

In response to a question from Mr Chell, Mr Chard undertook to check the proposed KCC pension increase that will take effect from April 2009 and confirm the information to Members of the Committee.

RESOLVED that:

1. Mr Chard, Ms McMullan and Mr Wood be thanked for attending the meeting and answering Members' questions;

2. The Committee express its thanks and appreciation to Financial Services for ensuring that the budget papers were published as early as possible after Christmas, giving Members more time than in previous years to consider the information; and

3. The Cabinet be asked to ensure that the agreed budget remains flexible to take account of the possible changing circumstances as a result of the continued global economic situation

125. Questions to Butlers
(Item.)

Mr Sass advised that written answers to the Committee's questions were e-mailed at approximately 9.30am that day and that Butlers had requested their answers remain private and confidential. Advice had been obtained from the Director of Law and Governance and Monitoring Officer that there was nothing in the content of the answers, or the circumstances in which they were requested or provided, that prevented them being disclosed publicly and, therefore, subject to the Committee's agreement to consider an urgent item, the answers could be discussed at today's meeting. However, it was the Monitoring Officer's preference that the matter should be deferred to the Committee’s next meeting and that Butlers be put on notice to the fact that their answers would be discussed publicly at that meeting, so that if they wanted to lodge a legal objection, they would have time to do so.

The Chairman stated that the Monitoring Officer’s preferred solution was more appropriate in the circumstances.

Mr Simmonds expressed the view that a deferral was also appropriate, but asked that the Committee agree to keep the answers confidential until after the debate on 10 February.

Mrs Dean was of the strong view that the Committee should debate the answers provided by Butlers today in public, noting that the Monitoring Officer had sanctioned that action, subject to the Committee’s agreement to consider an urgent item.

Other Members spoke in favour of a deferral, together with the need to reflect on the answers provided by Butlers before deciding whether to make them public. A suggestion was also made that, with a deferral of the matter, Butlers might accept a further invitation to attend the Committee’s next meeting to expand upon their answers and provide further information.

After further discussion, it was:

RESOLVED that:

(1) Butlers be thanked for the information provided and informed that it is the Committee's intention to meet and consider the information at its next meeting on 10 February in public;

(2) Butlers be invited to attend that meeting and KCC Officers be invited to comment on the written responses provided by Butlers;

(3) The information provided by Butlers should remain confidential until the Committee has had chance to consider the responses to the questions raised at their next meeting on 10 February.

Mrs Dean asked for it to be recorded that she did not agree with the proposal to keep the answers confidential until the meeting on 10 February, on the grounds that the Director of Law and Governance had advised that the information could be discussed in public at today’s meeting.

Mr Simmonds asked for advice as to whether Mrs Dean would be bound by the Committee’s decision to keep the answers confidential. Mr Sass responded that he would seek urgent advice from the Director of Law and Governance and advise Mrs Dean accordingly and document that advice in the Committee’s minutes.

(Following the meeting, the advice of the Director of Law and Governance was obtained with regard to Mrs Dean’s position, which was that she was not bound by the Committee’s decision on the grounds that the information had not been given to Mrs

Dean in confidence and due to the content of the information and the circumstances in which it had been requested and provided, KCC would have to disclose the information under the Local Government (Access to Information) Act and the Freedom of Information Act in any event.)

NOTE: Following the meeting, further discussions were held between the Director of Law and Governance, the Head of Democratic Services and Local Leadership and the Chairman and Spokespersons of the Committee, whereupon an alternative course of action was considered to be more appropriate. This alternative course of action was as follows:

(1) Butlers be thanked for the information provided and informed that it is the Committee's intention to meet and consider the information at its next meeting on 10 February in public;

(2) Butlers be invited to attend that meeting and KCC Officers be invited to comment on the written responses provided by Butlers; and

(3) The information provided by Butlers should remain confidential until the Committee's agenda is published for the meeting on 10 February, assuming no legal objections are received from Butlers.

(This alternative course of action was communicated in writing to Butlers on 27 January)

Appendix C

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.

By:	Nick Chard – Cabinet Member - Finance Lynda McMullan - Director of Finance
To:	Cabinet – 2 February 2009
Subject:	Annual Minimum Revenue Provision (MRP) Statement 2007/08 and 2008/09
Classification:	Unrestricted

Summary: This report asks Members to approve the changes in the policy for calculating the annual Minimum Revenue Provision for 2007/08 and 2008/09.

1. Background

1.1 In 2007/08 the capital regulations in relation to MRP were amended. In the new regulation 28, the detailed rules for making a provision are replaced with a duty for the authority to make an amount of MRP which it considers "prudent". The regulations do not actually define what "prudent" is, but make recommendations as to the interpretation of the term. The changes apply to capital expenditure from 2006/07 onwards with relative MRP being made in the year following the expenditure. Consequently, this statement refers to 2007/08 and 2008/09.

1.2 Authorities are asked to submit a statement on their policy of making MRP to full council or similar. Any revision to the original statement must also be issued.

2. New Policy

2.1 The 2007/08 MRP and 2008/09 MRP which is based on capital expenditure incurred in 2006/07 and 2007/08 respectively are based on 4% of our capital financing requirement which is consistent with previous years. 2008/09 is the last year that we are able to do this. For 2009/10 and the Medium Term Plan we have adopted the asset life method which is a method recommended in the new guidance. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday".

2.2 In order to establish MRP for the MTP we have based the asset life principle on all capital expenditure funded by both supported and prudential borrowing in 2007/08. This has resulted in the following projected MRP percentages on 2007/08 capital expenditure of £101m with assumptions on completion dates:

2009/10	2010/11	2011/12	2012/13	2013/14
1.5%	4.3%	4.3%	4.9%	4.9%

2.3 In addition to this will be MRP at 4% on our capital financing requirement less capital expenditure in 2008/09 and subsequent years, i.e. this will be 4% on our requirement relating to expenditure prior to 2008/09. This will be on a reducing balance as each year additional capital spend will be deducted from the recalculated capital financing requirement.

2.4 Each year the percentages will change and MRP for the MTP will be calculated on the previous year's capital expenditure and will depend on the type of asset the spend is on, its life and whether it is completed or not.

2.5 Each year a new MRP statement will be presented.

3. Financial Implications in 2009-12 MTP

3.1 The financial implications of this change affect 2009/10 onwards, with the 1.5% i.e. 2.5% reduction in MRP as part of the "MRP holiday", being recognised in 2009/10, with a reduced saving in 2010/11 and 2011/12, due to MRP rising to 4.3%.
Please see the table below:

Years	2009/10 £'000	2010/11 £'000	2011/12 £'000
Saving	-2,820	-960	-400

4. Recommendation

4.1 Members are asked to approve this statement and changes in the policy to calculate MRP, in light of the change in regulations.

Contact: Cath Head
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Background documents - None

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By:	Mark Dance, Cabinet Member for Operations, Resources and Skills, Children, Families and Education Ian Craig, Interim Managing Director, Children, Families & Education
To:	Cabinet – 2 February 2009
Subject:	School Admissions Appeals
Classification:	Unrestricted

Summary To inform Cabinet Members of changes to the School Admissions Appeals Code that affect Member attendance at panels.

Background

1. (1) Admissions to schools and appeals against decisions are controlled by legislation, principally the School Standards and Framework Act, 1998 (S.84/85), the Education and Inspections Act, 2006 (S.40), and two Codes of Practice, the School Admissions Code and the School Admissions Appeals Code.

(2) As a requirement of the legislation, appeals panels are required to be set up by every Admissions Authority, and are supervised by the Administrative Justice and Tribunals Council, not by the Secretary of State or by the local authority.

(3) Under the current Appeals Code (2008, Section 2.13) locally elected politicians are prohibited from 'accompanying or representing' an appellant due to a potential conflict of interest. This has caused considerable anguish from politicians at all levels across the country, who argue that their representative function is being constrained by this regulation. Ministers agreed to address this in the new Code.

The 2009 Codes

2 (1) New Codes come into force on 10 February 2009, with some adjustments to the ruling relating to locally elected politicians.

(2) Paragraph 2.13 of the new School Admissions Appeals Code states:

'Appellants may be accompanied or represented by a friend, adviser, interpreter or signer who may speak on their behalf at the hearing'.

(3) Paragraph 2.14 states:

*'Admission authorities **must** advise appellants that the friend or adviser referred to in paragraph 2.13 can be a Choice Adviser, a locally elected*

politician, or an employee of the local education authority such as an educational social worker, SEN adviser or learning mentor, provided that this will not lead to a conflict of interest. Admission authorities ***must not*** *allow an employee of the school in question or a member of the admission authority concerned to attend in this capacity'.*

Conclusions

3 (1) Having taken advice from our own legal services, and from officials at the DCSF, our view is that as KCC is the admissions authority for Kent LEA Community and Voluntary Controlled schools, its Members are therefore representatives of the admissions authority for these schools. This means that any representation by KCC Members on behalf of parents for these schools would be unlawful.

(2) KCC members **may** now appear at admissions appeals for Voluntary Aided, Foundation, Trust and Academy schools **provided that** they are not governors at the particular school involved, or in any other way have a conflict of interest.

(3) There are implications for Members to be very clear on the status of every school they are likely to be involved in before agreeing to support a parent at an appeal.

(4) There are also conflict of interest implications for LEA employees who may be asked to speak on behalf of a parents, and this will need to be addressed by officers.

Recommendation

4. Members are asked TO NOTE this report.

Ian Craig
Interim Managing Director, CFE
01622 69(4173)

Background Documents:

Department for Children Family and Education Revised School Admission Appeals Code 2008, Section 2.13. www.dcsf.gov.uk/sacode