

## KENT COUNTY COUNCIL

---

### CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 25 January 2012.

PRESENT: Mr A J King, MBE (Vice-Chairman, in the Chair), Mr G K Gibbens, Mr P M Hill, OBE, Mr K G Lynes, Mr J D Simmonds, Mr B J Sweetland, Mr M J Whiting and Mrs J Whittle

ALSO PRESENT: Mr K H Pugh

IN ATTENDANCE: Mr M Austerberry (Corporate Director, Environment and Enterprise), Mrs A Beer (Corporate Director of Human Resources), Mr D Cockburn (Corporate Director of Business and Support), Ms A Honey (Corporate Director, Customer and Communities), Mr A Ireland (Corporate Director, Families and Social Care), Mr P Leeson (Corporate Director Education, Learning and Skills Directorate), Mr M Lemon (Head of Policy), Ms M Peachey (Kent Director Of Public Health), Mr G Wild (Director of Governance and Law), Mr A Wood (Corporate Director of Finance and Procurement) and Mr G Mills (Democratic Services)

### UNRESTRICTED ITEMS

#### **7. Minutes of the Meeting held on 9 January 2012**

*(Item 3)*

Subject to the amendment proposed by Mrs Whittle to paragraph 6 (1), the minutes of the meeting held on 9 January 2012 were agreed as a true record and signed by the Chairman.

#### **8. Revenue & Capital Budget Monitoring Exception Report 2011 - 12**

*(Item 4 - Report by Cabinet Member for Finance and Business Support and the Corporate Director of Finance and Procurement )*

(1) Mr Simmonds gave an update on the current position with both the Revenue and Capital budgets and highlighted the actions being taken within the revenue budget. Mr Simmonds also highlighted the recognised pressures within Directorate budgets which would need to be managed.

(2) Mr Sweetland spoke of the announcement by the Roads Minister to introduce measures to tax foreign lorries using UK roads. Mr King said this proposal was welcomed and mirrored a KCC led initiative some 20 years ago to introduce a tax to reflect the impact caused by foreign lorries on Kent's roads.

(3) Cabinet resolved to:

- (i) note the forecast revenue and capital budget monitoring position for 2011-12.

(ii) agree a virement of £0.199m from the under spending within the Finance & Business Support portfolio to the Environment, Highways & Waste portfolio (see paragraph 2.9.2 of the Cabinet Report).

(iii) note the changes to the capital programme.

(iv) agree that £3.891m of re-phasing on the capital programme be moved from 2011-12 capital cash limits to future years.

(v) agree the inclusion of the Integrated Children's System project in the Business Strategy, Performance & Health Reform portfolio to be funded by £1.326m prudential borrowing (£0.652m in 2011-12 and £0.674m in 2012-13): and,

(vi) note the latest forecast revenue and capital budget monitoring position for 2011/12

## **9. Budget 2012/13 and Medium Term Financial Plan 2012 - 15 (To follow)**

*(Item 5 - Report by Mr Alex King, Deputy Leader of the Council, Mr John Simmonds, Cabinet Member for Finance and Business Support and Mr Andy Wood, Corporate Director for Finance)*

(1) The Chairman declared consideration of this item to be urgent as the report was not available at the time the agenda for this meeting was despatched. The reason for that was because the report needed to include comments from the consultation which had been undertaken and to report on the views of the Policy Overview Committees. The report also needed to contain the most up to date information and analysis on the final local government settlement figures, the final tax bases agreed by the Kent District Councils and the surplus or deficits announced by the District Councils Collection Funds.

(2) Mr Simmonds outlined the purpose and scope of the report and highlighted a number of key points, including the fact that despite challenging circumstances the recommendation to the County Council was that there should not be any increase in the current level of Council Tax for 2012/13. He also highlighted the likely budget pressures which would occur in the medium term as a result of having to make further savings. Mr Simmonds said in recognising the need to keep to a minimum the effect of budget reductions on front line services, the Council had none the less put some £22m into Children's Services and £12m into Adult Social Services for elderly residents in need.

(3) Each Member of Cabinet then spoke in some detail about the budget proposals as they affected their Portfolio and Directorate responsibilities.

(4) Following discussion Cabinet resolved to endorse the following proposals for submission to the County Council on 9 February 2012:

(i) the Revenue Budget proposals for 2012/13 as detailed in the Cabinet report. Cabinet also noted the proposed changes as a result of the equivalent Band D tax base from the collection funds and endorsed the resulting change to the overall budget requirement.

(ii) the increase in provisional EIG income and the additional requirement for £0.86m to fund additional places for 2 year olds in the Education Learning and Skills portfolio.

(iii) the adjustments in emerging pressures including the pay award (subject to Personnel Committee recommendations) and the transfer of the balance in order to contribute to reserves.

(iv) the establishment of two new reserves; Council Tax Equalisation (*which in effect means the Government grant to support the Council Tax freeze could be used to sooth the impact over more than 1 year*) and Invest to Save.

(v) a requirement from Council Tax of £577.914m to be raised through precept on District Councils.

(vi) Council Tax levels for the different property bands as set out below, (*representing a freeze at the 2011/12 levels*).

Council Tax Band						
A	B	C	D	E	F	G
£698.52	£814.94	£831.36	£1,047.78	£1,280.62	£1,513.46	£1,746.30
H						
£2,095.56						

(vii) the Capital investment proposals, together with the necessary borrowing, revenue, grants, capital receipts, renewals, external funding and other earmarked sums to finance the programme. Delivery of the programme would be subject to the approval to spend on individual schemes and the level of Government support available in future years.

(viii) the Prudential Indicators as set out in Appendix B of the draft Medium Term Financial Plan 2012/15

(ix) Cabinet also endorsed the revenue and capital budget proposals as set out in the draft 2012/13 Budget and Medium Term Financial Plan 2012/15 (as amended as a result of the changes outlined in the Cabinet report and summarised in Appendix 7), and that these should be recommended for approval by the County Council. A further it be noted that a revised 2012/13 Budget Book and MTFP 2012/15 reflecting the changes in the Cabinet report would be produced for the meeting of the County Council on 9 February 2012.

## 10. Treasury Strategy

*(Item 6 - Report by Mr John Simmonds, Cabinet Member for Finance and Business Support and Mr Andy Wood, Corporate Director of Finance and Procurement)*

(1) Mr Simmonds introduced this wide-ranging report and highlighted key areas of activity and actions being taken by the County Council in respect of maintaining a robust Treasury Management Strategy. Mr Simmonds also briefed the meeting on

the Strategy in relation to counterparties and gave an update on the latest encouraging position in respect of the Icelandic banks. The Council had already recovered some £15m deposited with Glitnir and 100% of this would be recovered. A first dividend of £5.5m had already been paid. The Council also had £17m deposited with Landsbanki and 98% of that would be recovered. The Heritable administration continued to proceed well and the Council was confident of a final return of at least 85%. To date 65p in the £ had been paid totalling £11.9m

(2) Cabinet resolved:

(i) that the revised Treasury Management Policy Statement as detailed in the Cabinet report be agreed;

(ii) agreement be given to the proposed Borrowing Requirement and Strategy as detailed in the Cabinet report, and,

(iii) as detailed in the Cabinet report approval be given to the proposed counter parties together with the delegations to the Corporate Director for Finance and Procurement and the Cabinet Member.