

**CABINET SCRUTINY COMMITTEE  
INFORMAL MEMBER GROUP ON BUDGETARY ISSUES**

NOTES of a meeting of the Informal Member Group on Budgetary Issues held in the Bewl Room, Sessions House, County Hall Maidstone on Friday, 29 January 2010.

PRESENT: Mrs T Dean (Chairman), Mr L Christie and Mr R F Manning

ALSO PRESENT: Ms S J Carey

IN ATTENDANCE: Mr A Wood (Head of Financial Management), Mr D Shipton (Finance Strategy Manager) and Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee)

**UNRESTRICTED ITEMS**

**1. Notes of Previous Meeting on 7 January 2010**  
*(Item 1)*

A copy of the notes of the Budget IMG held on 7 January 2010 with additional comments was circulated to members of the Budget IMG. Para 2(4) was redrafted to read:

2(4) Members discussed at some length the unchanged forecast funding shortfall of £3.808m on asylum (£3.523m due to 18 plus Care Leavers and £0.285m due to unaccompanied asylum seeking children). Ms McMullan advised Members of the IMG that should money not be forthcoming from the Government for this shortfall the Council would exhaust the specific reserve that was created for this purpose by the end of this financial year. There was no further reserve available for 2010/11 and beyond, so any expected shortfall between costs and Government Grant would have to be reflected as a pressure to be financed in the 2010/11 Budget.

The notes of the Informal Member Group on Budgetary Issues were agreed as a correct record subject to the above re-drafting of para 2 (4)

**2. Revenue & Capital Budget Monitoring Exception Report (Cabinet report attached)**  
*(Item 2)*

Members of the Budget IMG noted that budget reductions resulting from a delay in recruiting to vacant posts had been assumed in each Directorate's budget. Further savings were being proposed for next year and the following two years.

Mr Wood explained that the 2010/11 draft budget included savings resulting from vacancy management, i.e. delaying recruitment to non-essential posts, or deleting non-essential posts where possible. This had resulted in underspends within some

budgets, for example there had been problems recruiting to some social work posts which the Council was trying to fill – these were not affected by vacancy management. The 2010/11 budget assumed a reduction in 463 posts in back office functions to meet the efficiency agenda. The vast majority of these would fall within years one and two that had been referred to.

The figure of 700 posts was a best estimate of the total reduction in posts over the next three years. Page 55 of the Draft Medium Term Plan showed a savings target of almost £50million for 2011/12 and 2012/13 some of which would inevitably impact upon staff.

The posts highlighted within the Draft Medium Term Plan totalled 463 FTE – page 55 would be amended to show the total FTE posts which had been assumed as savings. The 13 FTE posts within the Localism and Partnerships Portfolio Revenue Budget which had been highlighted as savings would be re-presented in the Budget.

Members raised concerns about not filling vacancies and then relying on subcontracted staff, and the issue of ‘creepback’ and the costs of short term consultancy. Mr Wood stated that the Council was looking at the reality of the current economic circumstances; the key factor was how the Council would deliver the same level of service with a reduced workforce. ‘Creepback’ would not be possible within the reduced cash limits Directorates are working to.

In response to a question from Mrs Dean, Mr Wood explained that temporary staff were used to cover vacancies which couldn’t for whatever reason be met from permanent members of staff e.g. sickness within care establishments.

Mr Shipton agreed to come back to Members on the spend on temporary staff across directorates for 2008/09.

Mrs Dean requested further information around the use of temporary staff within the contact centre, the length of their contracts and their training. Mr Shipton explained that temporary staff were used to cover periods of peaks and troughs.

Regarding the cost of Asylum, Officers were looking at whether services were being provided in the most cost effective manner. Across the Council when grant levels changed the associated spend changed proportionately, however, Asylum was one area where this could not happen. Members would discuss this further at a briefing the following week.

Members asked for clarification on the management action taken in response to budget overspends, this was taken largely by the directorates, in consultation with the relevant portfolio holder to determine what level of action was appropriate to balance the budget.

Members requested that amendments to the Budget documents in the future highlighted changes that had been made.

Members asked whether any promises had already been given in relation to any underspend by the Council. Mr Wood explained that at the end of the year directorates were asked to highlight commitments already made, (these are identified

in a report to Cabinet June/July). Historically bids were made for the use of any underspend (subject to a decision by the Cabinet).

Last year relevant outstanding commitments were funded (following scrutiny by the finance department) and the remaining underspend was put into the economic downturn reserve in light of the economic recession.

Concerns for 2011/12 onwards included a reduction in grants for capital projects in Highways and Schools Services: the Council was planning for the removal of the Social Care Reform Grant.

It was likely that there would be slippage to capital programmes reported in the next exception report due to the lost time caused by the bad weather earlier in the year.

Members of the Budget IMG noted the Revenue and Capital Budget Monitoring Exception Report.

### **3. Medium Term Plan 2010/13 (Incorporating the Budget and Council Tax Setting for 2010/11) - Update (To follow)** *(Item 3)*

Mr Wood explained that the Council Tax base had grown by 0.62%. The Council had budgeted for 0.8% so there was around £1million shortfall in 2010/11. Collection rates were up by £1.4million and the proposal was not to adjust the base assumption at this stage. The overall effect was that there was £371k of one-off funding available in 2010/11 as a result of the change in the estimate band D equivalent tax base and the collection fund surplus. It was proposed this be added to contributions to/from reserves within the Finance portfolio pending clarification of outstanding issues.

Members of the Budget IMG noted the comments of the Head of Financial Management.

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