

NOTES of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Thursday, 13 October 2005.

PRESENT: Mr D Smyth (Chairman), Mr R A Marsh (substitute for Mr C J Capon) and Mr G Rowe (substitute for Mrs T Dean).

ALSO PRESENT: Mr N J D Chard.

OFFICERS: Mr D C Lewis, Strategic Director, Resources; Mr A Wood, Head of Accounting Services; Mr A Loft, Divisional Director (Resources), Strategic Planning; Mr D Thomas, Procurement Manager, Kent Highway Services; Mr J Wale, Assistant to the Chief Executive; and Mr S C Ballard, Committee and Member Services Manager.

1. Notes of Previous Meetings (14 and 29 September)
(Item 1)

(1) Noted.

(2) On Note 2(4) of the notes of the 14 September meeting, Mr Chard said that the establishment of a KCC taxi service for school transport was already under investigation.

(3) On Note 1 of the 29 September meeting, Mr Smyth and Mr Chard both congratulated the officers on the quality of KCC's final response to the Local Government Finance Consultation Paper.

2. Strategic Planning - Key Budget Issues
(Item 2 - Report by Director of Strategic Planning)

(1) Members discussed the following issues:-

Highway Satisfaction Surveys

(2) Mr Chard made the point that public satisfaction figures were very important. However there was no clear correlation between spend and public satisfaction. Public satisfaction seemed to be determined more by positive communication from the authority, its Members and the media.

(3) In answer to a question from Mr Smyth, Mr Thomas said that, as could be seen from the Table attached to the report, the various councils' surveys had been carried out in different years. More up to date figures for Kent were as follows:-

	Net Satisfaction % With Pavements Maintenance (Source BMG)	Net Satisfaction % With Road Maintenance (Source BMG)
2003	-6	-13
2005	-15	-22

(4) Mr Thomas also cautioned that different councils used different questions to measure public satisfaction so any comparison of results needed to take this into account. Indeed, Kent had changed its own question to make it more easily understood. People were now asked about their satisfaction with “the condition of the roads” rather than “road maintenance”. Kent’s survey was undertaken by BMG who carried out a doorstep survey of 1,200 people across the whole of Kent.

(5) The lesson from other counties was that the best way to improve satisfaction was through good customer care when members of the public reported faults, and speedy repairs to those faults (reactive maintenance) and promoting positive media coverage of the service.

(6) Kent tended to focus more on planned maintenance than reactive maintenance. Planned maintenance was ‘better value for money’ in an overall spend sense and Government grant was dependent on the demonstrable improvements to the network which only planned maintenance could provide. On the other hand, reactive maintenance improved public satisfaction figures. To achieve the right balance between the two it might be necessary for Kent to move some resources from planned maintenance to reactive maintenance.

Waste

(7) In answer to a question from Mr Rowe, Mr Loft said that, because waste volumes related largely to wealth, exhortations to the public to recycle/reduce waste had only a marginal effect. Nationally, waste volumes were growing by approximately 3% pa.

Waste Landfill Allowances

(8) In answer to a question from Mr Smyth, Mr Chard and Mr Lewis explained that the market for Waste Landfill Allowances was, at present, essentially a futures market. The price was fairly low because authorities were not convinced that the Government would actually implement the scheme because of the enormous redistributive effects between authorities which it was likely to have.

3. Revenue and Capital Budget Monitoring Exception Report

(Item 3 - Report at Item 2 on Agenda for Cabinet meeting, 24 October)

(1) Members discussed the following issues:-

Asylum

(2) Mr Lewis reported that there were still unresolved shortfalls in Government grant for 2004/05 and 2005/06. Mr Chard said that a major problem was that the Government had a finite budget for reimbursing asylum expenditure to local authorities and this meant that it was unlikely that KCC would be reimbursed for the full amount that it had spent.

Community Safety

(3) In answer to a question from Mr Rowe, Mr Lewis said that the underspend on community safety had not arisen from any deliberate action. It appeared to be due largely to unexpected difficulties in filling vacant posts.

School Transport

(4) In answer to a question from Mr Smyth, Mr Lewis said that the pressures arising from recent oil price increases were likely to affect mainly next year's school transport budget.

4. Financial Governance

(Item 4 - Report by Head of Accounting Services)

(1) Mr Chard, Mr Lewis and Mr Wood explained why KCC believed that its system of activity monitoring (number of clients and unit costs) was a better method of budgetary control than profile budgets (pattern of expenditure over time).

(2) Profile budgets were a 'trailing' indicator more suited to local authorities with poor budgetary control, whereas activity monitoring was a 'leading' indicator better suited to mature authorities with good budgetary control such as KCC.

(3) Unfortunately, the Audit Commission favoured profile budgets in the revised CPA framework despite unsuccessful efforts to persuade them against this. Our external auditors, PwC, were continuing to argue the case on our behalf.

(4) Mr Lewis said that he believed that it would be a backward step in budgetary control terms to move from activity monitoring to profile budgets so he did not propose that KCC should go down this route even though it may result in a slightly reduced CPA score.

(5) The Group noted the report and the comments on the budgetary control issue.

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