

NOTES of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Monday, 12 June 2006.

PRESENT: Mr D Smyth (Chairman) and Mrs T Dean.

ALSO PRESENT: Mr N J D Chard.

OFFICERS: Mr A Wood, Head of Financial Management; Mrs C Head, Chief Accountant; Mr J Wale, Assistant to the Chief Executive; and Mr S C Ballard, Head of Democratic Services.

APOLOGIES: Mr C J Capon and Ms L McMullan

1. Notes of Previous Meetings
(Item 1)

(1) On note 2(2) of the 20 April meeting, Mrs Dean said that her concern was that some system should be put in place to monitor the level of vacancies (by FTE and the number of days) in situations where Directorates claimed to be balancing their books by holding posts vacant. The Group agreed that the practicalities of this should be discussed with Ms McMullan at the next meeting. **(Action: AW/LM)**

(2) On note 1 of the 3 May meeting, the Group noted that the CSR07 submission was still being finalised.

2. Draft Statement of Accounts 2005/06
(Item 2)

(1) On behalf of the IMG, Mr Smyth congratulated the officers on producing the draft Statement of Accounts so speedily.

(2) The Group discussed the following issues:-

Summary Revenue Account (page 14)

(3) Mr Wood explained that the £2.5m shown on the "Net General Fund Surplus/Deficit" line related to Turner Contemporary. This did not reflect actual expenditure but was an accounting requirement to reflect the fact that no capital asset would be delivered, and the net movement between capital and revenue spending and funding.

Pension Costs (page 19)

(4) In answer to a question from Mr Smyth, Mr Chard explained that it was the actuary who had estimated that, based on current contribution rates, the deficiency on the Pension Fund at 31 March 2004 would be liquidated over a period of 20 years. The actuary might take a different view about the liquidation period at future triennial reviews, depending on the circumstances prevailing at the time.

Publicity (page 19)

(5) In answer to a question from Mr Smyth, Mr Wood reported that the figure quoted for “information relating to regional government” arose from a coding error. The actual figure was £0, and the correct figure for “other advertising” was £819k.

Employees (page 21)

(6) In answer to a question from Mr Smyth, Mr Wood confirmed that the summary table of employees receiving remuneration of £50,000 or more included teachers.

Subsidiary Undertakings (page 22)

(7) In answer to a question from Mr Smyth, Mr Wood explained that Kent Top Temps Ltd was not included in the KCC accounts because it was a separate limited company. As such, its accounts would be published in accordance with the requirements of the Companies Act. Mrs Dean suggested that there should be an electronic link from the KCC accounts to the KTT accounts. **(Action: AW)**

Landfill Allowance Trading Scheme (page 23)

(8) Mr Wood said that the next version of the draft Statement of Accounts would include a surplus LATS allowance of £330k, although this was a nominal value as no trading was yet taking place. Mrs Dean asked for information about which authorities were likely to be buyers of LATS and which, like KCC, sellers. **(Action: AW)**

Balance Sheet (page 24)

(9) Mr Wood explained that discussions were still taking place with our auditors over how to show schools subject to PFI schemes in the Balance Sheet. The asset (ie the existing school building) transferred to the PFI provider from the date of the agreement but KCC were still getting some economic benefit from the asset and that needed to be reflected in the Balance Sheet in some way. It was possible therefore that up to £40m could be removed from the “land and buildings” line (but may then progressively reappear under another heading in the Balance Sheet).

Land and Planning (page 36)

(10) Mrs Dean requested a briefing note on this claim. **(Action: AW)**

Statement of Total Movements in Reserves (page 38)

(11) In answer to a question from Mrs Dean, Mr Wood explained that “set aside” meant earmarked for particular schemes.

(12) In answer to a question from Mr Smyth, Mr Wood explained that where it could be identified that funds were needed to cover a particular event in the future, an earmarked reserve was established where it is appropriate to do so. Because earmarked reserves were for known future events, they were kept separate from the general reserve which was maintained at an appropriate level to meet any unanticipated contingencies which might arise.

School Reserves (page 43)

(13) The IMG noted that the level of reserves held by schools remained very high but that KCC's powers to make better use of this money were limited. Members were advised that the CFE Directorate was undertaking work to see if there is any trend in the schools' reserves (type of school, geographical, size etc) and the Group asked for a report on the outcome of this work to come to its next meeting. **(Action: AW)**

3. Revenue and Capital Budget Outturn 2005/06 and Related Matters *(Item 3)*

General

(1) Mrs Dean pointed out that some of the charts no longer included the budget provision or predicted target line. Mr Chard agreed that these lines should be reinstated in future reports. **(Action: AW)**

Excluded Pupils (page 13)

(2) Mrs Dean asked if the chart could be amended in future to show the proportions of excluded pupils receiving their tuition at home, and in pupil referral units, as well as the total. **(Action: AW)**

Delayed Discharges (page 14)

Mrs Dean asked for information to be provided at the next meeting about the reasons for the recent increase in delayed discharges and the extent of Adult Services' responsibility for these. **(Action: AW)**