

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

PRESENT: Dr M R Eddy (substitute for Mr D Smyth) (in the Chair), Mr C J Capon and Mrs T Dean)

ALSO PRESENT: Mr N J D Chard, Cabinet Member for Finance

OFFICERS: Ms L McMullan, Director of Finance; Mrs C Head, Chief Accountant; Mr K Abbott, Director, Finance and Corporate Services, CFE Directorate; Mr D Honey, Finance Manager, Chief Executive's Directorate; Mr J Wale, Assistant to the Chief Executive; and Mr S C Ballard, Head of Democratic Services

1. Notes of Previous Meeting
(Item 1)

On note 1(2), Mr Wale and Mrs Head circulated a briefing note clarifying the "Local Boards – Member Community Grants" item under Finance Items in Appendix 1 to the July monitoring report.

2. Children, Families and Education Directorate Budget position
(Item 2)

Delegated Schools Budget

(1) Mr Abbott reported that the DfES had just announced that, from 1 January 2007, local education authorities:-

- would be given wider powers of financial intervention in schools;
- would be required to establish a Balance Control Mechanism to claw-back school reserves over 5% (secondary schools) or 8% (primary schools) and apply the proceeds for the purposes of the schools' budget.

(2) The wider powers of intervention were seen as helpful and, in themselves, would have enabled the Council to tackle the problem of the small number of schools with very large reserves. However, the claw-back requirement raised serious issues, particularly as LEAs were required by 31 May 2007 to agree budget adjustments with each of their schools (over 600 in Kent) and then claw-back any reserves over the DfES limit. Apart from the workload pressure this would create, there were fears that schools would, during the remainder of this financial year:-

- spend accumulated reserves on non-priority one-off items simply in order to prevent the money being clawed-back by the LEA;
- use accumulated reserves for items of ongoing expenditure, such as employing staff, thus storing up problems for future year's budgets.

(3) Mr Abbott clarified that in order to determine the level of school budgets for claw-back purposes each school's budget would have to be adjusted to exclude, for example:-

- funds held by one school for others (eg grants given for a cluster);
- PTA funds;
- parental payments for school trips.

(4) Mr Abbott said that school reserves totalled some £55m and he estimated that the new scheme would release some £5-6m.

General CFE Budget

(5) Mr Abbott reported the latest position on pressures on the CFE budget, particularly in relation to the Dedicated Schools' Grant, Asylum and Community Care. He explained that a Management Action Plan had already been prepared to deal with these pressures before the year end.

(6) Members' questions covered the following issues:-

Suppression of High Cost Foster Placements (paragraph 1.1.7)

(7) In answer to a question from Mrs Dean, Mr Abbott said that there was no suggestion that existing foster children should be moved to lower cost placements. The intention was that high-cost placements would be avoided for new cases.

Staffing Underspends within Family Support (paragraph 1.1.3.1)

(8) In answer to a question from Dr Eddy, Ms McMullan and Mr Abbott said that it appeared that Children's Social Services had been running with the same level of vacancies for some years. The likelihood was that funding had been obtained for these posts but there had never been any intention to fill them. This issue had only come to light as a result of the re-structuring of Directorates and, as part of the new budget round, the situation would be clarified and the budget and staffing numbers reconciled. Mr Abbott agreed to provide more details of the total number of staff in Family Support and the number represented by the underspend. **(Action: KA)**

Education Psychologists

(9) In answer to a question from Mrs Dean, Mr Abbott said that our difficulty in recruiting was not due to budget issues, but to a national shortage of educational psychologists. To help overcome the problem locally, KCC had introduced its own training scheme for educational psychologists and had recently recruited the first 15 trainees.

3. Chief Executive's Directorate Budget Position *(Item 3)*

(1) Mr Honey reported the latest position on the pressures on the Chief Executive's Directorate budget for 2006/07. The projected overspend had increased to £1.7m and a

Management Action Plan was being put in place to address this. The most significant areas of pressure were as follows:-

- Personnel and Development

Much of the pressure related to the Home Computing Initiative (HCI) Scheme. This reflected the cost of purchasing computers for staff which had been incurred upfront by KCC. Staff participating in the scheme would repay these costs over 3 years.

Another part of the pressure related to Staff Care Services and this resulted from the increased use being made of Occupational Health and Support Line, particularly by schools. The possibility of covering this additional cost through a Service Level Agreement with the CFE Directorate was being explored.

- Kent Partnership and Kent Works

The pressure arose because the set-up costs for Kent Works (which provided work placement services to secondary school pupils) had been higher than expected and sign-up by schools, and thus income, had been lower than expected. The new Operations Manager was looking at ways of cutting costs and increasing income.

- Corporate Communication

The pressure here (£81k) was due to increased costs of surveys and publications, including "Towards 2010". Dr Eddy asked for a breakdown of the £81k. **(Action: DH)**

Mrs Dean said that a constituent had made an FoI query about the legal powers for publicising "Towards 2010" but had not yet received a reply. **(Action: SCB)**

- Property Group

The cost of the temporary repairs to the Police HQ roof had increased to £375k. Checks were being made as to whether the Property Group's liability for this cost, and the cost of a permanent replacement roof, were covered by insurance.

The £87k for the increase in business rates was the sum after negotiation.

There was a new pressure of £100k for increased energy costs which arose partly from increased energy charges and partly from increased energy usage.

In answer to a question from Mrs Dean, Ms McMullan said that there was no central fund for energy reduction measures as such, but corporate funding would be provided for any measures which could be classed as invest-to-save. Mrs Dean asked for details of energy reduction measures that had been funded corporately. **(Action: LM/CH)**

4. Revenue & Capital Budget Monitoring Exception Report (Item 4)

(1) Ms McMullan and Mrs Head gave a brief introduction to the Cabinet report, highlighting the main points. Mr Chard explained that there had been considerable

turbulence this year because of the re-structuring of Directorates. Officers had done very well in handling this but it would take time to settle down.

(2) Members' questions covered the following issues:-

Direct Payments (paragraph 2.2.1)

(3) In answer to a question from Mrs Dean, Ms McMullan said that work was underway to discover the precise reasons for the increase. It could be a combination of clients who had been eligible for Domiciliary Care, had chosen not to use it, but were attracted by Direct Payments when the scheme was introduced; completely new clients; and Kent's relatively generous eligibility criteria. Mrs Dean asked to see the outcome of the work when it was completed. **(Action: LM/CH)**

Use of BlackBerries by Members (paragraph 2.5)

(4) Mrs Dean asked to be advised of the unit rate for calls on the phone-enabled BlackBerries issued to Members. **(Action: LM/CH)**

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