

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 25 January 2023.

PRESENT: Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mr N Baker, Mrs R Binks, Mr T Bond, Mr G Cooke, Mrs S Hudson, Mr H Rayner, Mr O Richardson, Mr R G Streatfeild, MBE, Dr L Sullivan and Mr S Webb

ALSO PRESENT: Mr R W Gough (Leader of the Council), Mr P J Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Mrs C Bell (Cabinet Member for Adult Social Care and Public Health), Mr D L Brazier (Cabinet Member for Highways and Transport), Miss S J Carey (Cabinet Member for Environment), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mr P M Hill, OBE (Cabinet Member for Community and Regulatory Services), Mr R C Love, OBE (Cabinet Member for Education and Skills), Mr D Murphy (Cabinet Member for Economic Development), Mrs S Prendergast (Cabinet Member for Communications and People), Mrs P T Cole (Deputy Cabinet Member for Adult Social Care and Public Health), Ms S Hamilton (Deputy Cabinet Member for Education and Skills), Mr A R Hills (Deputy Cabinet Member for Environment), Mrs S V Hohler (Deputy Cabinet Member for Communities), Mr D Jeffrey (Deputy Cabinet Member for Integrated Children's Services), Mr J Meade (Deputy Cabinet Member for Adult Social Care and Public Health), Mr D Robey (Deputy Cabinet Member for Economic Development) and Mr M A J Hood

IN ATTENDANCE: Mrs A Beer (Deputy Chief Executive), Ms Z Cooke (Corporate Director of Finance), Mrs S Hammond (Corporate Director of Children, Young People and Education), Mr S Jones (Corporate Director of Growth, Environment and Transport), Mr R Smith (Corporate Director of Adult Social Care and Health), Mr B Watts (General Counsel), Mrs C Head (Head of Finance Operations), Mr D Shipton (Head of Finance Policy, Planning and Strategy), Mr D Adams (Reconnect Programme Director), Mr J Betts (Finance Consultant), Mr J Cook (Democratic Services Manager), Mrs A Taylor (Scrutiny Research Officer) and Mr M Dentten (Democratic Services Officer)

IN ATTENDANCE VIRTUALLY: Mr A Hook and Rich Lehmann

UNRESTRICTED ITEMS

71. Declarations of Interests by Members in items on the Agenda for this Meeting *(Item A3)*

No declarations were made.

72. Minutes of the meeting held on 7 December 2022 *(Item A4)*

RESOLVED that the minutes of the meeting held on 7 December 2022 were an accurate record and that they be signed by the Chairman.

73. Revenue and Capital Budget Monitoring Report - September 2022-23
(Item A5)

1. The Chairman introduced the item and reminded Members of the Committee's previous consideration of the revenue and capital budget monitoring report at its 7 December meeting, where it was agreed to defer consideration to a future meeting.
2. Mr Oakford provided a summary of the report and reminded the Committee that it contained the Council's financial position to September 2022, with an in-year overspend at financial year end forecast at £60m. A breakdown of overspend at the directorate level was provided, with Adult Social Care and Children, Young People and Education highlighted as the directorates with the largest forecast overspends at £27.7m and £33.9m respectively. The Committee were warned that the forecast set out in the report indicated that KCC would not be able to rely solely on its £25m risk reserve to offset overspend. It was explained that the remaining overspend would need to be drawn down from the general reserve as well as earmarked reserves in certain cases.
3. A Member asked Mr Oakford what actions had been taken in response to the first forecast of an in year overspend in the 2022-23 financial year and whether the agreed revenue budget had been unrealistic. He confirmed that an overspend of £70m had been predicted in the June 2022 budget monitoring report, with the prediction adjusted to £60m in the September report. He reminded Members that the risk reserve had been included in the budget to mitigate the impact of an in year overspend and that higher than forecast inflation, exacerbated by the Russian invasion of Ukraine which followed the agreement of the budget in February, had caused greater cost pressures.
4. Mrs Chandler addressed the projected overspend within Integrated Children's Services. A national shortage of social workers which had necessitated a greater use of agency staff as well as a shortage of foster carers and increased service demand were cited as the main factors. She assured Members that Early Help Services continued to offer positive prevention which reduced, over the long term, the number of children in care and pressure on the Council.
5. Mrs Bell detailed the key reasons for the projected overspend within Adult Social Care. She shared her disappointment that all earmarked savings had not been realised. Delays to the full implementation of the new operating model, inflationary costs pressures, increased demand and case complexity, a national shortage of care staff and an increase in the use of short term beds linked to hospital discharge were cited as contributing factors.
6. Miss Carey drew Members' attention to the anticipated overspend within the Environment portfolio. She explained that increased contract costs for residual

waste incineration, which were tied to RPI and stood at 10% in April 2022, were the main factor. The efforts to offset overspend by increasing service revenue, minimising costly waste processing routes as well as improvements to recycling and reuse were explained.

7. Mr Love addressed the projected overspends within Education, drawing attention to the £13.6m overspend on Home to School Transport. He told the Committee that regulations and national guidance had been adhered to and that, in addition to inflationary increases on transport contracts and an increase in demand, overidentification of children with special educational needs (SEN) had contributed, to what was a national issue. He gave assurance that eligibility was an area of continued focus.
8. Mr Hill highlighted a £200,000 overspend on trading standards as the only projected overspend within the Community and Regulatory Services portfolio. He told Members that the overspend was anticipated due to a lack of government funding to support additional provision which had been necessary following EU Exit.
9. Mr Brazier explained that the £3.6m overspend which had been predicted for Highways and Transport had been caused by a delay to the implementation of a removal of bus subsidies, under key decision 22/00052 (Supported Bus Funding Review), as well as £1.2m in increased energy costs for street lighting. He noted that increased revenue from street works permits would partially offset the predicted overspend.
10. Mr Murphy acknowledged that a £70,000 overspend was predicted for Economic Development in September 2022. He explained that legal fees related to Section 106 challenges had been the primary reason for the initial overspend prediction. He reassured the Committee that a £50,000 underspend would be achieved by the end of financial year.
11. Members cited the concerns raised by the Committee prior to the agreement of the 2022-23 revenue budget, that the forecast rate of inflation of 3% was unrealistic and did not adequately estimate cost pressures for the financial year ahead. Mr Oakford explained that the £25m risk reserve, contained within the agreed budget, served as a contingency to meet the foreseen costs and reiterated that inflation had increased considerably following the unforeseen Russian invasion of Ukraine, beginning 24 February 2022, which occurred after the budget was agreed on 10 February 2022. He noted that the budget had been considered robust by the Corporate Director for Finance, as Section 151 officer, in their Section 25 Assurance Statement to Council.
12. Concerns were raised by a Member with regard to Adult Social Care cost pressures which resulted from inflation, increased case complexity and the non-achievement of savings. Mrs Bell reassured Members that the full implementation of Making a Difference Everyday (MADE) KCC's 2022-2027 Adult Social Care Strategy and completion of the service redesign alongside greater integration with local NHS partners would increase the likelihood of

achieving savings. She noted that workforce pressures within the adult social care sector posed a significant risk.

13. In response to a question from a Member on whether non-adherence to the Home to School Transport Policy had a negative financial impact on the Council, Mr Love reminded Members of the remit of appeals panels, their powers and stated that, whilst non-adherence was not a significant reason for the projected overspend, further work was required to understand the impact of non-adherence to the Policy.

14. Mr Oakford assured Members that a new process had been agreed with the Corporate Director of Finance to accelerate the budget monitoring report process, though he noted that the same level of detail may not be available.

RESOLVED to note the report.

74. Draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium Term Financial Plan 2023-26
(Item A6)

Committee consideration based on the draft budget issued on 3 January 2023.

1. Mr Oakford introduced the administration's budget proposals. He informed the Committee that the Council was in its most challenging financial position in recent history and that whilst the local government finance settlement from government had been better than anticipated, £39.1m in further savings were required to offset the impact of increased statutory service demand. Reassurance was given that residents and key stakeholders were consulted on savings proposals. Concerning the relationship between the revenue budget and reserves, he confirmed that it was planned for reserves to be used to reduce level of savings required for the coming year only. He explained that it was the first time the general reserve had been drawn on to balance the budget in over twenty years. It was confirmed that a £12m risk reserve was contained within the budget proposal. He stressed that the proposed savings had to be achieved to ensure the Council's financial stability. The proposal to increase Council Tax by 4.99% was highlighted, with it noted that whilst the administration was reluctant to propose the maximum possible increase, it was necessary to meet budget demands and reflected by most upper tier authorities nationally. Concerning the Future Assets Programme, he informed Members that KCC was not alone in its review and reduction of its estate to maintain financial resilience. He concluded by stating that it was the intention to make savings in areas which had the least impact on residents, with proposed savings having been reviewed and discussed with Cabinet Members, Corporate Directors and Finance.
2. Mr Gough reminded the Committee of his letter, with the Leader of Hampshire County Council, to government which urged for urgent action to address the looming financial crisis facing upper tier authorities, noting that whilst it contributed to a better settlement, financial risks which effected all authorities remained. He stressed that increased demand and costs to adult social care,

SEN and home to school transport, as well as large infrastructure demands, remained the Council's core financial pressures.

3. Regarding the proposed revenue budget for Integrated Children's Services Mrs Chandler explained that the budget uplift reflected the need to accommodate increased service demand and case complexity. She assured Members that resourcing statutory services was the administration's priority and influenced where savings were proposed.
4. Concerning the Public Health Grant, Mrs Bell confirmed that the draft budget included a prediction, as KCC's allocation was yet to be agreed by government.
5. Mr Murphy summarised the key proposed savings within Economic Development which included reduced contributions to key contracted partners as well as additional income of £200,000 per annum for the next 3 years through the No Use Empty scheme.
6. Mr Brazier provided an overview of the capital programme within Highways and Transport, with it noted that Highways Asset Management comprised the majority. Proposed revenue budget savings within his portfolio were highlighted, with attention drawn to reduced costs of concessionary bus pass schemes including the KCC Travel Saver and English National Concessionary Travel Scheme (ENCTS) which were caused, in part, by lower demand. He reminded Members that many services within his portfolio were commissioned and continued to be affected by inflation.
7. Mr Hill addressed the proposed budgetary changes to Community and Regulatory Services. He reminded Members of the pressure on trading standards and explained that the Libraries, Registration and Archives service continued to experience reduced income. He highlighted the proposed increase to expenditure for the Kent and Medway Coroner Service, with the appointment of an additional assistant coroner planned. Regarding revenue savings, he noted that significant savings to the Community Warden service and arts contributions were proposed. With respect to the capital budget, he explained that the digital autopsies programme would create future revenue savings.
8. Members asked a range of questions in relation to the Draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium Term Financial Plan 2023-26. Key issues raised by the Committee and responded to by Cabinet included the following:
 - a. Concerns that the impact of proposed savings had not been detailed in the draft budget report were raised. A Member added that an impact assessment would provide an indication of saving deliverability.
 - b. The total additional borrowing planned in relation to the capital programme and what impact it would have on the revenue budget for

the coming year was requested. Mrs Cooke agreed to provide Members with a written response following the meeting.

- c. Members asked that cabinet committees be provided with equality impact assessments related to savings made within their respective areas. Mr Oakford reassured the Committee that savings would be consulted on where necessary. Mr Gough added that the impact could be examined by Scrutiny and cabinet committees when considering executive decisions related to the implementation of agreed savings, which would include equality impact assessments.
 - d. In response to a question from a Member, Mr Oakford confirmed that the budget, once approved, would continue to be formally monitored on a quarterly basis by Cabinet and Scrutiny, in addition to monthly monitoring by Cabinet Members, Corporate Directors and Finance. He gave further assurance that where in-year adjustments were made by officers to realise savings, Members would be made aware through the formal budget monitoring process.
 - e. Following a question from a Member regarding whether the budget setting process had adhered to Section 11.4 (e) of the Constitution, Mr Watts, as Monitoring Officer, gave assurance that Opposition Groups had been afforded sufficient impartial advice, where required and requested, and Members had been given sufficient time and opportunity to scrutinise the proposals.
 - f. In relation to Cabinet's draft budget setting process, Mr Gough warned Members not to overestimate the Council's room for budgetary manoeuvre, with it noted that the Council's statutory duties limited its financial flexibility.
 - g. Mr Oakford confirmed, following a question from a Member, that proposed savings had factored in anticipated implementation timelines, with saving in the first and following years adjusted.
 - h. In response to a question from a Member, Mr Gough confirmed that KCC's Bus Service Improvement Plan (BSIP) funding allocation had yet to be agreed by the Department for Transport. He stated that the BSIP formed part of a wider discussion around KCC's long term role in public transport.
 - i. A Member asked how future savings could be made to mainstream home to school transport. Mr Love emphasised the need to deliver services in line with the agreed policy, mitigating excess provision and agreed to discuss the matter further with Members.
9. Mr Betts gave a presentation on the Safety Valve Programme. The contents of the presentation included: its purpose, as the Department for Education's (DfE) programme to reduce historic debts for local authorities with the high

Dedicated Schools Grant (DSG) deficits; that an agreement was still subject to negotiation, Ministerial agreement and confidentiality; issues which had increased the deficit; proposed 'hard reset' solution; measures already in place; the preliminary timeline for future Member consideration; and that publication of the agreement was expected for March 2023.

10. Following questions from Members, Mr Betts confirmed that it was expected that the Council would need to get in-year spend to match the in-year grant by the 2027-28 financial year and that DfE funding, in addition to an advanced payment, would be connected to KCC meeting agreed targets.
11. Mrs Cooke clarified that the Safety Value did not impact the 2023-24 draft revenue budget and that any immediate financial risk to the Council in the area was mitigated by a statutory override. It was explained that the Safety Value would have a medium-term financial impact, beginning the 2024-25 financial year.
12. Mr Watts informed the Committee that the final agreement with DfE would be subject to the executive decision-making process and consideration by Scrutiny. The Chairman reassured Members that they would be given the opportunity to scrutinise the agreement.
13. No proposed changes to the draft capital and revenue budgets were made.
14. Mr Oakford thanked the Committee for its comments and consideration of the draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium-Term Financial Plan 2023-26.
15. The Chairman thanked the Leader, Cabinet Members, Deputy Cabinet Members and Corporate Directors for their attendance and engagement with Scrutiny.

RESOLVED to comment on the draft capital and revenue budgets including responses to consultation.

POST MEETING NOTE: The Committee were provided with a written answer to question b. on 1 February 2023.

75. SEND Sub-Committee Terms of Reference *(Item A7)*

1. Following its decision to establish a Sub-Committee to consider KCC's SEND provision, the Committee received a report which further detailed the Sub-Committee's scope, membership, responsibilities and proposed terms of reference.
2. Mr Cook informed Members that, in addition to the membership, there was an expectation that Kent Parents and Carers Together (PACT) representatives would be invited to attend all meetings of the Sub-Committee. He confirmed that this would be with observer status, without voting rights, and that their

attendance was at the Sub-Committee Chairman's discretion. He shared comments made by Kent PACT's Chair which emphasised the importance of the Sub-Committee receiving the perspectives of service users from parents and carers of SEND children and young people.

3. Following questions from the Committee, Mr Cook clarified that:
 - a. the Sub-Committee would appoint a Chairman at its first meeting;
 - b. Scrutiny Committee was not delegating the responsibility for call-in to the Sub-Committee, including when a call-in related to SEND; and
 - c. the decision to retain or disband the Sub-Committee should be taken as part of Scrutiny Committee's review after one-year.
4. Mr Watts assured Members that the Sub-Committee would not preclude Governance and Audit Committee from exercising its functions.
5. In response to a question from a Member, Mr Watts confirmed the establishment of the Sub-Committee would not be accompanied by additional resource. He explained that it was Scrutiny Committee's responsibility to decide how the resource allocation was used to exercise its functions, with regard to the establishment of time limited reviews or sub-committees. It was confirmed that the Short Focused Inquiry work programme would be paused until the Sub-Committee ceased or there was an increase in resources.
6. A Member asked that the minutes of the Sub-Committee be reported to Scrutiny Committee.

RESOLVED to:

- a) approve the proposed Terms of Reference of the SEND Sub-Committee;
- b) agree to review the Sub-Committee after one year; and
- c) note the suggested arrangements for progression, subject to engagement with the Sub-Committee Chair and Spokespeople designate.

76. Reconnect: Kent Children and Young People - Evaluation of Programme *(Item C1)*

1. Members received a report which set out the achievements of the eighteen month Reconnect: Kent Children and Young People Programme which concluded on 31 August 2022.
2. Mrs Chandler gave an overview of the Reconnect Programme's performance against its four aims, to reconnect children and young people with: learning missed; health and happiness; sports, activities and the outdoors; family and community; and friends. She thanked David Adams for directing the Programme and enabling it to achieve positive outcomes.
3. Members commended the Programme's proactive approach to mitigating the long-term effect of the Covid-19 pandemic on children and young people in Kent. The positive impact on wellbeing and feedback received from children, young people, parents and carers were praised.

4. Mr Cooke moved and Mr Barrington-King seconded an amendment that the Scrutiny Committee 'note the report and congratulate the officers involved for their delivery of the Reconnect Programme.'

5. The amendment passed without a vote.

RESOLVED to note the report and congratulate the officers involved for their delivery of the Reconnect Programme.

77. Work Programme

(Item D1)

RESOLVED to note the report.