

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 5 November 2024.

PRESENT: Mr A Booth (Chairman), Mrs R Binks, Mr A Brady, Mr A J Hook, Mrs S Hudson (Substitute for Mr T Bond) and Mr O Richardson

ALSO PRESENT: Mr N Baker, Mrs C Bell, Mr R W Gough, Mr P J Oakford, Mr H Rayner, Mr R G Streatfeild, MBE and Mr D Watkins

IN ATTENDANCE: Mr J Betts (Interim Corporate Director Finance), Mr R Ellis (Director of Integrated Commissioning), Mrs S Hammond (Corporate Director Children, Young People and Education), Mr S Jones (Corporate Director of Growth, Environment and Transport), Mrs R Spore (Director of Infrastructure), Ms J Taylor (Head of Capital Works) and Mrs A Taylor (Scrutiny Research Officer)

PRESENT VIRTUALLY: Mrs L Game and Ms J Hawkins

UNRESTRICTED ITEMS

73. Apologies and Substitutes

(Item A2)

Apologies were received from Mr Barrington-King, Mr Bond (for whom Mrs Hudson was substituting), Mrs Game, Ms Hawkins, Mrs Prendergast and Mr Webb. Mrs Game and Ms Hawkins joined the meeting virtually.

74. Minutes of the meeting held on 18 September 2024

(Item A4)

RESOLVED that the minutes of the meetings held on 18th September 2024 were an accurate record and that they be signed by the Chairman.

75. Revenue and Capital Budget Monitoring Report – June 2024-25

(Item C1)

1. Mr Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services and Mr John Betts, Interim Corporate Director Finance introduced the report and provided a verbal update on the following:
 - a. The report included first-quarter results up to June 2024. The revenue overspend was forecast at £16.3 million, less than in the previous year, with a savings target of £111.3m; £96.3 million of savings were forecast to be achieved.
 - b. Adult Social Care had a forecast overspend of £16.3 million. Despite an extra £100 million added to their gross spend budget last year, the shortfall was due to unmet savings targets, adding pressure to next year's budget.
 - c. Children, Young People and Education were on budget.

- d. Growth, Environment and Transport was predicted to overspend by £6.2 million, but this was expected to fall back in line with the budget.
 - e. Non-attributable costs, or interest on investments, showed an underspend of £7 million, offsetting some of the overall overspend
 - f. Early indications for the second quarter showed no budget improvement. Mr Oakford would provide more information at the next Cabinet meeting.
2. The Chairman invited Members to comment. The key points raised and responded to by the Cabinet Members and officers present included the following:
- a. Would National Insurance worsen the third quarter's budget? Mr Oakford confirmed that it would add a pressure next year and mentioned a possible extra £13 million for Adult Social Care, but this would not alleviate all the budgetary problems.
 - b. Mr Betts clarified that comments made in the Autumn Statement related to 2025/26 and would impact next year's forecast.
 - c. A Member requested a breakdown of finances for months four and five to understand the high overspend and lack of savings. Mr Oakford confirmed that the quarter two report would be brought to Cabinet in November.
 - d. The Chairman requested assurance that the budget figures were moving in the right direction and that plans were robust and achievable. Mr Oakford explained that while Adult Social Care nationwide faced challenges, KCC's other departments were on track. To balance the budget, services might need to be reduced, meeting only statutory responsibilities for Adult Social Care. Directors were aware of the problems and would address them despite growing demand. Price Waterhouse Cooper was working with KCC to improve efficiency. Figures relating to the second quarter would be brought to the next Scrutiny Committee meeting for member analysis.
 - e. A member referred to a table in the report showing the revenue budget forecast for each directorate, specifically the schools' delegated budget. It was questioned if the zero figure for the revenue budget was realistic and if it should have been higher. Also questioned was the VAT on independent schools. John Betts explained that the zero figure was because all money from the Dedicated Schools Grant should be spent or delegated to schools. The report stated that KCC was on track regarding the cumulative target set by DfE for the high needs block, but the schools block was governed by individual schools. These aspects had no impact on the general fund or council tax but needed to be included in the report. The Leader added that the schools' dedicated budget and the high needs block were vital issues for the council but operated under different dynamics. Mr Betts also stated that information on revenue from the VAT imposed on private schools had not yet come through to the council.
 - f. Regarding the latest CQC inspection for Adult Social Care, a member asked if a financial impact was expected. Mr Ellis stated that there was no indication yet, but a large financial impact was not expected.
 - g. A member questioned if providing a service to keep people out of care homes would be more expensive than placing them in homes and if the NHS was paying its fair share. Mr Smith addressed NHS challenges, and Mr Watkins responded that only 3% of care packages were in Inadequate rated homes. Providing the service in-house was not seen as viable due to lack of profit in care organisations

- h. A member questioned how reassessing 7,000 care packages would be achieved and if staff capacity was adequate. They also asked about the cost of agency staff and NHS support, and how domiciliary care was being delivered. Mr Watkins mentioned a new technology helping people live longer at home, creating savings. In-house changes like Kent Enablement at Home and the NHS-funded Home First team also created significant savings. Mr Smith added that key statutory KPIs were monitored monthly with targeted interventions.
- i. A member asked about the underspend on community-based services for young adults with disabilities and the line cost for schools being charged to revenue. Mrs Hammond explained that actual costs were less than expected, creating savings.
- j. Regarding GET, a green waste contract not renegotiated was questioned. Mr Jones explained that the supplier was taken over by a new operator who did not maintain rates, necessitating a new contract.
- k. The Chairman asked for details on the English National Concessionary Travel Scheme (ENCTS) and Highways Asset Management. Mr Baker explained that the ENCTS was outside of KCC's control. The Department for Transport (DfT) had altered the reimbursement calculator, requiring payment from KCC and there were concerns that this could happen again. Increased Highways Asset Management costs were due to unforeseen renewals of the fans in the Chestfield Tunnel and the collapses at Galley Hill Road in Swanscombe and the Remembrance Road in Folkestone.
- l. The Chairman questioned emerging financial risks and their management. Mr Oakford mentioned an ongoing exercise to update risk registers for example, Winter Fuel Allowance, social care, employment and the Living Wage. The Leader added that risks were better controlled than 12-15 months ago, citing home school transport costs and balanced Children's budgets. Mr Oakford noted the biggest challenge for Adult Social Care was increased care sector costs.
- m. The Chairman asked members to share how they would assist in reducing the overspend:
 - i. Mrs Chandler mentioned policies to reduce costs, improving social work staff stability, and preventing children from entering care.
 - ii. Mr Watkins highlighted frequent meetings with senior officers. Difficult decisions such as the closure of Blackburn Lodge and disability charges had created large savings.
 - iii. Mr Love discussed challenges in Home to School Transport and managing high needs block deficits
 - iv. Mr Thomas described savings from waste processing and energy generation.
 - v. Mr Baker noted increased income from street works fines and efficient street work innovations.
 - vi. Mrs Bell mentioned income generation possibilities in Trading Standards and Kent Scientific Services, and reductions in non-statutory services.
 - vii. The Leader highlighted that his role was to complement Mr Oakford's and monitor issues which are vital to the future of the authority. The budgets of Adults, Childrens and SEN were large areas of concern that need to be monitored closely.

- viii. Mr Oakford mentioned behind-the-scenes efficiencies such as the council buildings, office opening hours and savings from the new Oracle IT system.

RESOLVED that the Scrutiny Committee note the report.

76. Fee Uplifts for Adult Social Care Providers 2024/25 decision 24/00009

(Item C2)

As the original proposer of this item the Chairman invited Mr Brady to explain to the Committee why this was on the agenda. Mr Brady explained that this issue was initially brought to the Adult Social Care Committee in March as an out of cycle decision item, and due to unanswered questions, it was brought to the Scrutiny Committee for further discussion.

1. Mr Watkins explained that the semi-urgent decision was due to the timing of the Cabinet Committees and the budget discussion.
2. Mr Ellis added that there was a proposal to bring the papers to the January 2025 Cabinet Committee for debate, with Mr Watkins making a decision after the Budget County Council meeting in February. Initial discussions with finance colleagues and providers aimed to understand their pressures, affordability, and alternative service provisions. An impact assessment was conducted to understand the decision's wider implications.
3. Mr Brady asked for clarification on several points: the incentives for providers whose expectations were not met with the proposed uplift, what would happen to those needing support if providers couldn't deliver care packages, negotiations on costs outside the framework, funding and negotiation details, the absence of impact assessment information for members, any legal issues from the impact assessment, and mitigations for equality implications.
4. Mr Ellis responded that partly due to available capacity, discussions on incentives did not come to fruition. No providers failed to deliver care packages due to the decision, factors like CQC ratings could affect providers but this was not an issue in this case. The priority remained those needing care and support. For negotiations outside the framework, £9.4 million was set aside. Provider costs were assessed individually, but none exceeded what was offered to framework providers. More detail on the impact assessment could have been provided, and Mr Ellis would consider this for future reports. There were no legal issues from the impact assessment, which aligned with contract terms.
5. Richard Streatfeild noted a link between extending contracts in January and KCC's current overspend.
6. Mr Ellis agreed that future approaches should differ. At the time, a 4% uplift seemed fair, though it was a difficult balance.

The Scrutiny Committee fully supported the proposal to discuss the fee uplift decision at Adult Social Care Cabinet Committee in January in the future, understanding that the decision would then be taken by the Cabinet Member following Budget County Council in February.

RESOLVED that the Scrutiny Committee note the report.

77. Capital Works Provider Management and Engagement

(Item C3)

Open minute of exempt item

- 1. This item had been placed on the agenda following the urgent decision taken around Chilmington Green Secondary School.*
- 2. Members had the opportunity to discuss the decision and to receive reassurance that measures were being put in place to prevent, in so far as is possible, similar events occurring in the future.*

RESOLVED that the Scrutiny Committee note the report.

78. Work Programme

(Item D1)

Members requested that the quarter 2 revenue and capital budget monitoring report be included on the agenda for the meeting on 4 December 2024 along with the provisional 25/26 budget and MTFP.

RESOLVED that the Scrutiny Committee note the work programme.

This page is intentionally left blank