

## **SCRUTINY COMMITTEE**

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 4 December 2024.

PRESENT: Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mr T Bond, Mr A Brady, Mr D L Brazier, Ms J Hawkins, Mr A J Hook, Mrs S Prendergast, Mr O Richardson and Mr S Webb

ALSO PRESENT: Mr N Baker, Mrs C Bell, Sir Paul Carter, CBE, Mrs S Chandler, Mrs T Dean, MBE, Mr R W Gough, Mr A R Hills, Mr R C Love, OBE, Mr P J Oakford, Mr R G Streatfeild, MBE, Mr R J Thomas and Mr D Watkins

IN ATTENDANCE: Mr J Cook (Democratic Services Manager), Ms C McInnes (Director of Education) and Mrs A Taylor (Scrutiny Research Officer)

IN ATTENDANCE VIRTUALLY: Mrs Game, Mr J Betts (Interim Corporate Director Finance) and Mr S Jones (Corporate Director of Growth, Environment and Transport)

### **UNRESTRICTED ITEMS**

#### **79. Apologies and Substitutes**

*(Item A2)*

Apologies were received from Mrs. Binks, Mrs. Game and the Parent Governor representatives. Mrs. Game joined the meeting virtually.

#### **80. Declarations of Interests by Members in items on the Agenda for this Meeting**

*(Item A3)*

Declarations of interests were received from the following Members:

- Mrs. Prendergast had been invited to be a Trustee for one of KCC's special schools, this had not yet been formalised.
- Mr. Webb was a Senior Officer at KCC at the time that the previous special school review took place.
- Mr. Reidy was a Chair of the Local Governance Committee at St Simon Stock Catholic School

#### **81. Revenue and Capital Budget Monitoring Report - September 2024-25**

*(Item C1)*

1. Mr. Oakford presented the monitoring report on the Council's financial position at the end of quarter two.
2. In answer to a question regarding the monitoring of spending, Mr. Oakford explained that much of the Adult Social Care portfolio was demand-led, with statutory responsibilities under the Care Act to meet individuals' needs. 81% of other Councils faced similar challenges to those at KCC in Adult Social Care. Mr.

Oakford also recognised the excellent work in Children's services and SEND, which had started to come in under budget. This positive trend, along with some wise investments, had helped reduce the £32 million overspend to £26 million.

3. Mr. Oakford commented that if the council was to do nothing there would be approximately 18 months before it would be necessary to consider issuing a Section 114 notice.
4. Mr. Gough reiterated that the 18-month timeline mentioned by Mr. Oakford was based on current trends, emphasising the need to address ongoing spending pressures to protect reserves. He noted that many authorities shared similar concerns about financial sustainability beyond 2025-2026. Previously, three areas faced significant spending pressures, but two were now on track or underspending due to realistic budgets. However, national spending trends for Adults, Children's Services, and SEND were unsustainable. While there was progress in Children's Services, detailed reforms were still needed. Adult Social Care remained challenging, exacerbated by employers' National Insurance changes. Achieving the necessary savings trajectory was essential, with some areas outperforming, but overall savings targets had not yet been met. The focus remained on balancing internal solutions with government reforms to ensure sustainable services.
5. Mr. Oakford stated that if KCC had stayed on its previous overspending trajectory, auditors would have questioned the levels of reserves. He noted the Council was on the right path with controls and budget adherence. The same focus was needed for Adult Social Care. The challenge was implementing savings and resisting service pressures.
6. Mr. Oakford stated that next year's budget assumptions would remain until the settlement agreement was understood. The Government had allocated £1.3 billion to local government, with Kent County Council expected to receive £20 million—£15 million for Adults and £5 million for Children's Social Care. However, this was insufficient given the savings target of over £40 million for Adults alone, not accounting for inflation and other pressures. Incremental costs from increased employer National Insurance and the Living Wage posed further challenges. Providers had stated they face an 11% increase in staff costs, while the Council's budget allowed for only a 3% uplift, leaving an 8% gap. Despite the additional funds, significant challenges remained, though the Council was grateful for the extra support.
7. Regarding Adults, and the Government recovery grant, Mr. Oakford stated that the total recovery grant was £600 million, which would be quickly exhausted. It was uncertain if it would be available for KCC. Although more funds were allocated to Adult Social Care, as in previous years, the methodology for distribution was still awaited. If the same methodology was used, KCC might receive £15 million, which would be welcomed but insufficient to address the £40 million savings needed for Adults next year. Mr. Watkins added as Adult Social Care grew, despite the savings package, the underlying demographic increase led to higher demand and spending. This year, total demand increased by approximately £100 million, while KCC's savings were just over £50 million, resulting in a net increase of £50 million. Consequently, more care packages required more funding.
8. Mr. Watkins addressed the issues regarding mental health services. It was a budget savings area KCC had missed and would likely miss again the next year. This was due to the joint effort required with the NHS. While there had been good referral pathways for immediate mental health crises, there was a lack of step-down care and long-term support, leading to high costs for KCC. The Council

needed the NHS to help evolve community provisions for full recovery, which might have involved other community services as well as addressing homelessness issues. KCC planned to hold a summit on mental health to coordinate efforts and develop a plan and timeline. Despite some progress with the NHS, quick changes were unlikely, making it a long-term project. The summit was expected within the financial year to address these complex services.

9. Mr. Watkins continued by addressing a question regarding beds. KCC had some in-house facilities providing care beds, but utilisation rates had not been met. This often resulted in adults being placed in more expensive external facilities. The reasons varied based on individual circumstances and specific needs that in-house beds could not meet.
10. Regarding the redesign, Mr. Watkins stated KCC was amid a significant project, working with consultants experienced in Adult Social Care across the country. They were redesigning the initial support process to better utilise community resources and avoid immediate full assessments for care home placements. This approach aimed to maximise community support, leading to better outcomes and budget savings.
11. Additionally, KCC was being more proactive and innovative with location-based therapists, focusing on therapy-based interventions to help individuals stay healthier and happier at home for longer. This was a crucial part of the redesign project.
12. Addressing the on the disability charging changes KCC had made this year, Mr. Watkins explained the decision to implement disability charging changes was difficult but necessary. Without it, the £31 million overspend would have been £34 million. This change, already adopted by most local authorities, was essential.
13. Mr. Watkins then addressed a point on prevention. Councillors frequently received emails from charities proposing projects that could save the Council money. In Adult Social Care, Children's Services, and SEND, early action could potentially save money in the long run. However, tracking the impact of preventive measures on demand for other Council services had been challenging. KCC had begun work on a prevention framework to better quantify these benefits for future years. This effort aimed to evaluate the potential care savings from preventive investments. The complexity was further increased by the fact that some savings might benefit other entities, such as the NHS or the Ministry of Justice, rather than the Council itself.
14. Mr. Betts added that KCC might receive nothing from the Recovery Grant due to its allocation based on deprivation levels and average Council tax across all bands. The only recovery options for any local authority in significant financial distress would be borrowing and raising cash and tax revenue thresholds. These options were confirmed in a statement issued by the Minister last week.
15. Regarding the rapid review of ASCH savings, Mr. Oakford stated that there were two elements. Firstly, a review of the undelivered savings for the current year to understand the reasons and mitigate the overspend by 31 March 2025. Secondly, the savings planned with a third party for the next year, targeting over £40 million in Adults savings. The Council awaited details on how these savings would materialise and the implementation plan. Each meeting and review emphasised the need for clear explanations on how and when the savings would be achieved, as stating a savings target without a plan was insufficient.
16. Mr. Oakford emphasised that responsibility and accountability were inseparable. Discussions revealed that current structures made it difficult to pinpoint individual accountability. The third party's work aimed to align responsibility and accountability, ensuring those committed to delivering next year's savings could

be held accountable. Currently, accountability primarily rested with senior leaders, but it needed to extend to middle managers responsible for delivering results. While senior leaders, including Mr. Oakford, were ultimately responsible for the budget, accountability must also be distributed throughout the organisation.

17. Mr. Watkins highlighted issues regarding the £22.7 million savings shortfall. The directorate had committed to £54 million in savings and income increases for the year. If achieved, this would add £54 million to the Council's funds compared to business as usual. The BRAG system, an evolution of the RAG rating system, provided monthly reports on these targets. Currently, the Council was on track to not meet £23 million of the £54 million target, achieving only £31 million.. Some projects, like technology-enabled lives and enablement home services, were above target, slightly offsetting the shortfall. However, the net shortfall remained at £23 million. Reasons for the shortfall varied by project. For example, savings in mental health, reliant on NHS collaboration, had not been achieved. Additionally, some local teams did not meet their savings targets. Factors outside managers' control, such as unexpected cases with high care needs, could significantly impact budgets. The Council planned to ensure that locality teams were on track and responsibly recommending care packages.
18. Mr. Baker noted that the ENCT bus pass budget details were received after KCC had already set its budget, making alignment impossible for this year. The DfT determined the amount, which KCC was obliged to pay. There was also an overspend due to emergency work required under the Highways Act.
19. In answer to a question regarding the forecast for the third quarter, Mr. Oakford stated that based on the last two months' data, the forecast suggested stability, though final data, approximately 85% accurate, would be available at the end of the quarter. The new Oracle system, currently being implemented, would provide quicker and more accurate data, allowing for more frequent reviews. Currently, monthly data was reviewed with a three week delay.
20. Mr. Watkins noted that staff were a fixed cost, with about 80% of the directorate's spending being commissioned. Spending on contracts varied with the number of people and the complexity of their needs, presenting the biggest challenge. Although the number of supported individuals hadn't increased, costs remained high. Regular reports would continue to clarify how much of the spending increase was due to the number of people versus the complexity of their needs.
21. The Chair then requested a brief progress report from each Cabinet Member:
  - a. Mrs. Bell - Over the past eight years, nearly 50% had been cut from the Arts budget, and Community Ward budgets had been halved. Despite these reductions, essential services such as Coroners, Trading Standards, Community Safety, the Registration Service, domestic abuse-related death reviews, and public rights of way still required funding. These were statutory duties, leaving limited scope for further cuts.
  - b. Mr. Thomas – The position for quarter two remained the same as quarter one. Most of the budget was allocated to waste management. Four key government changes were expected to impact the sector over the next three years: Simple Recycling (focused on food waste collection and separation for significant savings), Extended Producer Responsibility (with a provisional settlement received but requiring future investment), Emissions Trading Schemes (related to energy from waste), and the Deposit Return Scheme (providing monetary incentives to return bottles).
  - c. Mrs. Chandler – There had been significant success in reducing costs for the eighteen to twenty-five cohort, partly due to negotiations for continuing healthcare funding from the NHS. This funding was crucial as it continued

when individuals transitioned to Adult Social Services. Despite the team's commendable efforts, there had been budget slippage for Looked After Children. Even a small change in the number of placements had caused considerable budget variations, and high placement costs had impacted performance. There was an underspend due to the recruitment of social workers. However, the overall situation was much better than the previous year.

- d. Mr. Love reassured members that the Education Department had done everything possible to get back on course and make savings. He took accountability for the overspend within his department along with nearly £3.5 million in savings delivered.
- e. Mr. Baker - A significant overspend resulted from the Chestfield Tunnel work closure, with ongoing efforts to cover this from the Corporate Contingency Reserve, impacting the high-risk and transport budget. The overspend has been reduced from £4.1 million to £3.8 million since quarter one. Safety-critical work remained a priority. Early signs of stability were now evident, allowing for long-term planning and strategy rather than reactive measures. Despite the overspend, Highways and Transport, was approaching a stable position. Increased income for highways is crucial to align with delivery goals for essential services.
- f. Mr. Watkins – All efforts were being made to reduce the overspend, with a strong emphasis on achieving further savings in future.

RESOLVED that the Scrutiny Committee note the report.

## **82. Draft Revenue Budget 2025-26 and MTFP 2025-28**

*(Item C2)*

1. Mr. Oakford introduced the budget report, which had been submitted to all the Cabinet Committees in November and would be considered again by the Scrutiny Committee on 29 January 2025.
2. The Cabinet Members and Officers responded to questions which included the following:
3. Mr. Oakford acknowledged the uncertainty surrounding the settlement agreement and potential funding for Adult Social Care. He highlighted the uncertainty regarding expected grants and possible changes in Government methodology.
4. Once the settlement details were known, Mr. Oakford would have a clearer understanding of the financial situation. The goal was to achieve £85 million in savings, and even with an additional £20 million from the Government, finding £65 million in savings was a significant challenge that would impact services. Efforts were focused on reducing pressures and securing necessary funds.
5. Regarding Discretionary Council Tax Incentive Payments, Mr. Oakford noted that District Councils were legally responsible for collecting council tax. While the authority had previously supported them financially, it could no longer afford to do so. He believed it was necessary to stop subsidising District Councils to fulfil their statutory duties, as this would otherwise divert funds from essential services.
6. Mr. Gough added that despite the policy statement indicating a positive direction, there are still challenges, particularly the National Insurance impact on providers. The Office of Budget Responsibility suggested that the £600 million extra for Adult Social Care would be offset by increasing sector costs. This highlighted the competing demands on the additional funds. Prioritisation of the funds was necessary to address the competing demands effectively.

7. Mr. Watkins hoped that next year it would be easier to make the £50 million savings in Adult Social Care. He noted that referring to savings as cuts was not accurate as services were not being stopped, instead they were being carried out in a more efficient way to achieve savings.
8. Mr. Oakford summarised by confirming that when he returned to the Committee with the final draft budget and answers to the questions regarding the settlement agreement, he would be in a much better position to engage in a debate on the budget in February.

RESOLVED that the Scrutiny Committee

- a) NOTE the administration's overall draft revenue budgets including responses to consultation, and;
- b) NOTE there will be further opportunity to scrutinise the final draft budget proposals at the Scrutiny Committee meeting on 29 January 2025 ahead of Cabinet endorsement on 30 January 2025 and Full County Council meeting on 13 February 2025.

### **83. SEND Scrutiny - Quarterly Reporting (2nd report)**

*(Item C3)*

1. Mr. Love presented the report which was the second quarterly report on SEND to the Scrutiny Committee.
2. In response to a question about realistic achievements within the service, Ms. McInnes stated that there had been an improvement in the culture of the team and consequently staff productivity had risen whilst maintaining a focus on quality of service provided. Despite recruitment challenges for Educational Psychologists in Kent and nationally, response rates to annual reviews had improved alongside the implementation of various quality assurance measures. Significant investments in staff training, coaching, and peer reviews had been made, and work in these areas continued.
3. Ms Gleave stated that a strategic decision had been made to address overdue and new statutory assessments, fulfilling a moral obligation to complete late ones. The number of weeks overdue was reduced to 26, and backlogs were removed. Emphasis on thoroughness and quality of plans continued, with regular training sessions and process improvements. Managers actively managed officer caseloads and held regular meetings to address issues. Liaison between Health and Social Care had improved, with ongoing enhancements.
4. Mr. Love highlighted the significant cultural shift in the organisation over the past 14 to 16 months and how much it had driven improvements.
5. Regarding questions referring to Education, Health and Care Plans (EHCPs) and their review process, Mr. Love highlighted that KCC were currently issuing more EHCPs than the national average and almost double the long-term national average. Ms Gleave continued by explaining that children were given broad outcomes over a Key Stage within their EHCPs, which were reviewed annually. Schools monitored progress through provision planning, data, and regular meetings if a child was at risk of not progressing. If concerns persisted, schools or parents could request an early review. Typically, an early review would not be held less than six months after the last one, but it could be requested.
6. Ms. McInnes also noted that there was a capacity issue with the increase in annual reviews, making it difficult to balance, but improvements had been made.

EHCPs typically ceased for older age groups, such as when a young person went to university. Few families returned to KCC after an EHCP ceased.

7. Ms Gleave explained that even if an EHCP was not issued, the assessment still provided valuable information. This information was used by SEN Inclusion Advisors to help schools plan provisions and inform meetings with parents. She continued to explain that there was a very small minority of children that did not attend schools, and in that instance, the local authority had the responsibility to arrange a review.
8. Ms. McInnes highlighted a sophisticated tool that was being developed to create a five-point scale for each outcome in the outcomes framework, allowing development to be tracked over time. Discussions were held to obtain permissions to use AI for processing the large amount of data.

RESOLVED that the Scrutiny Committee note the report.

#### **84. Scrutiny Review - SEND Transformation**

*(Item C4)*

1. The Chair noted that this was not the end of the scrutiny on this subject, but the end of a section of the work. The Scrutiny Committee had committed to quarterly reporting on SEND. He then asked for members' comments. Comments were as follows:
2. Members who had attended the evidence gathering sessions – commended the quality of the meetings. The work undertaken by the group had been intense and valuable and the contributions were acknowledged despite time constraints to ensure the conclusion aligned with decisions due to be made by the Cabinet Member.
3. A Member commented on the impact of Kent's selective education model on the SEND offer that needed more clarity and information. It was considered that recommendation six could be more strongly worded to address concerns about special schools, particularly regarding physical buildings. Specific questions about plans for building adaptations, budget, and completion timeline before September 2026 needed to be answered.
4. Concerns were voiced about Capital Funding and adapting schools for inclusive education. It was crucial to address parents' concerns and ensure their voices were heard, improving communication with schools, and recognising that this was just the beginning, requiring more detailed work.
5. The Chair commented that this marked the beginning of ongoing work and continual review by the committee. Many people had felt unheard and forgotten but appreciated being listened to by the committee. Mr. Love would respond to the recommendations contained within the report in January. The committee aimed to proceed without further delays, continuing with deep dives and related work.
6. A Member commented that the committee spent over 20 hours listening to often contradictory information. But agreed that the report identified areas for further examination, gave a voice to those involved, and highlighted people Members still wanted to hear from. It outlined a pathway for future work.
7. One Member commented that the recommendations were insufficient to prevent the Council having to issue to S114 notice. The 2014 SEND Act had increased EHCP demand, straining the budget. Kent had issued more EHCPs per 1,000 young people than any other local authority. The Dedicated Schools Grant (DSG) had a significant, poorly monitored overspend. The Safety Valve agreement

required balancing the DSG by 2028, necessitating urgent action. The government's additional funding might have helped, but immediate steps were needed. The balance between mainstream inclusion and special school provision had been better in 2015-2016. Strategic and operational plans were essential to balance the budget, with concerns about mainstream inclusion's impact on special schools and the need for proper funding. Urgent financial modelling and planning were crucial to avoid financial ruin.

8. A Member raised concerns about the lack of a business case for the special school transformation project. The number of commissioned SEND places was insufficient, and there were issues with capital investment, exemplified by Stone Bay School. There was no political consensus on the way forward. Both mainstream and special schools lacked necessary investment for SEND pupils. Urgent answers were needed, especially regarding financial and value-for-money data.
9. A Member commented that report was underwhelming and did not reflect the seriousness of the situation. Their concerns included the lack of a full financial breakdown, an inadequate Safety Valve Agreement, insufficient Capital Funding for school adaptations, and a lack of forecasted pupil numbers. The Member added that there was conflict with head teachers of special schools in Kent, who were not allowed to ask questions during a recent meeting and were pursuing legal action against the County Council.
10. The Chair addressed the previous comments and stated that at the next meeting in January, there would be a report on progress made against the Safety Valve Agreement.
11. A Member commented on recommendation six, they emphasised the need for a review and adjustment mechanism by the Cabinet member and officers. In recommendation seven, clarity was sought on the processes, mechanisms, and budgets to support best practices for SEN. Regarding recommendation nine, the Member noted that theoretical arguments had been tested before, referencing Professor O'Brien's paper on inclusion. Finally, for recommendation ten, the Member suggested removing the line about promoting inclusion champions in special schools to avoid inflammatory language, acknowledging the existing inclusion quality marks and awards held by these schools.
12. A Member suggested that the increase in SEND provision moving outside of Kent may be due to the growth of Academy Chains in the area.
13. Mr. Cook clarified some procedural points including that the investigation and evidence gathering had been designed based on the committee's agreement in July to hear from external parties, including schools, parents, and experts. There had been significant discussion about financial information provided by the County Council, the Cabinet Member, and the service, with plans to provide additional information in future meetings. It was important to distinguish between external evidence from parents and professionals, and detailed information from CYPE and colleagues. The report included information from various stakeholders and aimed to balance the recommendations based on committee discussions and consensus. If the report was agreed upon, the Cabinet Member would need to respond to the formal recommendations and would have access to the meeting minutes capturing members' views.
14. A Member considered the report to be neutral and condensed and that it should be seen as the end of the beginning.
15. The Chairman stated that the report is not the final time this committee will be looking at this subject, it is the conclusion of this section of work.



16. The Clerk added that the conclusion of the report allowed Mr. Love to respond to members' comments and move forward with more scrutiny on this subject in future meetings.
17. Ms McInnes added some clarifications regarding the comments of one Member, it had been alleged that special school head teachers were not allowed to ask questions during a meeting. However, the meeting's purpose was to share recommendations, and due to the extensive content, heads were asked to submit questions in writing, with written responses provided. Thus, they did have the opportunity to ask questions. Additionally, the Member had mentioned one impacted academy, but there were actually two. Regarding Inclusion Champions, the equality inclusion mark achieved by several special schools required outreach work, aligning with the report's recommendations. A special school head teacher also volunteered to be an Inclusion Champion.
18. A Member proposed that the Committee approve the report for submission to the Cabinet Member. The Chairman seconded this and members agreed.

RESOLVED that the Scrutiny Committee:

- APPROVE the report for submission to the Cabinet Member for Education and Skills, and
- REQUIRE that a response, from the Executive to the recommendations contained within the report, be provided to the Scrutiny Committee meeting on the 29 January 2025.

#### **85. Kent Flood Risk Management Committee - Annual Report** *(Item C5)*

1. Mr Hill introduced the report which provided an overview of the work of the Committee for the period November 2023 – November 2024.
2. Mr. Hill stated that significant progress had been made through collaboration with the Southern Water and Clean Water and Seas Taskforce including distributing over two thousand water butts. Four schemes were being developed to prevent flooding in high-risk areas. He emphasised that teamwork with suppliers and partners could make a substantial impact.
3. Regarding the quality of the water in Deal, Mr. Hills stated that there was a project in the works to get a buoy that can track real-time water quality using a phone app however he cited that the EA should have a better, more regular system to test the water. He hoped that there would be improvements seen by next year.
4. Regarding Flood Wardens, Mr. Hills stated that he is a Flood Warden, and the best way for member to help is to become one themselves, however, he noted that there was currently insufficient manpower to organise and fund training.
5. In reference to building on flood zones, Mr. Hills stated that the Environment Agency and Water Companies needed to be more assertive in attending planning committees and halting proposed building works.
6. Mr. Hills agreed that the EA need to be pressured to look at the damage unclean swimming water is doing to local economies.

RESOLVED that the Scrutiny Committee note the Kent Flood Risk and Water Management Committee Annual Report.

**86. Work Programme**  
*(Item D1)*

RESOLVED that the Scrutiny Committee note the work programme.