

INFORMAL MEMBER GROUP ON BUDGETARY ISSUES

NOTES of a meeting of the Informal Member Group on Budgetary Issues held in the Wantsum Room, Sessions House, County Hall, Maidstone on Thursday, 27 January 2011.

PRESENT: Mrs T Dean (Chairman), Mr L Christie and Mr R F Manning

ALSO PRESENT: Miss S J Carey and Mr J D Simmonds

IN ATTENDANCE: Mr A Wood (Acting Director of Finance), Mr D Shipton (Finance Strategy Manager), Mr P Sass (Head of Democratic Services and Local Leadership), Mr A Webb (Research Officer to the Cabinet Scrutiny Committee) and Lizi Payne (Corporate Accountant)

UNRESTRICTED ITEMS

22. Notes of Previous Meeting on 6 January 2011 (attached for approval) *(Item 1)*

(1) A response to actions from the previous meeting was circulated to Members. There were a number of issues arising from this response:

Asylum

(2) It was explained that if the UK Border Agency (UKBA) honoured the deal it had made with KCC, KCC should receive approximately £1.8 million more in reimbursement of its costs towards the amount shown in the budget monitoring report. The overspend in the budget monitoring report arises from 3 factors:

- £309k in relation to small number of cases in the 2008/09 and 2009/10 claims which UKBA have challenged
- £990k in the 2009/10 claim which the Council consider UKBA are liable for in relation to those aged 18+ leaving care under the terms of the agreement reached last year
- £887k because UKBA has not reached their objective of repatriating those with All Rights Exhausted (ARE) in 2010/11 within 3 months.

(3) Mr Wood explained that KCC felt that UKBA had reneged on the deal, and Mr Simmonds explained that the Leader was awaiting a letter from Damian Green, the Immigration Minister about the issue.

(4) Mr Wood explained that Kent had an Asylum Reserve to deal with this issue, but that in setting next year's budget, officers had assumed the UKBA would honour the agreement. There would however be no Asylum Reserve like in previous years, so there would be a provision for bad debt.

(5) Mrs Dean drew Members' attention to a briefing on asylum that was available on KNet. Mr Shipton promised to send the briefing round to the IMG membership.

Highways Fund

(6) Mrs Dean thought that the money was not being spent due to the £1000 cost of evaluating proposed schemes.

(7) Mr Manning felt that the Members Highway Fund had got off to a bad start because there was no structure in place to implement the improvements. He thought that when the improvements were complex and required multiple contractors this resulted in multiple margins, which pushed up the price.

(8) Mr Shipton undertook to speak to John Burr and Richard Hallett about the issue.

Apprenticeships

(9) Responding to a question about apprentices going out and accompanying youth workers, Mr Shipton explained that proposals were still being formulated.

RESOLVED that the notes of the Informal Member Group on Budgetary Issues held on 6 January 2011 be agreed as a correct record.

23. Revenue & Capital Budget Monitoring Exception Report (Cabinet report attached)

(Item 2)

(1) Mr Wood talked Members through Table 1 of the report. He was confident that the proposed management action of £3.5m could be delivered.

(2) Kent's share of the money announced by Andrew Lansley for services which benefit both Social Care and Health would help address the KASS overspend (KASS was already delivering services which met the criteria for the additional funding). On the basis that Kent would normally receive 2.5% of any national funding, it was expected that this would be worth approximately £4m.

(3) On management action, Mr Simmonds explained that this was discussed with portfolio holders at Cabinet meetings, Corporate Finance officers kept in touch with their counterparts in the Directorates and Cabinet Members made clear to their Managing Directors that it was essential they delivered a balanced budget.

(4) Each month Corporate Finance had detailed discussions with Directorate Finance teams, and there was a process around what figures made their way into the report. Drivers included staffing, residential care placement and children in care. An increase in e.g. fostering placements would have an impact on the budget, and this would then emerge as a pressure

24. Treasury Management Strategy (Cabinet report attached)

(Item 3)

(1) There was a discussion around CCLA, the investment management organisation. It had received Financial Services Authority approval, but it had not yet received a credit rating. Mr Simmonds stated that it would be on the IMG agenda again, and all

the relevant information would be made available. It would also be discussed at the next meeting of the Treasury Advisory Group.

(2) During a discussion on the financial advisors and fund managers used by KCC, Mr Simmonds explained that the Council was about to go to tender. It had used Butlers Asset Management and Arlingclose in the past, but it was an uncompetitive marketplace.

25. Budget 2011/2012 and Medium Term Financial Plan 2011 - 2013

(Item 4)

(1) Mrs Dean expressed a desire to go through budget cuts in future agendas of the IMG.

(2) Mr Wood stated there had been a discussion at CMT about savings. £95m would be saved in 2011/12 with the impetus being the Council restructure.

(3) The proposals to deliver the savings would be developed and run through CMT every month, and the data taken to CMT would be brought to each meeting of the IMG.

(4) Mr Wood explained that Finance were trying to create a process that would work for CMT and Cabinet Members. Responding to a question about what it would look like, Mr Wood asked Members what they would like to see. Members expressed their views as follows:

- It should be understandable, but actionable at the level of Corporate Finance
- The focus should be on what changes the people of Kent would see
- It should focus on reductions in services, such as in schools, social care and community policing and their relationship to cuts in Government funding

(5) Mr Wood explained that the document would detail how the savings were made, including the number of jobs. It would set out both the impact and the reason. Mr Simmonds felt that it would be a useful tool to make sure the actions intended to make the savings were happening.

(6) On working out the parental contribution to transport, it was explained that there was an assumption that some parents will choose public buses rather than the freedom pass. The assumption was also based on current journeys. Miss Carey explained that Kent would go out for consultation about the proposals. Mr Shipton undertook to provide a note to the IMG on how the savings from changing the policy on selective/denominational transport had been calculated.

(7) On the reduction to Member allowances and overheads, Mr Simmonds explained that there were a number of possible options being discussed on how this money would be found, including:

- Having one less Cabinet Member
- Less Deputy Cabinet Members
- Less support costs
- A reduction in Members' allowances

(8) Mr Christie referred to an assurance given by the Leader about the Early Intervention Grant that proposals relating to the reduction would be put before Members for consultation including through the relevant POSC. Mr Simmonds explained that there was a blueprint for how it would be implemented. It was hoped that proposals would go to County Council and it might have to go POSCs after this.

(9) Mr Shipton added that the savings proposals due to the reduction in EIG and ABG would be covered in the Budget papers to Cabinet. Mr Wood informed Members that the CFE Director of Resources would not know the impact upon every line, and Mr Shipton suggested there may also be an impact in the Communities budget.