

INFORMAL MEMBER GROUP ON BUDGETARY ISSUES

Notes of a meeting of the Informal Member Group on Budgetary Issues held in the Sessions House, Maidstone on Friday, 2 December 2011.

PRESENT: Mr R F Manning, Mr G Cowan and Mr R J Lees

ALSO PRESENT: Ms S J Carey

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr D Shipton (Acting Head of Financial Strategy), Mrs A Taylor (Research Officer to Cabinet Scrutiny Committee) and Mr A Webb (Research Officer to the Cabinet Scrutiny Committee)

UNRESTRICTED ITEMS

56. Notes of Previous Meeting on 14 October 2011

(Item 1)

RESOLVED: that the notes of the Informal Member Group on Budgetary Issues held on Friday 14 October 2011 were approved as a correct record.

57. Revenue & Capital Budgets, Key Activity and Risk Monitoring 2011-12

(Item 2)

- (1) The forecast revenue position (excluding Schools) was a balanced budget. After management action an underspend of £0.740million was being forecast.
- (2) There were pressures within the Communities, Customer Services and Improvement portfolio due to a shortfall against savings targets within both the Contact Centre and Communications, Media Relations and Public Engagement.
- (3) There were significant pressures within the Specialist Children's Services totalling an overspend of £12.6million. Specialist Children's Services were an ongoing concern and would be flagged up in the Medium Term Plan with £20million built into the budget for 2012. There was a discussion about the sustainability of investing money into Specialist Children's Services, the investments were being made to prevent future problems and to try to prevent children entering the care system in the first place.
- (4) Education Learning and Skills were on track to achieve some savings but perhaps not as much as originally expected.
- (5) In response to a question about the investments being recovered from the Icelandic banks Mr Wood explained that the legal costs were not as high as expected as they were shared amongst the 102 local authorities which were also attempting to recover their money. There were minor concerns and risks over the exchange rate.

- (6) On the issue of Asylum, discussions were ongoing with the Government.
- (7) Members discussed the problems with the Business Rates scheme and the impact this would have on the Pfizer site, it was considered that as prosperity declined, business rates declined and so demand for council services increased.
- (8) Paragraph 4.5 explained the reasons for Real Variance and how it was being dealt with. It was considered that there were too many 'unforeseen/unfortunate circumstances' and that early management action should foresee problems. It was hoped that the Council's procurement team would work with contractors in the future to prevent such problems.
- (9) Members raised concerns about the liability for any Academies which might fail. It was not practicable for the Council to budget for such an event and the Council would not inherit and financial deficit but it was unlikely that the Council would get back all of the money that the Academy was spending.

58. Autumn Budget Statement

(Item 3)

- (1) The timing of this report was not ideal given the Chancellors budget statement earlier in the week although this had had no material impact on the Autumn Budget Statement report.
- (2) There was a public sector pay freeze for next year, although the Kent Scheme would make its own decision regarding the pay award.
- (3) A zero council tax rise would result in savings targets of £14.4million for the County Council. A Government grant would compensate for this but that was just a one off payment. Therefore if authorities were to take up the grant they would only be deferring future savings or council tax increases.
- (4) The details and dates of the provisional grant settlements were unknown but they would be announced in January. There was some uncertainty about the New Homes Bonus, particularly in a two tier area and this would be monitored closely.
- (5) There was a net loss of funding to the County Council of £11million and an increase in spending demands of £93million resulting in a need to make £104million of savings in 2012/2013.
- (6) Adult Social Care comprised a third of the County Council's revenue spend and as demands increased the challenge to make savings increased. There was a need for a radical change to transform the service in order to continue to care for people who need support.

RESOLVED that Members note the Autumn Budget Statement.

59. Agency Worker Regulations Update

(Item 4)

- (1) The Regulations applying to agency workers had changed giving the workers more rights, the new regulations were due to come into force on 23 December 2011. When the effect of the regulations was known Members would be informed.
- (2) Kent Top Temps would have to make a decision over what proportion of the cost would be absorbed and the proportion to pass on to the agency worker rates.
- (3) KCC would have to make a decision on how to employ agency workers once the new regulations had come into force.
- (4) POST MEETING NOTE: the quarterly information on the number of agency staff in post was circulated to Members of the IMG following the meeting.

RESOLVED that Members receive a further update in March 2012 setting out the impact on the agency worker regulations on Kent County Council.