

**NOTES** of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Thursday, 10 January 2008.

**PRESENT:** Mr D Smyth (Chairman) and Mr C J Law.

**ALSO PRESENT:** Mr N J D Chard, Cabinet Member for Finance.

**OFFICERS:** Mr A Wood, Head of Financial Management; Mr K Abbott, Director of Finance and Corporate Services, Children, Families and Education Directorate (for Item 2); and Mr S C Ballard, Head of Democratic Services.

**1. Notes of Previous Meeting**

*(Item 1)*

Noted.

**2. Children, Families and Education Directorate Budget Position**

*(Item 2)*

The IMG discussed the following issues:-

School Reserves (paragraph 1.1.3.17 (page 27))

(1) In answer to questions from Mr Smyth and Mr Law, Mr Abbott explained that, in late 2007, the Government made, but subsequently withdrew, tougher proposals for clawing-back school reserves. These proposals were in addition to the Balance Control Mechanism which had been introduced by Government in January 2007. Even though the proposals had been withdrawn, Government had made it clear that LEAs were expected to do more to claw-back 'excessive' school reserves.

(2) Under the Balance Control Mechanism, KCC had agreed with the Schools' Forum that primary schools could hold reserves of up to 8% and secondary schools up to 5%. On top of that, schools were allowed to hold reserves for various specified purposes, although these purposes might need to be refined in the light of the tougher Government line.

(3) When schools closed their accounts in early May, KCC had only 3 weeks in which to analyse the accounts and operate the Balance Control Mechanism if necessary, because any claw-back had to take place before 31 May. Government was being requested to extend this window to 30 June. Any money clawed-back had to be reallocated to schools.

(4) Mr Chard expressed the view that there were two reasons why schools might build up reserves:-

(a) because the allocation of funding to the school was too generous, in which case the Schools' Forum needed to review the allocation; or

(b) because the school managed its budget well. He was concerned that it would create a perverse incentive if reserves built up as a result of good management were clawed-back in order for them to be re-allocated to schools which had been less prudent.

(5) Mr Abbott said that only about 20 schools in Kent had particularly high reserves. A bigger problem was that about 40% of the schools which had reserves within the 8%/5% limit had made no plans for using those reserves. KCC was encouraging those schools to make plans for using their reserves to improve the educational experience for their pupils.

#### SEN Home to School Transport (paragraph 1.1.3.3 (page 24))

(6) In answer to a question from Mr Law, Mr Chard explained that the pressure shown against the SEN home to school transport budget related only to the difficulty of implementing purchase cards in order to achieve a saving.

#### Asylum (paragraph 1.1.3.15 (page 26/27))

(7) In answer to a question from Mr Smyth, Mr Abbott explained that 4 councils (KCC, Oxfordshire, Hillingdon and Solihull) had jointly commissioned PwC to carry out an independent audit of the money which the councils claim is owed to them by the Government for the care of unaccompanied asylum seeking children. It was hoped that the report of the independent audit would be available by the first week of February.

#### Looked After Children (paragraph 2.5 (page 49))

(8) In answer to a question from Mr Smyth, Mr Wood said that he thought that 'affordable level' was used in place of 'target' where there was a fluctuation throughout the year, but he would confirm at the next meeting of the IMG. **(Action: AW)**

#### Schools with Deficit Budgets (paragraph 2.3 (page 47/48))

(9) In answer to a question from Mr Smyth, Mr Abbott said that one or two schools had suffered repeated deficit budgets, but otherwise the numbers related to different schools each year.

#### Placements in Kent of Looked After Children by other Authorities (paragraph 2.7 (page 51))

(10) In answer to a question from Mr Smyth, Mr Abbott confirmed that the Government had agreed to restrict the placement in Kent of Looked After Children by London Boroughs. However, there were some 'get-out clauses' and the restrictions did not, of course, mean that existing Looked After Children placed in Kent by other authorities would be removed.

### **3. Revenue and Capital Budget Monitoring Exception Report** *(Item 3)*

(1) Mr Wood introduced the report and pointed out that the two big changes since last month were increases in the projected underspends in Environment, Highways and Waste (£765k – mainly because of the continuing non-operation of the Allington Waste to Energy Plant) and Finance (£2.945m – mainly as a result of re-phasing of capital projects). Mr Chard emphasised that Table 1 of the report showed the true position after management action, but without taking account of the asylum service and schools budgets. Table 1 was predicated on KCC receiving from Government the money it had claimed in respect of asylum.

(2) Mr Law said that he would speak to the Chairman of the Governance and Audit Committee about the possibility of that Committee receiving an item on the governance and audit issues relating to Building Schools for the Future following the recent Cabinet decision to appoint a preferred bidder.

**4. Date of March Meeting**  
*(Item 4)*

Monday 10 March, 2.00 pm, in the Bewl Room (replacing the meeting originally arranged for 13 March).