

**NOTES** of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Thursday, 29 November 2007.

**PRESENT:** Mr D Smyth (Chairman), Mr C J Law and Mrs T Dean.

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

**OFFICERS:** Mr A Wood, Head of Financial Management; Mr B Gould, Strategic Finance Adviser, Environment and Regeneration Directorate (for Item 2(b)); Mr R Fitzgerald, Performance Monitoring Officer (for Item 3); Mr J Wale, Assistant to the Chief Executive, and Mr S C Ballard, Head of Democratic Services.

**1. Notes of Previous Meeting**

*(Item 1)*

(1) It was noted that two action points from the previous meeting were still outstanding.  
**(Action: CH)**

(2) On note 3 (Direct Payments), Mrs Dean reported back on some further discussions she had had with the Managing Director, Kent Adult Social Services.

**2. Revenue and Capital Budgets, Key Activity and Risk Monitoring**

*(Item 2(a))*

School Reserves (para 2.2 (page2))

(1) The IMG noted that schools were projecting a drawdown from reserves of £15m. However, Mr Wood pointed out that it was many years since total school reserves had actually reduced.

(2) Mr Chard added that the Government had proposed, then backed down from, imposing a clawback on school reserves. The major problems were that:-

(a) the extent of reserves in any school did not seem to relate in any way to the size, type or location of the school;

(b) the reason for a school to hold reserves varied widely from saving up for a planned building project at one extreme to unplanned accumulation through good budget management at the other.

(3) Mrs Dean added that the existing system contained a number of perverse incentives. For example, whereas one school might build up and then use its reserves for a building project, another might choose to keep its reserves and seek funding for its building project from the LEA.

Prudential Borrowing (Appendix 1, para 9 (page 19))

(4) In answer to a question from Mr Smyth, Mr Wood said that the Prudential Indicator for investments was set by the Council itself. Decisions to vary from the Indicator were therefore delegated appropriately. In any such case, careful consideration would always be given to the long-term cash flow implications before the decision was taken.

## Kent Adult Social Services (Annex 2)

(5) In answer to a question from Mrs Dean, Mr Chard said that it had been recognised that management action could only go so far without seriously affecting service provision, and this was why, even after management action, KASS was forecasting an overspend this year of £1.9m. He said that the pressures causing this year's overspend, such as demographics and the shortfall of Government funding, would be taken into account in the preparation of the 2008/09 budget. However, it needed to be recognised that increasing the budget share of KASS inevitably meant reducing the budget shares of other Directorates.

## Libraries – DVD/CD Rentals (Annex 4, para 2.3 (page 93))

(6) Mr Law expressed doubt that the revised rental and income figures for DVDs/CDs were achievable.

## Kent Works (Annex 5, para 1.1.7 (page 95))

(7) In answer to a question from Mr Smyth, Mr Wood said that it had always been intended that Kent Works would be self financing from 1 April 2008, and the current review was intended to ensure that this happened.

## Reporting Format

(8) Mr Chard and Mr Wood pointed out that the monitoring report was becoming very lengthy and over-complicated. They intended to review the format to try to find ways in which it could be shortened and made clearer (for example, on capital, where a scheme was 100% grant funded and so any underspend did not accrue to KCC; and to categorise reasons for slippage) without sacrificing any openness and transparency. They would discuss the outcome of the review with the IMG in due course.

## **3. Environment and Regeneration Directorate Budget Position**

### *(Item 2(b))*

(1) Mr Gould highlighted the main points on Environment and Regeneration's current budget position (as set out in Annex 3 of the latest budget monitoring report) and the IMG discussed the following issues:-

## Allington Waste to Energy Plant (para 1.1.3.5 (page 69))

(2) Mr Gould pointed out that, because Allington was not working, waste was having to be diverted to landfill, leading to a forecast net underspend of £2.3m. While landfill was currently cheaper than Allington, the situation would gradually reverse in future years as Landfill Tax increased and the availability of landfill sites reduced.

(3) Mr Law and Mrs Dean expressed concern that, because of technical problems, Allington might never come into full operation. Mr Gould said that KCC could manage without Allington until around 2010, when it would no longer be possible to carry forward banked landfill permits, particularly as the year on year increase in the waste tonnage appeared to have slowed significantly.

(4) **The IMG agreed to recommend to Cabinet Scrutiny Committee** that the future risks of a waste disposal strategy which relied on incineration as a significant element should be referred to the Environment and Regeneration Policy Overview Committee for investigation.

(5) In answer to a question from Mrs Dean, Mr Chard said that, in accordance with the Council's normal practice, the underspend on waste disposal would (barring emergencies) remain within E&R until the end of the financial year, and was then likely to be rolled forward for re-allocation within E&R.

(6) **The IMG expressed its support** for the Council's established principle of retaining underspends and overspends within the Directorate concerned.

#### Country Parks (para 1.1.3.8, page 69)

(7) In answer to a question from Mrs Dean, Mr Gould said that it was believed that the reduction in income from country parks was due to the poor summer weather rather than the increase in car parking charges. Mr Chard pointed out that regular users of country parks could save money by buying a car parking season ticket. Mrs Dean suggested that greater publicity should be given to the availability of season tickets. **(Action: BG)**

#### De-Dualling Project, Fort Hill, Margate (para 1.1.3.9 (page 69))

(8) Members noted that it appeared that the de-dualling project was only required in order to allow the Turner Project to go ahead. Mrs Dean asked to be provided with an up-to-date figure for the cost of the Turner Project, including all associated works such as this. **(Action: AW)**

#### Kent Regeneration Fund (para 1.1.3.13, page 70)

(9) In answer to a question from Mr Smyth, Mr Chard said that the income from the Kings Hill development varied from year to year depending on the amount of development land released. Mr Wood said that the Council's budget assumed a contribution of £1m from Kings Hill each year, and the smoothing reserve was used to iron out any year on year fluctuations in the actual contribution. 50% of any distributable receipts in each year (up to a maximum of £1.5m) went to the Kent Regeneration Fund, with the other 50% going into the smoothing reserve.

#### New Highway Depots (para 1.2.4.1, page 73)

(10) Mr Gould reported that the revamped Hayesden depot had just re-opened and that construction work on the Ashford super depot was progressing well. However, there were major delays on the Wrotham super depot and the Sandwich depot upgrading because of local objections.

#### Waste Tonnage (para 2.1, page 77)

(11) Mr Chard said that it was interesting that overall tonnage had declined slightly from last year. Given that the number of households had increased, this suggested a real reduction in the waste tonnage per household.

Winter Salting (para 2.2, page 78)

(12) In answer to a question from Mrs Dean, Mr Wale said that national trials had shown that the use of pre-wetted salt was more efficient and more environmentally friendly but there was an upfront cost in purchasing the equipment. Mr Gould said that, although Kent was due to start using pre-wetted salt, the budget assumptions for salting runs had not yet been changed.

**4. BVPI Mid Year Monitoring 2007/08**  
(Item 3)

(1) Mr Fitzgerald introduced the latest set of forecasts and reported that they showed a good performance with 70% of indicators forecast to be on target. The position was less good with some of the CFE indicators but these were against targets set by central Government which were not necessarily appropriate to KCC. However, even here there had been improvements.

(2) Members' questions covered the following issues:-

BV43a and b (page 3)

*(Statements of Special Educational Need prepared within 18 weeks)*

(3) Mrs Dean asked for the actual number of pupils to whom these PIs related.  
**(Action: RF)**

BV181a, b and c (page 4)

*(14 year old pupils achieving Level 5 or above in Key Stage 3 in English, Maths and Science)*

(4) In answer to a question from Mr Smyth, Mr Fitzgerald said that he understood from the CFE Directorate that KS3 results were not seen as important by employers. As a result, schools focused instead on achieving good GCSE and vocational qualifications.

BV197 (page 5)

*(Teenage pregnancies)*

(5) Mrs Dean asked how many schools had health centres to offer confidential advice to pupils on sexual health matters. **(Action: RF)**

**5. Dates of Future Meetings**  
(Item 4)

The Group agreed that future meetings should be held at 9.00 am on the following dates:-

Thursday 10 January

Friday 1 February

Thursday 13 March

Thursday 10 April

Wednesday 7 May

Wednesday 11 June

Thursday 10 July

**(Action: SCB)**