

NOTES of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Wednesday, 11 July 2007.

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

APOLOGIES: Mr N J D Chard.

OFFICERS: Ms L McMullan, Director of Finance; Mrs C Head, Chief Accountant; and Mr S C Ballard, Head of Democratic Services.

1. Notes of Previous Meeting

(Item 1)

Agreed, but it was noted that the information about Assisted Mainstream Transport to School was still awaited. **(Action: CH)**

2. Revenue and Capital Budget Monitoring Exception Report

(Item 2)

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

Environment, Highways and Waste Portfolio (paragraph 2.3.1)

(2) In answer to a question from Mrs Dean, Ms McMullan said that, as in previous years, budgeted management action to balance this portfolio's budget had not been specified. Ms McMullan went on to confirm that the waste deliveries to Allington Waste to Energy Plant had been lower than anticipated in the year to date but that this was simply a timing issue.

Kent Adult Social Services (paragraph 2.2)

(3) In answer to questions from Mrs Dean and Mr Smyth, Ms McMullan explained that the problem with demographic pressures related partly to the issue of whether the introduction of Direct Payments and the Kent Card had, of themselves, increased demand for care provision. Research on this was not yet complete.

(4) Ms McMullan said that other local authorities were facing similar problems. As far as KASS was concerned, management action plans were being produced with a view to achieving a balanced budget by the year-end.

(5) In answer to questions from all three Members, Ms McMullan said that with both Direct Payments and the Kent Card, clients were assessed and provided with the funds necessary to pay for their care needs. Direct Payments were paid straight into the client's bank account so KCC had little sight over how the money was spent. The Kent Card could only be used to purchase from selected categories of suppliers and monthly statements were produced which could be used to check how the funds had been used. Ms McMullan offered to circulate a briefing note on the policing arrangements for the Kent Card. **(Action: LM)**

(6) Ms McMullan pointed out that Direct Payments were promoted by Government, which had set targets to Councils for their uptake. The Kent Card was an alternative system for giving clients greater control over their care provision but did not meet the Government's definition of a Direct Payments system.

(7) Ms McMullan accepted that there were some disadvantages to KCC from operating the Direct Payments system:-

- (a) KCC had no means of ensuring that expenditure was used by clients to meet their care needs. It was therefore possible that, over the longer-term, clients who used Direct Payments for non-care purposes could require greater care at KCC's expense;
- (b) because clients were purchasing their care individually, KCC could lose the benefits of bulk contracting/purchasing;

(8) The Group agreed that it would be helpful to discuss Direct Payments and the Kent Card with the KASS Director of Resources at the next meeting.

Special Educational Needs

(9) Mrs Dean asked for the latest position on the work to deliver the £6m SEN service within a £5m budget. **(Action: LM)**

SEN Transport (paragraph 2.1.2)

(10) In answer to a question from Mrs Dean, Ms McMullan explained that some of the savings were dependent on parents agreeing to transport their children to school themselves (with a mileage allowance from KCC to cover their costs). However, the parental survey had revealed that few parents were willing to consider this option and those that were tended to be those whose children currently used the lower-cost transport (shared taxis, minibuses, etc). To deal with this, Commercial Services were in talks with CFE. The only alternative was to make changes to the SEN transport policy but this could not be implemented in the current financial year and was seen as a last resort.

Arms-length Companies

(11) In answer to a question from Mrs Dean, Ms McMullan said that as a result of recent changes in legislation, KCC was able to establish arms-length companies which could compete for work with the private sector both within KCC and in the wider market and generate profits (although any profits would, of course, be subject to Corporation Tax). The advantage of setting up arms-length companies was that they helped to stimulate competition which, in turn, helped to drive down the costs incurred by KCC.

(12) Ms McMullan offered to check whether there was any legal requirement that the pricing structures of arms-length companies had to be the same for both in-house work and outside work. **(Action: LM)**

(13) In answer to a question from Mr Law, Ms McMullan said that our arms-length companies operated in exactly the same way as private companies. They could bid for work both in-house and in the wider market but KCC, schools, etc were free to use the arms-length company or an outside contractor, whichever was the cheaper for any particular job.

3. Roll Forward of 2006/07 Revenue Underspend (Item 3)

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

Kent Works (page 10)

(2) In answer to a question from Mr Smyth, Ms McMullan said that the funding for Kent Works was intended to enable it to break-even within three years. In the event, Kent Works had spent more than expected because it had carried out more work than it was contracted to do. Management action was now being taken to restrict its activities to those required by the contract.

(3) Mrs Dean asked how the business in East Kent split between Kent Works and the East Kent Business Partnership. **(Action: LM)**

Early Years (page 3)

(4) In answer to a question from Mrs Dean, Ms McMullan said that one reason why Kent was behind other local authorities in qualifications for Early Years staff was possibly that we had a relatively large private sector. It was hoped that it would be possible to meet the bid for increased funding for qualifications for Early Years staff from underspends in the Dedicated Schools Grant (DSG) element of the Education and School Improvement portfolio (subject to agreement by the Schools Forum).

Schools Funding

(5) In answer to a question from Mr Law, Ms McMullan explained that KCC would like to increase the AWPU for primary schools but this required new money. It was extremely difficult to transfer funding from secondary to primary schools because of the minimum funding guarantee for schools set by the Government for the distribution of DSG.

4. 2007/08 Reporting Timetable and Proposals for Activity Monitoring (Item 4)

The Group agreed:-

- (a) the timetable of agenda items as set out in the Appendix to these notes; **(Action: CH/SCB)**
- (b) to give further consideration at the next meeting to the timing of the IMG's consideration of the Autumn Budget Statement; **(Action: LM)**
- (c) the list of proposed Key Activity Indicators detailed in Appendix 1 to the report; **(Action: CH)**
- (d) the proposed revisions to the monitoring template in Appendix 2 to the report; **(Action: CH)**
- (e) that future meetings should be held at 9.00 am on the following dates:-

Thursday, 13 September 2007

Thursday, 11 October 2007

Thursday, 29 November 2007 **(Action: SCB)**

- (f) that a copy of the Corporate Property Unit's Quarterly Property Report should be sent to each political group (**Action: LM**).

07/so/BudlssIMG/077107/Notes

MONTH	AGENDA ITEM(S)
July	<ul style="list-style-type: none"> • Monthly Exception report • Agreement to the list of key activity indicators • Agreement to revisions to monitoring template
August	<i>No meeting in 2007</i>
September	<ul style="list-style-type: none"> • Quarterly report • Kent Adult Social Services directorate*
October	<ul style="list-style-type: none"> • Children, Families & Education directorate* • Monthly Exception report
November	<ul style="list-style-type: none"> • Quarterly report • Environment & Regeneration directorate* • BVPI 2007-08 mid-year monitoring
December	<i>No meeting in 2007</i>
January	<ul style="list-style-type: none"> • Monthly Exception report • Chief Executives directorate* • Communities directorate*
February	<ul style="list-style-type: none"> • Monthly Exception report • National 2006-07 BVPI Comparisons
March	<ul style="list-style-type: none"> • Monthly Exception report
April	<ul style="list-style-type: none"> • Quarterly report
May	<ul style="list-style-type: none"> • Monthly Exception report (if appropriate)
June	<ul style="list-style-type: none"> • Final Outturn report • Draft Final Accounts • BVPI 2007-08 Provisional Outturn

* The service specific reports are to include comparison of relevant key activity indicators with our statistical neighbours. We will also include unit cost information where it is meaningful to report this either on a quarterly basis or in the directorate specific reports.