

NOTES of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Thursday, 14 June 2007.

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

OFFICERS: Mr A Wood, Head of Audit & Risk, Mrs C Head, Chief Accountant; Mr R Fitzgerald, Performance Monitoring Officer (for Item 2), and Mr S C Ballard, Head of Democratic Services.

1. Notes of Previous Meeting
(Item 1)

Noted.

2. Provisional BVPI 2006/07 Outturn Figures
(Item 2)

(1) Mr Fitzgerald explained that the figures had already been considered by the Policy Overview Co-ordinating Committee and the Governance and Audit Committee. A number of questions had been raised at the POCC and written responses were in course of preparation.

(2) One of POCC's main queries had been around the results on BV2(b) (Race Equality Scheme). To get a 100% score on this indicator it was necessary to comply fully with a checklist of 19 items. It had originally been anticipated that the KCC would be able to do this (hence the 100% target) but, in the event, it had not been possible to fully meet three of the items on the checklist, as follows:-

- (a) response of BME residents to Kent Residents Survey.
The response had been worse than expected and, as the survey was tri-annual, a new result could not be obtained for three years;
- (b) handling of complaints from BME complainants.
Problems with the complaints monitoring system meant that complaints from BME complainants could not be properly assessed;
- (c) statements about improving race equality in strategic plans.
There had been no specific mention of race equality targets in Towards 2010.

Mr Fitzgerald emphasised that, nevertheless, KCC's performance on this indicator was still in the upper quartile.

(3) Mr Fitzgerald said that because of the late deadline for Social Services data, there had been some gaps in the BVPI tables when they were reported to POCC. However, the tables were now complete, although all data were subject to audit.

3. Revenue and Capital Budget Outturn 2006/07 and Related Matters
(Item 3)

(1) Mr Wood gave a brief introduction to the report. He pointed out that:-

- (a) there had been a relatively significant movement in the Communities outturn since the last report but this was largely the result of the accounting treatment of preparatory works for capital projects when these did not, in the event, proceed;
- (b) of the Finance reduction, £1m was due to Financing items, and £0.5m arose from unspent Member Community Grants;
- (c) a Special Circumstance Bid had been made to Government to cover the shortfall on the Asylum budget;
- (d) there had been an increase in school reserves.

(2) Members' questions covered the following items.

Asylum (pages 2 and 5)

(3) Mrs Dean asked if, in future, the table could be expanded to show which years the outstanding costs related to. **(Action: CH)**

Waste Tonnage (page 25)

(4) The IMG noted that the Waste Tonnage had increased by 10% in March. Concerns were expressed that Allington was letting contracts to other authorities and that this could reduce the opportunities for Kent waste to be sent there. It was noted that there was a question to Council on 21 June on this subject and further consideration was deferred until the answer to that question was known.

Property Disposal (page 32)

(5) Mr Wood explained that the receipts related to properties acquired for the Leybourne/West Malling by-pass scheme under blight provisions, but which had now been sold. The proceeds would go back to the joint KCC/Rouse account.

Turner Centre (page 5)

(6) In answer to a question from Mr Smyth, Mr Ballard said that he understood that the "final settlement cost" related to the KCC's contract with Edmund Nuttall, the main contractor.

Looked After Children and Children in Foster Care (pages 15/16)

(7) In answer to a question from Mr Smyth, Mr Wood said that the additional funding provided through the 2007-10 MTFP process would at the time have been sufficient to achieve a balance in the Fostering and Adoption Budget. If this had subsequently changed since the budget was set, this would be reflected in the current year's monitoring reports.

Assisted Mainstream Transport to School (page 12)

(8) Mrs Dean asked why the 2006/07 numbers (particularly in the Autumn term) were so much lower than in 2005/06. Had numbers dropped generally or just in certain areas?
(Action: CH)

Allocation of Second Homes Monies to District Councils

(9) Mr Capon asked if District Councils were still required to ring-fence second home monies distributed to them by KCC. **(Action: CH)**

4. Draft Statements of Accounts 2006/07 *(Item 4)*

(1) Mrs Head explained that, to comply with new accounting rules, the format for this year's Statement of Accounts had changed significantly. The Statement was now much more similar to the accounts produced by private companies. In general, the new-style Statement made it easier to see KCC's overall financial position, but last year's Statement had had to be rewritten in the new format in order to allow meaningful comparisons to be made.

(2) Mr Wood informed Members that the Statement would be reported to the Governance and Audit Committee on 29 June 2007 for approval.

(3) The Group congratulated Finance staff on successfully producing the Statement of Accounts to such a tight timescale. Members' questions covered the following issues:-

Loss on the Disposal of Fixed Assets (page 14)

(10) In answer to a question from Mr Smyth, Mrs Head explained that this item was new and was quite different from depreciation of assets which were shown separately on page 15.

(11) New accounting rules required that when an asset was disposed of, it had to be revalued to the amount received for it as the best indication of market value. Last year the Magistrates Courts' estate had been transferred to the Courts Service at nil consideration, and some buildings at six schools included in PFI schemes had been demolished. Because all these assets had been disposed of for nil consideration, they had either to be revalued at nil, or shown as a loss on disposal. The Auditors had agreed with our suggestion that they should be shown as a loss on disposal.

Landfill Allowance Trading Scheme (LATS) (page 30) and LATS Reserve (page 42)

(12) The Group asked for a briefing note on LATS and how the scheme was expected to work **(Action: CH)**