

Notes of a meeting of the Cabinet Scrutiny Committee Informal Member Group on Budgetary Issues held on Thursday, 16 April 2009.

**Present:** Dr M R Eddy (Chairman - substitute for Mr Smyth), Mr J D Simmonds

**Apologies:** Mr D Smyth, Mrs T Dean, Mr N J D Chard

**Officers:** Ms L McMullan, Director of Finance, Mr A Wood, Head of Financial Management, Mr P Sass, Head of Democratic Services and Local Leadership and Mrs A Taylor, Research Officer to the Cabinet Scrutiny Committee.

**1. Notes of Previous Meeting held on 25 March 2009.**  
*(Item 1)*

- (1) The notes of the meeting held on 25 March 2009 were approved.

**2. Revenue & Capital Budget Monitoring Exception Report**  
*(Item 2)*

- (1) Ms McMullan explained to the group that the Council's revenue position had improved slightly with further underspends of £1.5million having been identified since the last report, resulting in a total projected underspend of £6.5million excluding asylum and schools. The asylum service has a projected £5million overspend and the Council had still not received clarity about the future funding for asylum from the Government. The LGA was taking a lead on asylum issues and it was expected that the Council might receive around £3million through a special circumstances claim.
- (2) In response to a question from Dr Eddy about the issues surrounding asylum costs in Kent and the funding received from the Government, Ms McMullan explained that as a port authority there was a need for a funding formula that recognised the fixed costs as well as the variable costs of looking after asylum seekers – this was a more manageable way of targeting funding.
- (3) Within the capital budget there had been some slippage and some overspend in the Children, Families and Education Directorate which Grahame Ward was addressing. The finance department were monitoring this closely and work was being undertaken to ensure that there was more flexibility in planning for year 2 and 3 projects, particularly in Highways and Property, to enable projects to be brought forward if appropriate.
- (4) Members noted the Revenue & Capital Budget Monitoring Exception Report.

**3. Proposed Terms of Reference for the Budget Informal Member Group (IMG)**  
*(Item 3)*

- (1) The agenda contained a report on some draft terms of reference for the Budget IMG which is also attached as appendix A to these notes.
- (2) In relation to the Council's Treasury Management function Ms McMullan confirmed that KCC complied with the standards as set out in the Audit

Commission's recent report on English local authorities' deposits in the Icelandic banks and their UK subsidiaries. The Governance and Audit Committee had a vital post scrutiny role to play and would continue to monitor the Council's treasury management but there was also a role for pre-scrutiny and there was a need for a cross party group to have the ability to scrutinise treasury management practice as and when the need arose rather than retrospectively - the logical place for this was the Budget Informal Member Group.

- (3) Ms McMullan explained that the Council intended to offer specific training for the Budget IMG and Cabinet Members during the summer and generic training post September for all Members. The new Treasury Strategy would be in place by September/October and by that point all Members would have been offered training. Dr Eddy asked whether the training should include the Cabinet Scrutiny Committee and the Corporate Policy Overview Committee (POC) and Ms McMullan agreed to extend the specific training for the Cabinet Scrutiny Committee and Corporate POC if required.
- (4) The Budget IMG welcomed Ms McMullan's offer to provide a paper to the next meeting detailing the locations of all cash deposits.

Recommended that:

- (5) The Cabinet Scrutiny Committee agree the terms of reference (paragraphs 2 – 4 of appendix A attached) with the addition of the following point:
  - (e) To scrutinise, on a quarterly basis, the Council's policies and practices in relation to Treasury Management and make recommendations accordingly to the Director of Finance and the Cabinet Member for Finance. Other Members with relevant expertise would be invited to attend when such issues were discussed.

#### **4. Policy Overview Committees' Consideration of the Medium Term Plan** *(Item 4)*

- (1) The agenda contained a report which had originally been considered by the Policy Overview Co-ordinating Committee. The Budget IMG considered that it was the decision of the individual Policy Overview Committees (POCs) how they undertook the scrutiny of the budget but that it should be emphasised to the Chairmen and Vice-Chairmen that the POCs involvement in the budget setting process was a key part of its responsibility and a major part of the budget process.
- (2) The Budget IMG welcomed Ms McMullan's offer to provide an options paper for a future meeting setting out the POC involvement in the budget setting process.