

Notes of a meeting of the Cabinet Scrutiny Committee Informal Member Group on Budgetary Issues held on Thursday, 14 May 2009.

Present: Mr D Smyth (Chairman), Mr J D Simmonds

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.

Also Present: Mr N J D Chard, Cabinet Member for Finance

1. Notes of Previous Meeting held on 16 April 2009.

(Item 1)

- (1) The notes of the meeting held on 16 April 2009 were approved. Ms McMullan confirmed that the report on cash deposits (referred to in 3(4)) had been circulated to the Treasury Advisory Group at its meeting on 14 May, and this would also be circulated to Members of the Cabinet Scrutiny Committee.
- (2) Mr Smyth said that he agreed with the arrangements for Treasury Management contained within the minutes. He raised his concerns that the new arrangements for Treasury Management were inferior to the original recommendation of the Budget IMG and he regretted the fact that the new arrangements decisively strengthened the power of the Executive at the expense of the Policy Overview and Scrutiny function.

(Post meeting note: Mr Smyth challenged the accuracy of the minutes and requested that para 1. (2) be amended to read:

Mr Smyth said that he agreed with the arrangements for Treasury Management contained in the minutes. He regretted the fact that confidential behind the scenes discussions between Mrs Dean and the Leader of the Council had led to a new arrangement for Treasury Management that decisively strengthened the power of the Executive at the expense of the Policy Overview and Scrutiny function.

At its meeting on 9 July, Members of the IMG agreed that it would be appropriate for both versions of the minute to remain in these meeting notes.)

2. Revenue & Capital Budget Monitoring Exception Report

(Item 2)

- (1) The Chairman congratulated the Finance Team on achieving an underspend on the revenue budget of £6.732m, this was a significant achievement.
- (2) Mr Chard explained that including asylum costs there was an overall underspend of £6million. There was a funding shortfall of £5.950million within the Asylum Service and so any improvement on that shortfall would increase the overall underspend of the Council.

- (3) There had been some slippage on the capital position, although this had not worsened since last year. There was still work to be done, particularly with regard to the timing of projects and the availability of reserve schemes that are ready to take the place of any delayed schemes, to ensure that capital resources were more fully utilised, although Mr Chard stated that there was more flexibility year to year in capital budgets compared to revenue budgets.
- (4) In response to a query from Mr Smyth regarding the movements within the Asylum costs, Ms McMullan confirmed that in relation to the 18+ care leavers, the council were unable to claim to £0.2million costs in 2008-09.
- (5) Mr Smyth queried whether the new Reception facility in Ashford (referred to in 3.1.3 Asylum) had been transferred to KCC's responsibility, as £0.270million had been spent to cover the higher than previously forecast Reception costs. Ms McMullan agreed to come back to the IMG Members with more information about the Reception facility.
- (6) In relation to 3.6 the Finance portfolio – Mr Smyth queried the shortfall in the contribution from Commercial Services as a result of reduced roadside advertising. Mr Chard explained that Commercial Services requested that adverts be placed on roundabouts to generate income, difficulties with the planning authorities refusing permission for these adverts had meant that the expected income had not been generated.
- (7) In closing the meeting, Mr Smyth offered his thanks to the Finance team and Mr Chard for their hard work in ensuring that these meetings were effective in seeking to provide a detailed understanding of the finance portfolio and the reasons for movements within budgets. Mr Chard stated that he was grateful for Mr Smyth's comments, to which he added that he was grateful for the calm, diplomatic and constructive way in which the IMG meetings were chaired, which helped to ensure that the process for examining and scrutinising financial performance was as effective and professional as possible and helped to avoid unnecessary call-ins. Ms McMullan stated that the IMG meetings were always helpful in providing the constructive challenge needed in relation to the Council's financial activities.