

NOTES of a meeting of the Cabinet Scrutiny Committee's Informal Member Group on Budgetary Issues held on Wednesday 7th May 2008.

PRESENT: Mr D Smyth (Chairman), Mr C J Law and Mr I Chittenden (for Mrs Dean).

OFFICERS: Ms L McMullan, Director of Finance; Mr A Wood, Head of Financial Management; Mr K Harlock, Commercial Services Director; and Mr P Sass, Head of Democratic Services and Local Leadership.

APOLOGIES: Mrs T Dean

1. Notes of Previous Meeting

(Item 1)

In relation to item 2 on the previous notes (Companies established by Commercial Services), Ms McMullan stated that she intended to stand down as a company director and company secretary now that Mr L Coulson, the new Head of Finance for Commercial Services, had been appointed. She added that the issue of legal representation on the boards and/or legal advice to an overarching board (should this be agreed) was still a matter of discussion with the legal service. Members agreed Ms McMullan's suggestion that the external auditor should also be approached about attending board meetings, if that was the agreed way forward .

Ms McMullan stated that the tenet of paragraph 12 in the previous notes relating to the Council's advisory role for private companies in Kent would be reflected in the final version of the report to Governance and Audit Committee.

The notes of the 10 April 2008 meeting were agreed.

2. KCC Companies Established by Commercial Services

(Item 2)

- (1) Members expressed their gratitude to Ms McMullan that the latest version of the report to Governance and Audit Committee in June now dealt with a majority of the queries raised by Members at the previous IMG meeting. The main outstanding issue related to the views of Members on future governance arrangements. On this issue, Ms McMullan stated that trading activity took place across KCC, not just in Commercial Services and, therefore, any governance arrangements needed to reflect this fact. She also stated that one of the roles of a Board with overarching responsibility to review such activities should be to advise the relevant Cabinet Member on new business cases, prior to them being approved by the Cabinet Member.
- (2) After discussion, Members agreed that the following recommendations should be made to the Governance and Audit Committee:
 1. The positive direction of travel for Commercial Services is formally welcomed and that the Director of Commercial Services, Kevin Harlock, be congratulated for the achievements of his service.
 2. The Governance and Audit Committee should consider setting up a Board to oversee the governance of the Council's trading activities, involving Members of all political groups.

3. Commercial Services should be encouraged to post accounts for medium sized companies as a gesture for greater openness about the Council's trading activities.
4. Communication and debate about the potential for suppliers to make better use of the Council (such as its procurement arrangements) be re-invigorated to the benefit of all.
5. New business cases should be considered by a Board of Governance and Audit Committee prior to being submitted to the relevant Cabinet Member for approval.

(Action LM)

3. Revenue and Capital Budget Monitoring Exception Reports (Item 3 for Cabinet on 14th April 2008 and Item 4 for Cabinet on 12th May 2008)
(Item 3)

- (1) Comparing the two reports, Mr Wood stated that there had been a reversal of movement within the Environment, Highways and Waste portfolio, resulting primarily from overnight gritting no longer being required and a smaller underspend on waste services.
- (2) In response to a question from Mr Chittenden on the April report (paragraph 3.6 on page 7), Mr Wood undertook to find out if a contractor's claim was likely in relation to the 6 week delay on the Ashford programme and advise Members accordingly.
- (3) In response to a question from Mr Smyth on the May report (paragraph 2.4.1 on page 4), Ms McMullan stated that the additional funding from the Eastern and Coastal Kent PCT was a one-off and not necessarily secure going forward.
- (4) In response to a question from Mr Smyth on the May report (paragraph 2.4.2 on page 5), Ms McMullan stated that the full implementation of client billing on the SWIFT system remained outstanding.
- (5) In response to a question from Mr Smyth on the May report (paragraph 2.5 on page 5), Ms McMullan stated that the emergency expenditure of £0.706m could not be claimed under the Belwin scheme, as it did not arise from a single catastrophic event nor was the expenditure involved equivalent to 1% of the Council's revenue budget. Mr Wood undertook to provide a written explanation of the Belwin scheme for Members.
- (6) In relation to the decision of the Cabinet Scrutiny Committee to consider the relevant part of the Adult Social Services business plan relating to direct payments, Ms McMullan stated that it might be more appropriate for KASS to prepare and submit a report to this IMG on the progress made with the outstanding issues.

(Action: PS)

4. Options for Budget Book Classification of Strategic Management
(Item 4)

Following discussion, Members agreed that a further report should be prepared showing how strategic management costs would look using the definition detailed in option 2, so that Members could discuss how the residual items should be shown. At Mr Law's suggestion, it was also agreed that the current year's budget details would have to be altered using the eventually agreed definition, so that year-to-year comparisons were possible.

5. Date of next meeting

11th June, 2008 – 9.00am.