

KENT COUNTY COUNCIL

CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held at Sessions House, County Hall, Maidstone on Thursday, 29 September 2005.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr M J Angell, Mr A R Bassam, Mr T J Birkett (substitute for Mrs M Newell), Mr C J Capon, Miss S J Carey, Mr B R Cope, Mr J B O Fullarton, Mr R W Gough, Ms A Harrison (substitute for Mr R J E Parker), Mr E E C Hotson, Mr T A Maddison (substitute for Mr C Hart), Mr R A Marsh, Mr R J Parry (substitute for Mr J E Scholes), Mr G Rowe (substitute for Mrs T Dean), Mrs P A V Stockell (substitute for Mr A H T Bowles) and Mr C T Wells.

IN ATTENDANCE: Mr S C Ballard, Committee and Member Services Manager.

UNRESTRICTED ITEMS

16. Membership

(Item A1)

Members noted that Mr A H T Bowles had replaced Mr A R Chell as a Member of the Committee.

17. Minutes

(Item A2)

RESOLVED that:-

- (a) on Minute 15(2)(b) the need for a clear audit trail for each decision on the allocation of second homes monies be reiterated;
- (b) the Minutes of the meeting held on 20 July 2005 are correctly recorded and that they be signed by the Chairman.

18. Informal Member Group on Budgetary Issues - 14 September 2005

(Item A3)

RESOLVED that the notes of the meeting of the Informal Member Group on Budgetary Issues held on 14 September 2005 be noted.

19. Informal Member Group on "Kent - What Price Growth?" - 26 September 2005

(Item A4)

RESOLVED that:-

- (a) the notes of the meeting of the Informal Member Group on "Kent - What Price Growth?" held on 26 September 2005 be noted;
- (b) the recommendation of the Informal Member Group in note 2(b) that a visual presentation on the Long-Term Financial Planning Model should be given to all Members of the Council as part of the Finance training session arranged for 18 October be endorsed.

20. Outcomes and Actions to September 2005

(Item A5 - Report by Assistant to the Chief Executive)

RESOLVED that the report on the actions taken as a result of the Committee's decisions at previous meetings, and on progress with Select Committee Topic Reviews, be noted.

21. Proposed Dates of Cabinet Scrutiny Committee Meetings - 2006

(Item A6)

The Committee noted the proposed dates of its meetings for 2006.

22. Comprehensive Performance Assessment

(Item A7)

(1) Mr D C Lewis, Strategic Director, Resources, and Ms J Edwards, Head of Performance Management attended the meeting to brief Members, and answer their questions, on the proposed changes to the CPA framework.

(2) RESOLVED that:-

(a) Mr Lewis and Ms Edwards be thanked for their briefing and for answering Members' questions;

(b) the information they had provided to Members be noted and their approach, as set out in the report to the Governance and Audit Committee on 21 September, be endorsed.

23. KCC Involvement with EU Jet/Planestation

(Item C1)

(1) Mr A J King, Cabinet Member for Regeneration, and Mr D C Lewis, Strategic Director (Resources), attended the meeting to answer Members' questions on this item, which covered the following issues:-

(a) Consultation at Time of Decision to Make Investment

In answer to questions from Mr Birkett, Mr King explained that the County Council at its budget meeting had agreed to establish the Kent Regeneration Fund. The Fund was designed to allow KCC to invest money accruing from its investment in Kings Hill in regeneration projects throughout Kent as and when opportunities arose. The Fund's rules therefore allowed rapid decisions to be taken by himself, as Cabinet Member for Regeneration, jointly with the Director of Strategic Planning, without any need for formal consultation. However, in the case of the EU Jet investment, a financial appraisal had been carried out and legal advice obtained prior to the investment decision being made; Cabinet colleagues had been kept informed; and the investment decision announced publicly as soon as it had been made.

(b) Origin of Investment

In answer to a question from Dr Eddy, Mr King said that the initial suggestion that KCC should invest in EU Jet arose from discussions with EU Jet, Planestation, and their advisers about how best KCC could demonstrate its support for EU Jet's plans to operate from Manston. These discussions

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resulted in the view that KCC should make a financial contribution by acquiring a minor shareholding.

(c) Risk of Investment

In answer to a question from Mr Maddison, Mr Lewis said that it had always been recognised that there was risk involved to KCC in investing in EU Jet but it was a calculated risk involving a relatively small sum of money. Mr King said that, even though on the face of it the £100,000 investment had been lost, the success of the initial investment in attracting EU Jet and Planestation to Manston had benefited - and was set to continue to benefit - Kent Council Taxpayers in the following ways:-

- (i) during the period that EU Jet operated, some 300 jobs had been created at Manston and 300,000 people had flown from the airport;
- (ii) EU Jet and Planestation had demonstrated Manston's potential as a regional airport such that it had now attracted a new owner with a successful track-record in the industry and sound financial backing which was about to resume passenger flights;

(d) Investing for Regeneration in Companies rather than Agencies

Mr King said that although he personally preferred to encourage regeneration by investing in agencies rather than companies, there were sometimes circumstances, as in this case, when an investment in a company was justified in order to pump-prime a regeneration opportunity. Mr Lewis pointed out that neither law nor KCC policy prevented KCC from investing in companies if the County Council felt such an investment to be an appropriate means of achieving its objectives.

(2) RESOLVED that:-

- (a) Mr King and Mr Lewis be thanked for attending the meeting to answer Members' questions;
- (b) it be accepted that the Cabinet Member for Regeneration had acted in good faith and in accordance with the relevant procedures in deciding to invest Kent Regeneration Fund money in EU Jet;
- (c) Cabinet be requested to consider whether the procedures covering such decisions need to be amended in order to protect individual Cabinet Members from any suggestion of impropriety.

24. One PCT for Kent County Council Area

(Item D1)

Dr Eddy declared a personal interest in this item as a non-executive director of the Kent and Medway Strategic Health Authority and vacated the chair in favour of Mr Smyth.

- (1) Mr P W A Lake, Cabinet Member for Social Care and Community Health; Mr P Gilroy, Chief Executive; and Mr M Lemon, Policy Manager, Social Services Directorate, attended the meeting to answer Members' questions on this item.

(2) Mr Gilroy explained the background to the current proposals for reconfiguring Primary Care Trusts (PCTs). Mr Lake said that he understood that the reconfiguration in Kent and Medway was expected to save £7.5 - £8m which would then be reinvested in front line services.

(3) Mr Lemon reported that the Kent and Medway Strategic Health Authority at its meeting on 28 September had chosen Option 3 (ie one PCT for Medway and two for the KCC area, although whether Ashford should be included in the West Kent or East Kent PCT had been left unresolved) as its preferred option. Option 2 (ie KCC's preferred option with one PCT for the KCC area and a separate PCT for Medway) would also be included in the public consultation which would now take place over the next three months.

(4) Mr Gilroy said that there were sound reasons for KCC preferring Option 2 (one PCT for the KCC area) and these were set out in the report to Cabinet. He also felt that there was a danger that if two PCTs were established for the KCC area now, further funding pressure in the near future could lead to the two PCTs having to be merged into one, with consequent further disruption.

(5) In answer to concerns expressed by Members about the remoteness of a single PCT, Mr Lake and Mr Gilroy both emphasised that, in future, PCTs would be responsible for commissioning major services and overseeing others but services would continue to be delivered locally. In particular, there would be practice-based commissioning, involving GPs brought together within areas roughly equating to Districts.

(6) Mr Lake said that he hoped that the costs of each option would be clearly spelt out by the SHA in the public consultation process and that he was keen that the County Council's NHS Overview and Scrutiny Committee should continue to play an important role during the public consultation.

(7) RESOLVED that:-

- (a) Mr Lake, Mr Gilroy and Mr Lemon be thanked for attending the meeting to answer Members' questions;
- (b) the NHS Overview and Scrutiny Committee be asked to keep the reconfiguration of PCTs within Kent under review;
- (c) the Committee place on record its view that there should be public consultation on all the options for PCT reconfiguration with full costings for each.

Dr Eddy resumed the chair for the remainder of the meeting.

25. Exclusion of Press and Public
(Item F1)

RESOLVED that, under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 9 of Part I of Schedule 12A of the Act).

**EXEMPT ITEM
(Open Access to Minutes)**

26. Officer Decision to Accept Tender other than the Lowest - Mid Kent Social Services

(Item F2)

Mr M J Angell declared a prejudicial interest in connection with this item and left the meeting.

(1) Mr P W A Lake, Cabinet Member for Social Care and Community Health; and Mr P Round, Head of Business and Performance Management Unit, Mid Kent Social Services, attended the meeting to answer Members' questions on this item.

(2) Mr Marsh, who had requested that the item be called in for scrutiny, explained that there had been two tenderers for the service concerned, a private company which had previously provided it, and a voluntary organisation. Although the voluntary organisation's tender price had been lower, the contract had been awarded to the private provider.

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

(a) Reputation of Voluntary Organisation

In answer to a question from Mr Marsh, Mr Round explained that Social Services had a long tradition of working with the voluntary organisation concerned and there was a particularly good relationship in Mid Kent where there was a great deal of partnership working between Social Services and the organisation.

(b) Tendering Process

In the case of this particular contract, a comprehensive tendering and evaluation process had been used, and all the requirements of KCC's Code of Practice and Social Services' own procedural rules had been met.

Despite extensive advertising, only two tenders had been received. A follow-up exercise would be carried out to find out why so few of those who requested tender packs went on to submit a tender.

(c) Reasons for Accepting Tender other than Lowest

The tenders had been evaluated objectively using a points-based criteria and the private provider had scored significantly higher than the voluntary organisation. The crucial factor was the size and suitability for the client-group covered by the contract of the premises that the voluntary organisation proposed to use.

(d) Support for Voluntary Organisations in Tendering Process

In answer to a question from Ms Harrison, Mr Round said that the voluntary organisation's tender was presented by a professional team. Unsuccessful tenderers were always offered feedback and a meeting had been arranged with the voluntary organisation to give them feedback on their unsuccessful tender for this particular service.

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(e) Post-Tender Negotiations

In answer to questions from Mr Marsh and Mr Parry, Mr Round replied that negotiations had not taken place with the private sector tenderer to try to achieve a lower price. However, the private provider's tender price was lower than the price currently paid for the service so it was felt that the provider had achieved improvements in efficiency.

(f) Member Involvement

In answer to a question from Mr Parry, Mr Round explained that KCC's tendering procedures did not normally provide for Member involvement in decisions about the acceptance of tenders. Instead, there was a referral process within Social Services which required acceptance of a tender other than the lowest to be authorised by the Area Director. This process had been followed in the case of this particular tender.

(4) RESOLVED that:-

- (a) Mr Lake and Mr Round be thanked for attending the meeting to answer Members' questions;
- (b) whenever a contract is let which requires notification to the Cabinet Scrutiny Committee, then the local Member(s) should be informed;
- (c) contracting staff be asked to ensure that feedback is always offered to unsuccessful tenderers, particularly voluntary organisations, to assist their understanding of the County Council's requirements should they submit tenders in the future;
- (d) contracting staff be reminded that tender evaluation reports might be called in for consideration by the Committee, and should therefore contain all the information that might assist Members to understand the reasons for the decision to accept a particular tender.

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