



## AGENDA

## CABINET

**Monday, 18th May, 2009, at 10.00 am**      Ask for:      **Karen Mannering /  
Geoff Mills**  
**Darent Room, Sessions House, County Hall, Maidstone**      Telephone      **(01622)      694367/  
694289**

*Tea/Coffee will be available 15 minutes before the meeting.*

### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

1. Declaration of Interests by Member in Items on the Agenda for this meeting
2. Minutes of the Meeting held on 20 April 2009 (Pages 1 - 6)
3. Revenue & Capital Budget Monitoring Exception Report (Pages 7 - 16)
4. Frost Damage - January to March 2009 - Feedback (Pages 17 - 20)
5. Decisions from Cabinet Scrutiny Committee - 29 April 2009 (Pages 21 - 24)
6. Other items which the Chairman decides are relevant or urgent

### **EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

**Peter Gilroy  
Chief Executive  
Friday, 8 May 2009**

*Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.*

This page is intentionally left blank

**KENT COUNTY COUNCIL**

---

**CABINET**

MINUTES of a meeting of the Cabinet held in the Conference Centre at the Princes Park Community and Football Stadium, Darenth Road, Dartford, Kent DA1 1RT on Monday, 20 April 2009.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr M C Dance, Mr K A Ferrin, MBE, Mr G K Gibbens, Mr P M Hill, OBE, Mr A J King, MBE, Mr K G Lynes, Mr R A Marsh and Mr L B Ridings

IN ATTENDANCE: Mr P Gilroy (Chief Executive), Mr M Austerberry (Interim Executive Director, Environment, Highways and Waste), Mr D Cockburn (Executive Director, Strategy, Economic Development & ICT), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services), Ms M Peachey (Kent Director Of Public Health), Mr K Abbott (Interim Joint Managing Director, CFE) and Ms J Edwards (Director of Policy and Resources, Communities Directorate)

**UNRESTRICTED ITEMS****15. Minutes of the Meeting held on 30 March 2009**

*(Item. 2)*

Subject to noting some textual amendments, the Minutes of the meeting held on 30 March 2009 were agreed and signed as a true record.

**16. Revenue & Capital Budget Monitoring Exception Report**

*(Item. 3 – report by Mr N Chard, Cabinet Member for Finance and Lynda McMullan, Director of Finance)*

(1) This exception report highlighted the main movements since the third full monitoring report to Cabinet on 30 March 2009 and was based on the February 2009 Monitoring Returns.

(2) During the course of discussion, Mr Chard said that the budget continued to move in the right direction and the gross revenue position (excluding schools) was currently showing a small underspend. The County Council would continue to seek full recovery of its Asylum costs and Mr Chard said he welcomed the recent news that local authorities such as Kent were likely to recover a substantial proportion of the money deposited in Icelandic banks. Ms McMullan said that with regard to Asylum costs the County Council was likely to receive some £3m as a result of a Special Circumstances bid. She also said that it was widely predicted that as part of the budget to be announced on 22 April 2009 there was likely to be an increase in efficiency targets. With regard to the Capital Budget, Ms McMullan said that this continued to be closely monitored.

(3) Mr Carter said that the continuing deficit to the County Council on Asylum costs remained unacceptable and the County Council together with other councils in a similar position would be writing once again to the Government expressing the need for it to resolve this situation as a matter of urgency. Mr Carter also referred to the

letter received from Ernst and Young, the appointed administrators to the Heritable Bank. This letter said that based on current economic conditions it was expected that the County Council could recover some 70 to 80% of its investment. Therefore, good progress was being made to recover this money and with the County Council being treated as a preferred creditor there were also positive indications that it would recover a substantial amount of its money deposited in Glitnir and Landsbanki.

(4) Cabinet then noted the latest forecast Revenue and Capital Monitoring position for 2008/09.

### **17. Annual Audit and Inspection Letter**

*(Item. 4 – report by Mr Paul Carter, Leader of the Council and Mr Peter Gilroy, Chief Executive)*

*(Claire Bryce-Smith and Darren Wells of the Audit Commission were present for this item)*

1) This report detailed the Annual Audit and Inspection Letter issued by the Audit Commission. The Inspection Letter provided an overall summary of the Audit Commission's assessment of the Council drawing on the most recent Comprehensive Performance Assessment, the findings and conclusions from the Audit of the Council for 2007/08 and taking account of other inspections undertaken since the last Annual Audit and Inspection Letter.

2) In presenting the Inspection Letter, Claire Bryce-Smith said that the County Council had continued to sustain its strong improvement record from an already high base. It was one of only 26 councils in the country to achieve both the highest, four star rating for overall performance under the Comprehensive Performance Assessment Framework, as well as highest direction of travel judgement, "improving strongly". In addition the "good" performance had been sustained across the four component service blocks applicable to the County Council and the Inspection letter also confirmed that the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. It also had sound, effective arrangements across all areas of user resources and overall was assessed as "performing strongly".

3) Mr Gilroy said that it was of considerable credit to KCC staff that the outcome from the Inspection was so positive with the overall direction of travel continuing to be strong and with improvements being shown in all priority areas. He said he believed this was the best set of figures which the County Council had had from such an Inspection and he placed on record his thanks to all members of staff for this achievement.

4) Mr Carter and Mr Lynes also spoke about the positive messages which the Inspection Letter contained and on behalf of Cabinet thanked all members of staff for their hard work and commitment.

5) Cabinet then:-

(a) Noted the Audit and Inspection Letter; and

- (b) Placed on record its thanks to all Members of staff for their continuing hard work and commitment to the County Council.

## **18. Kent Credit Union**

*(Item. 5 – report by Mr K Lynes, Cabinet Member for Regeneration and Claudette Forbes, Interim Director of Economic Development)*

*(Mr John Simmonds together with Caroline Hooper and Emily Haswell were present for this item)*

(Mr Graham Gibbens declared an interest in this matter on the basis that his wife is a founder Member and Loans Officer for the District of Canterbury Credit Union. He therefore took no part in the discussion on this item)

(1) This report sought agreement to the interim governance structure for the proposed Kent Credit Union.

(2) Mr Lynes said that the County Council had already committed a one off spend of £250k to assist in the establishment of a Credit Union. The proposal had also been considered in some detail by an Informal Member Group (IMG) chaired by Mr John Simmonds, and the Business Plan had been robustly challenged at all stages of its development. Mr Lynes said the principles of the Credit Union were very much in line with the Council's "Backing Kent People" campaign and he commended the report and its recommendations to Cabinet. Mr Lynes said that the establishment of a Credit Union would help vulnerable people living in challenging circumstances and he believed it would make a real difference to people's lives.

(3) Mr Simmonds said that the Credit Union would be a key part of the Council's social care and Supporting Independence Strategy and would help people who were disadvantaged and unable to get access to credit at reasonable rates. He said for the proposal to be successful it was essential that other partners became involved such as district councils, the business community, housing associations, the Citizens Advice Bureau and representatives from existing Credit Unions. In concluding his comments Mr Simmonds said it was essential to have in place robust governance arrangements and three years funding had to be secured prior to an application being made to the FSA. Mr Simmonds said that he firmly believed establishing a Credit Union would make a significant difference and he commended these proposals to Cabinet.

(4) Caroline Hooper said that the establishment of a Kent Credit Union had been discussed with the FSA and the Business Plan was now out for consultation. The Shadow Board had already held one meeting and work was in progress to develop a Memorandum of Understanding with two of the existing three Credit Unions within Kent with work progressing on developing a third with the other Credit Union. In addition a number of Housing Associations had promised to make a financial contribution and approaches were also being made to district councils as well as the PCTs. Work was continuing to meet the requirements of the FSA to have in place three years of funding prior to an application being made and on that basis it was hoped that the application would be submitted in May of this year. There would be a report back to Cabinet before a final decision was taken to implement the scheme. Mr Gilroy said he supported the establishment of a Kent Credit Union and spoke

about the work which Kent Police, together with Kent Trading Standards, was undertaking in order to target rogue moneylenders.

(5) Following further discussion Cabinet agreed:-

- (a) to the establishment of a Board of Directors to oversee the operations of the Kent Credit Union and agreed that Mr John Simmonds be appointed to act as KCC's representative on this Board.
- (b) to the establishment of a supervisory sub-committee with senior representatives from Kent Trading Standards and the Finance Directorate.

## **19. Performance Reward Grant: Kent Agreement 1**

*(Item. 6 – report by Mr Paul Carter, Leader of the Council and Mr Nick Chard, Cabinet Member for Finance)*

*(Mr Robert Hardy, Director of Improvement and Engagement was present for this item.)*

(1) This report detailed the allocation between Kent County Council and its partners of Performance Reward Grant due under Kent Agreement 1. The report said that the successful achievement of so many Kent Agreement 1 outcomes and the improvement in services that it represented was excellent news and the partners, teams and individuals who had delivered this success were to be congratulated. Receipt of an additional and unhyposcated resource of nearly £18 million to invest in services was excellent news and this sum was likely be bolstered by a further £4.8m-£8.5m that would be claimed in December 2009. Mr Chard said that the success of Kent Agreement 1 meant that KCC would be some £12m-£15m better off and its overall success was as a result of sustained hard work on the part of the County Council and its partners. Mr Carter said, and it was agreed, that some comparative work would be undertaken to look at how Kent had fared in the outcome of its Kent Agreement 1 reward grant in comparison to others across the country. Once this work had been completed it would be reported back to Cabinet.

(2) Cabinet then noted and supported the contents of the report and placed on record its congratulations to KCC staff and those of its partners and the other individuals who had been involved in the successful delivery of Kent Agreement 1 outcomes.

## **20. Corporate Assessment Performance Improvement Plan**

*(Item. 7 – report by Paul Carter, Leader of the Council and Robert Hardy, Director of Improvement and Engagement)*

(1) This report detailed the final draft Performance Improvement Plan (PIP) which had been prepared in response to the comments and conclusions of the Corporate Assessment report which was published in June 2008. The Improvement Plan summarised the Inspectors' comments and the proposed responses, including the means of monitoring future progress. Most of the Inspectors' comments reflected issues which KCC had itself identified as requiring improvement and the PIP provided the Council with a means of tracking progress. Not all of the Inspectors' comments and conclusions were considered to be valid and so did not feature as proposed actions in the PIP.

(2) During the course of discussions Mr Ridings said, and it was agreed, that the monitoring of the outcomes from the Performance Improvement Plan needed to be undertaken by officers in close collaboration with the appropriate Cabinet Member. Mr Gilroy also said that this work had highlighted some tensions between the County Council and the Audit Commission in the way that public satisfaction surveys were being undertaken and this was an issue which was the subject of continuing discussions with the Commission.

(3) Mr Ferrin referred to the Inspectors' comments relating to waste management and recycling rates. He said that Kent's disposal costs were likely to rise in the Medium Term as a result of a decrease in the availability of landfill and the fact that the County Council had contractual commitments in relation to incineration. The situation was not helped by the fact that there had been difficulties at the Allington Incinerator and that facility was still not operating at full capacity. Mr Ferrin said there had been a fall in the amount of waste arisings and recycling rates were increasing and as a result the County Council would likely meet its set targets on these two matters over the medium term. Mr Austerberry said that the Audit Commissions' comments regarding KCC's costs in relation to waste had to be viewed in the context of particular circumstances related to the South East. He said because of a number of factors KCC was not alone in having higher costs and that other authorities such as Hampshire, Surrey and both East and West Sussex had proportionally higher costs than other authorities outside the South East.

(4) Cabinet then agreed the contents of the draft Performance Improvement Plan and the arrangements and timeframe for future monitoring.

## **21. Decisions from Cabinet Scrutiny Committee - 8 April 2009**

*(Item. 8 – report by Mr Alex King, Deputy Leader and Mr Peter Sass, Head of Democratic Services and Local Leadership)*

(1) Because of the timing of the April meeting of the Cabinet Scrutiny Committee it had not been possible to circulate this report with the main agenda. Therefore the Chairman declared consideration of the item to be urgent on the grounds that the matters it related to could not reasonably be delayed and therefore needed to be reported and agreed by Cabinet at this meeting.

(2) In considering the report, and in particular the Cabinet Member response in respect of the Kent Freedom Pass, Cabinet for clarity said that whilst it fully supported the review of the existing scheme it could not give, in any form, a commitment to it being extended to the 16-18 year age group because of the significant effect that would have in terms of the budget. Mr Carter said that one avenue that could be explored as part of the review was to look at post 16 Further Education budgets and see if there was any possibility of utilising money which could already be in the system.

(3) Subject to the comments above, and the Chairman of the Cabinet Scrutiny Committee being informed accordingly the report was noted.

## **22. Dartford Borough Council**

Mr Carter, on behalf of the Cabinet, placed on record his thanks to Dartford Borough Council for providing the facilities for this meeting.

This page is intentionally left blank

To: CABINET – 18 May 2009  
 By: Nick Chard, Cabinet Member – Finance  
 Lynda McMullan, Director of Finance

## REVENUE & CAPITAL BUDGET MONITORING EXCEPTION REPORT

### 1. Introduction

1.1 This exception report highlights the main movements since the report to Cabinet on 20 April 2009 and is based on the March monitoring returns. This is the last monitoring report before final outturn for 2008-09 is reported to Cabinet in July.

### 2. Revenue

2.1 The current underlying net revenue position by portfolio after the implementation of assumed management action, compared with the net position reported last month, is shown in **table 1** below.

**Table 1: Net Revenue Position after Proposed Management Action**

Portfolio	Gross Variance	Proposed Management Action	Net Position after management action		Movement
			This Month	Last Month	
	£k	£k	£k	£k	£k
O,R&S (CFE)	+2,760	-722	<b>+2,038</b>	+1,534	+504
CF&EA	-2,038	0	<b>-2,038</b>	-1,534	-504
Kent Adult Social Services	-595	0	<b>-595</b>	-584	-11
E,H&W	-3,272	0	<b>-3,272</b>	-2,929	-343
Regen & SI	-779	0	<b>-779</b>	-969	+190
Communities	+51	-51	<b>0</b>	0	0
Public Health	-142	0	<b>-142</b>	-138	-4
Corporate Support	-682	0	<b>-682</b>	-547	-135
Policy & Performance	-10	0	<b>-10</b>	-7	-3
Finance	-6,732	0	<b>-6,732</b>	-1,326	-5,406
<b>TOTAL (excl Schools)</b>	<b>-11,439</b>	<b>-773</b>	<b>-12,212</b>	<b>-6,500</b>	<b>-5,712</b>
Asylum	+5,950	0	+5,950	+5,222	+728
<b>TOTAL (excl Schools)</b>	<b>-5,489</b>	<b>-773</b>	<b>-6,262</b>	<b>-1,278</b>	<b>-4,984</b>
<b>Schools</b>	<b>+8,000</b>	<b>0</b>	<b>+8,000</b>	<b>+8,000</b>	<b>0</b>

2.2 **Table 2** shows the forecast underlying gross position **before** the implementation of residual management action, compared with the gross position reported last month.

**Table 2: Gross Revenue Position before Residual Management Action**

Portfolio	Variance		Movement
	This Month	Last Month	
	£k	£k	£k
Operations, Resources & Skills (OR&S) (CFE)	+2,760	+2,731	+29
Children, Families & Educational Achievement (CF&EA)	-2,038	-1,534	-504
Kent Adult Social Services (KASS)	-595	-584	-11
Environment, Highways & Waste (EH&W)	-3,272	-2,929	-343
Regeneration & Supporting Independence (R&SI)	-779	-969	+190
Communities	+51	+72	-21
Public Health	-142	-138	-4
Corporate Support & External Affairs	-682	-547	-135

Portfolio	Variance		Movement £k
	This Month £k	Last Month £k	
Policy & Performance	-10	-7	-3
Finance	-6,732	-1,326	-5,406
<b>Total (excl Asylum)</b>	<b>-11,439</b>	<b>-5,231</b>	<b>-6,208</b>
Asylum	+5,950	+5,222	+728
<b>Total (incl Asylum)</b>	<b>-5,489</b>	<b>-9</b>	<b>-5,480</b>

<b>Schools</b>	<b>+8,000</b>	<b>+8,000</b>	<b>-</b>
----------------	---------------	---------------	----------

2.3 The gross revenue position (excluding schools) is currently an underspend of £5.489m as shown in table 2 above, but this underspend is expected to increase to an underspend of £12.212m (excluding the pressure on Asylum) by year end, after assuming the implementation of residual management action, as shown in table 1. However, with the inclusion of the Asylum pressure of £5.950m, this reduces to an overall underspend of £6.262m.

2.4 Table 1 identifies that even after management action, a residual pressure is still forecast within the Operations, Resources & Skills portfolio, however this is offset by an underspend on the Children, Families & Educational Achievement portfolio.

### 2.5 Treasury Management:

While KCC is currently operating in line with previous and new reporting requirements, the Leader has proposed the establishment of a new sub-group of Cabinet called the "Treasury Advisory Group". This was endorsed at Cabinet Scrutiny on 29th April, with the understanding that:

- the minutes of the Group be sent to the Governance and Audit Committee and the Budget IMG for discussion;
- Where appropriate group leaders be allowed flexibility on membership of the group to take advantage of Members with expertise.

This Group will not replicate, change or replace the important role of Governance and Audit Committee. Instead, this Group will be a consultative group and focus upon the Terms of Reference attached as Appendix A to this report, which also sets out the proposed membership, reporting lines and frequency of meetings.

As noted in paragraph 3.6, additional savings have been achieved through Treasury Management, most significantly a restructure of existing debt will deliver net savings of £13m to the Council over the next 4 years. Due to accounting requirements, it has become apparent that £4m of this must be recognised in the 2008-09 accounts.

## 3. 2008-09 REVENUE MONITORING POSITION BY DIRECTORATE & PORTFOLIO

The main changes this month in the gross position before residual management action, as shown in table 2, are:

### 3.1 Children, Families & Education:

#### 3.1.1 Children, Families & Educational Achievement:

The overall movement in the gross position on this portfolio is an increase in the underspend of £0.504m from -£1.534m to -£2.038m. The main movements are:

- -£0.500m Advisory Service Kent - Early Years Team – an increase in the underspend from -£1.000m to -£1.500m as a result of additional re-badging of eligible Sure Start expenditure following further underspending caused by delays in opening Children's Centres.
- -£0.330m KCC Family Support – an increase in the underspend from £2.014m to £2.344m. This reduction is part of Children's Social Services (CSS) Divisions planned management action to balance the forecast overspend declared on Assessment and Related (see below). The management action has been achieved due to a delay in the recruitment to vacant posts until the CSS restructure plans have been completed.

- -£0.159m Advisory Service Kent – Primary Team – a reduction in the pressure from £0.247m to £0.088m due to additional income from schools for training and development and to provide additional support in schools. The associated expenditure had already been reflected in previous monitoring forecasts.
- -£0.088m Advisory Service Kent – Professional Development – an increase in the net underspend from -£0.113m to -£0.201m, which is as a result of additional income from schools for attending training and development activities. Within this net movement, the income forecast has increased by £0.251m which has been achieved by the running of additional courses, however this has resulted in some additional expenditure and as a result the forecast underspend on gross expenditure has reduced by £0.163m.
- -£0.024m Advisory Service Kent – Improvement Partnerships – within this net movement, the gross forecast outturn has increased by £0.136m to +£0.226m but this has been offset by an additional £0.160m income from schools (which in total is now forecast at £0.250m for the year). The variances are linked to three projects; National College of School Leadership (NCSL), Improving Together Network and Gifted and Talented project.
- +£0.261m Advisory Service Kent – Secondary Team – an increase in the forecast from -£0.014m to +£0.247m. There is an increase in expenditure of £0.344m which is largely the result of additional resources and support provided to secondary schools that OfSTED have highlighted as being cause for concern. This is partially offset by £0.083m of additional income.
- +£0.176m Assessment and Related – an increase in the pressure from +£0.696m to +£0.872m. Within this net position the gross pressure has increased by £0.330m to £1.708m due to the filling of frontline posts and this is being offset by a planned underspend on the Family Support line (see above). The forecast income has also increased by £0.154m to an over achievement of income of £0.836m. The increase this month largely relates to additional income from Health for Occupational Therapy.

In addition there are a number of smaller movements totalling £0.160m on other CF&EA budgets, all of which are below £0.1m.

### 3.1.2 Management Action:

The management action remains as reported to Cabinet in March, (i.e. where possible rebadging eligible expenditure against Sure Start grant, the LA element of DSG and 2007-08 unspent LAA grant), although the value has reduced in light of the movements above.

### 3.1.3 **Asylum:**

The Asylum Service is forecasting a funding shortfall of £5.950m this month, which is an increase of £0.728m compared to the last monitoring report. This funding shortfall is made up of £5.450m of direct costs and £0.5m of indirect costs.

The movements from last month are:

- Our income forecast for 18+ care leavers has reduced by approximately £0.2m following the 2007-08 audit as a result of clients being removed from the grant claim following the data matching exercise. We are therefore unable to claim the costs for these clients in 2008-09.
- Approximately £0.260m of the increase relates to higher than expected numbers of unaccompanied asylum seeking children (UASC) at the end of the financial year. At the end of March there were 380 under 18's UASC compared to 354 at the end of January, as reported in the last full monitoring report, although our previous forecast assumed that client numbers would reduce in February and March.
- Nearly £0.270m of the increase relates to higher than previously forecast Reception costs due to the continuing high numbers of referrals and the costs associated with setting-up and operating a new Reception facility in Ashford.

It is estimated that under the Home Office Grant rules for 2008-09, £2.645m of the under funding will be eligible for a Special Circumstances payment, bringing the net under funding down to £3.305m that will not be covered by grant income, which represents an increase of £0.205m from last month.

### **3.2 Kent Adult Social Services:**

3.2.1 The overall movement in the position on this portfolio is a small reduction of £0.011m from -£0.584m to -£0.595m. Although this is only a small overall movement in the portfolio position, there are some significant movements between service lines because £0.749m of Social Care Reform grant and £0.175m of Learning Disability Campus Re-provision grant will not be spent this year which, as we have some discretion over when we spend this grant, will be treated as a receipt in advance. The effect of this is that there is a shortfall in income forecast against the Specific Grant income budget and compensating reductions in spend forecast against service lines, mainly Older People Residential Care, Older People Other Services, Learning Disability Direct Payments and All Adults Assessment & Related.

### **3.3 Environment, Highways & Waste portfolio:**

The underspend for the portfolio has increased by £0.343m this month to £3.272m. This is due to:

- -£0.443m Waste Management – an increase in the underspend from £5.090m to £5.533m. This is due to:
  - -£0.140m further re-phasing of expenditure on the Kent Waste Partnership,
  - -£0.188m due to reduced tonnage, and
  - -£0.115m increased recycling income.
- +£0.100m Kent Highways Service – an increase in the overspend from £3.8m to £3.9m due to additional Network Operation Management Unit (NOMU) expenditure incurred to deal with frost damage and other minor repair issues.

### **3.4 Regeneration & Supporting Independence portfolio:**

The underspend for the portfolio has reduced by £0.190m this month to -£0.779m. This movement is due to:

- -£0.090m on the Supporting Independence budget due to further work being re-phased into 2009-10 as a result of the economic slowdown as reported last month (£0.050m) and a delay in the delivery of laptops to support vulnerable learners and the community programme (£0.040m). This funding is committed in the new year.
- +£0.280m because the presentation of the underspending previously reported for Planning & Development (£0.205m) and Planning Applications (£0.075m) has changed this month, following the Cabinet decision in March to create a small reserve to smooth the fluctuations in the costs arising from planning enquiries. Instead of declaring the underspends directly against these two Service Units, these amounts will be transferred to a new planning enquiry reserve to be drawn down as the costs of planning enquiries are incurred.

### **3.5 Corporate Support & External Affairs portfolio:**

The underspend for the portfolio has increased by £0.135m this month to £0.682m. This is mainly due to:

- -£0.052m re-phasing of the Gateways programme due to delayed works at Ashford Plus.
- -£0.068m Corporate Communications – this is due to delayed spend on the promotion of the Healthwatch programme on behalf of Public Health.

### **3.6 Finance portfolio:**

The position on this portfolio has improved by £5.406m to an underspend of £6.732m.

- £0.116m of this movement relates to the Property Group budget and is due to a delay on the Better Workplaces Programme as asbestos has been found in a property and needs to be cleared before work can continue.
- The £5.290m balance of the movement this month is on the Financing Items budgets. This is the net movement on the Financing Items budgets where further underspending on treasury management is offsetting forecast overspends on:
  - the Insurance Fund;
  - litigation costs incurred for the original Turner Gallery project;
  - additional audit fees relating to specific projects; and
  - a shortfall in the contribution from Commercial Services as a result of reduced roadside advertising and an adjustment in respect of the treatment of Kent Top Temps dividends for prior years.

If we are successful with our Turner litigation case, then the first call on this money will be to repay the Finance portfolio for the litigation and mediation costs.

The increase in the treasury management underspend this month is largely as a result of:

- debt restructuring to lower coupon loans which earned discount savings, and in line with accounting regulations we are required to account for £4.024m within 2008-09,
- further savings from deferring new borrowing,
- recharging borrowing costs to PEF2,
- better than expected cash flows, and
- reduced interest apportionments.

#### **4. 2008-09 CAPITAL MONITORING POSITION BY DIRECTORATE**

4.1 There have been a few cash limit adjustments this month as detailed below:

	2008-09 £000s	2009-10 £000s
1. As reported to Cabinet on 20 April 2009	312,453	404,988
2. Additional DCSF grant for Archbishop Courtney (Tovil) Primary School (ORS portfolio)	519	1,481
3. Harnessing Technology – additional Standards Fund grant	2,183	
4. Harnessing Technology revenue contribution – capitalisation of the costs previously charged to revenue in order to be consistent in the accounting treatment of all of the costs of this project (ORS portfolio)	1,224	
5. Re-location of Manor Road Adolescent Resource Centre social care services, to be funded by PEF2 (CFEA portfolio) – this is an additional scheme added to the programme as recommended by PAG and approved by the Leader		95
6. Queen Elizabeth Foundation additional PEF2 allocation as approved by PAG and the Leader (KASS portfolio)	57	
7. Additional external funding for Integrated Transport projects (EH&W portfolio)	50	
8. Additional external funding for Capital Highways Maintenance projects (EH&W portfolio)	206	
9. A2 Linear Project – external funding (EH&W portfolio)	311	
10. Ashford Newtown Road Bridge scheme – Network Rail to undertake some of the work themselves rather than contribute funding (EH&W portfolio)	-567	
11. Forthill De-dualling project – additional external funding from Interreg and Thanet DC (R&SI portfolio)	418	
12. Gravesend Old Town Hall Phase 1 – removal of funding for costs which should be charged to revenue (R&SI portfolio)	-70	
13. Removal of properties now identified as PEF2 from Works to Properties for Disposal budget (Finance portfolio) – capital receipts funded ( <i>this will also impact in 2010-11 and future years</i> )	-175	-205
	<b>316,609</b>	<b>406,359</b>
14. PFI	73,420	54,983
	<b>390,029</b>	<b>461,342</b>

4.2 In addition, there has been some virements as follows:

- £116k from the ORS portfolio to the Communities portfolio towards the Edenbridge Community Centre.
- £14.5k from Policy & Performance portfolio to the EH&W portfolio for two Small Community Capital projects (£8.5k Kent High Weal project & £6k towards resurfacing Mayfield Road).

- 4.3 The current forecast capital position by portfolio, compared with the position reported last month is shown in **table 3** below and **table 4** shows the impact of this variance on each of the funding sources.

**Table 3: Capital Position**

Portfolio	Variance		Movement £m
	This Month £m	Last Month £m	
Operations, Resources & Skills (CFE)	-1.045	-3.038	+1.993
Children, Families & Educational Achievement	-0.442	-0.349	-0.093
Kent Adult Social Services	-1.812	-1.666	-0.146
Environment, Highways & Waste	-3.264	-2.618	-0.646
Regeneration & Supporting Independence	-1.648	-0.754	-0.894
Communities	-3.386	-2.407	-0.979
Corporate Support & External Affairs	-1.814	-0.104	-1.710
Policy & Performance	-0.083	-	-0.083
Finance	-0.807	-0.848	+0.041
<b>Total (excl Schools)</b>	<b>-14.301</b>	<b>-11.784</b>	<b>-2.517</b>
Schools	-	-	-
<b>Total</b>	<b>-14.301</b>	<b>-11.784</b>	<b>-2.517</b>

4.4 **Table 4: 2008-09 Capital Variance analysed by funding source**

	Capital Variance £m
Supported Borrowing	-0.842
Prudential	-0.376
Prudential/Revenue (directorates funded)	-4.130
PEF2	-3.625
Grant	+5.175
External Funding - Other	-0.367
External Funding - Developer contributions	+0.425
Revenue & Renewals	-4.680
Capital Receipts	-2.183
General Capital Receipts (generated by Property Enterprise Fund)	-3.698
<b>TOTAL</b>	<b>-14.301</b>

- 4.5 Included in the funding table above is a forecast in year deficit on the original Property Enterprise Fund (PEF1) of £4.398m, £3.698m to support the capital budget and £0.7m to support the revenue budget, for which temporary borrowing will be required. This temporary borrowing is also reflected in table 4. This in year deficit together with the deficit of £0.828m brought forward from 2007-08, gives an overall forecast deficit on PEF1 as at 31 March 2009 of £5.226m against the £10m temporary borrowing facility.
- 4.6 The underspend against borrowing (both prudential and supported) shown in table 4 above is a contributory factor in the treasury management underspend reported within the revenue position of the Finance portfolio.
- 4.7 Overall there is a further -£2.517m of re-phasing of projects this month, as identified in table 3, the main movements are detailed below:

#### 4.8 Operations, Resources & Skills (CFE) portfolio:

The forecast variance for the portfolio has moved by +£1.993m from -£3.038m to -£1.045m this month. The main changes are:

- +£6.201m Building Schools for the Future Wave 3 – the programme is running ahead of the cash limit profile of spend. This movement in the forecast is due to revised milestone schedules being received from our private sector partner, which were not available in time for inclusion in earlier monitoring reports. The funding of this earlier than anticipated spend is not an issue as sufficient DCSF grant is in place to cover it.
- +£1.353m Special Schools Review. There have been a number of changes on this programme, the more significant being:
  - +£0.918m Ifield School - this mainly relates to the second payment to North West College for providing 6th Form accommodation. This became due on exchange of contracts which happened in the last few days of March, earlier than previously expected.
  - +£0.308m Valence School – this is partly due to the additional cost of a new roadway.
  - +£0.198m Bower Grove – additional costs required to complete the project which includes an element of contractor claims liabilities.
  - +£0.191m Meadowfield School – these additional costs in 2008-09 result from the year end accruals process differing from consultants estimates.
  - -£0.240m re-phasing of the Orchard Phase 2 project.
- +£0.558m BSF Development Costs – incl Secondary Transformation Team – Wave 3 development costs were higher than anticipated as a result of the delay to financial close. Additional work on the Wave 4 schemes was undertaken during the year to prepare schemes ready for issue to our private sector partner through BSF. Some preparatory work has also been carried out on Wave 5 schemes.
- +£0.244m Greenfields Primary School (Development Opportunity) – additional costs resulting from the discharging of previous contractor and potential contractor claims.
- +£0.110m Longfield Academy as a result of earlier than anticipated development costs.
- -£2.672m Maidstone Area Academies – this re-phasing is as a result of the delay in reaching financial close on the Cornwallis School, which has meant that start on site for Cornwallis has been delayed until 2009-10.
- -£1.745m Harnessing Technology – following the cash limit adjustment resulting from the additional Standards Fund grant and the capitalisation of the costs previously charged to revenue in order to be consistent in the accounting treatment of all of the costs of this project, £1.745m of the grant funding will re-phase to 2009-10.
- -£0.688m Surestart, Early Years and Childcare – there are delays across this programme including -£0.473m New Places & Sustainability – the external organisations to whom commitments have been made have been unable to complete their works in 2008-09. There is also re-phasing of works on the phase 2 ICT implementation of £0.195m.
- -£0.418m Children's Centres Phase 1 & 2 as a result of further delays to the programme. The main movements relate to projects at Briary, St Nicholas, Minster and Lawn.
- -£0.334m Spires Academy – the previous forecast has since been found to be incorrect and corrected as part of the outturn process, resulting in the need to re-phase into 2009-10.
- -£0.328m Building Maintenance Programme – this mainly results from less emergency maintenance in the final stages of the financial year than anticipated (£0.231m).
- -£0.154m St James the Great Primary School (Development Opportunity) – the project has been delayed as a result of inclement weather, additional works required by building control and a lack of information provided from the consultant. Also there was an under estimation of the time required to construct the undulating roof.
- -£0.120m Dartford Grammar School for Girls Sports Hall – the start of this project has been delayed pending the completion of the Dartford Campus project.

Over the period of the MTP, a further pressure of £0.967m has been identified this month on the ORS portfolio, bringing the overall pressure on this portfolio to £6.612m over the MTP period. This month's movement largely relates to a further £0.856m pressure on Special Schools Review, mainly as a result of additional costs at Bower Grove, Milestone and Valence School.

As explained in the March Cabinet report, £2.529m of the £6.612m pressure will be funded from unapplied capital resources and revenue contributions. The majority of the remainder of this pressure is on the Special Schools Review (SSR) where the costs have increased by £3.805m. This will be addressed in the 2010-13 MTP process.

4.9 Children, Families & Educational Achievement portfolio:

The forecast variance for this portfolio has moved by -£0.093m this month from -£0.349m to -£0.442m. This is mainly on the Windchimes project due to re-phasing of fees due on retentions yet to be made plus an element of uncommitted funding.

4.10 Kent Adult Social Services portfolio:

The forecast for the portfolio has moved by -£0.146m from -£1.666m to -£1.814m this month. This movement is mainly on the Flexible and Mobile Engagement (FAME) project as a result of ongoing delays caused by the KASS Directorate's current restructuring programme.

4.11 Environment, Highways & Waste portfolio:

The forecast for the portfolio has moved by -£0.646m from -£2.618m to -£3.264m this month. The main movements are:

- -£0.215m Kent Highways Services Accommodation – difficulty in securing an appropriate site for the West Kent Highways depot has resulted in further re-phasing.
- -£0.181m Rushenden Link Road – work has been deliberately slowed down as a result of an emerging funding issue, which has resulted in some re-phasing while the funding issue is resolved.
- -£0.140m Thamesway (Wider Fastrack) Scheme – settlement of the final account for this scheme, which completed in 2007-08, was less than previously anticipated.
- -£0.138m Old Scheme Residual works – most of this relates to a creditor provision which is now no longer needed. The funding released from this will be used to support pressure elsewhere within the programme.
- -£0.137m Waste Site improvement schemes – this reflects some re-phasing on the Swanley and Hawkinge sites of £0.085m and £0.052m respectively.
- -£0.099m PROW Structural Maintenance – this re-phasing is because bad weather in February delayed Medway River path work and there has been pressure on Ringways to concentrate on Highways maintenance.
- -£0.074m Safety Camera Partnership – this represents further underspending on the project (£0.240m underspending is already being used to support additional Highways Maintenance spend).
- +£0.386m Integrated Transport Schemes – more works were carried out in March due to the good weather during the month
- +£0.125m Sittingbourne Northern Relief Road – work on this scheme has progressed a little faster than expected. This additional expenditure will be funded by grant and developer contributions.

There are a number of smaller movements across the programme, all below £0.1m.

4.12 Regeneration & Supporting Independence portfolio:

The forecast for the portfolio has moved by -£0.894m from -£0.754m to -£1.648m this month. The main movements are:

- -£0.408m Gravesend Old Town Hall (Phase 1 & 2) – this re-phasing is due to some safety issues in dealing with temporary scaffolding to carry out the main portico work.
- -£0.174m Empty Properties – some loan applications have re-phased into 2009-10 due to Shepway DC deferring the decision to join the loan scheme until 2009-10.
- -£0.171m Euro Kent – due to the need to assess the traffic impact on the existing road, the Traffic Calming work has been delayed.
- -£0.113m Dover Priory station approach road – progress has been slower than anticipated due to delayed confirmation of partnership funding.

#### 4.13 Communities portfolio:

The forecast for the portfolio has moved by -£0.979m from -£2.407m to -£3.386m this month. The main movements are:

- -£0.219m The Beaney, Canterbury. This is because our contribution to this Canterbury City Council managed project is not yet required following delays to the Stage F design programme.
- -£0.213m re-phasing of the renewal of Libraries ICT System. This is a timing issue which will not impact on delivery.
- -£0.138m Modernisation of Assets as a result of delays in DDA works at Dartford/Marling Cross libraries and delays in the planned maintenance programmes at Dover Discovery Centre, Quarterdeck, Linwood and Aylesham Youth Centres.
- -£0.118m Edenbridge Community Facility - this mainly arises from the virement from the ORS portfolio, as this contribution is not required until 2009-10 as plans for the project have yet to be agreed.
- -£0.100m Grant to Cobtree Trust - this re-phasing is due to a delay in receiving the grant application.

#### 4.14 Corporate Support & External Affairs portfolio:

The forecast for the portfolio has moved by -£1.710m from -£0.104m to -£1.814m this month. The main movements are:

- -£1.514m on KPSN WAN replacement project – it has been extremely difficult to obtain forecast figures for this project as we have had protracted negotiations with Unisys as to how much they should be billing us for. They wanted to bill on their estimated cost model instead of on actual delivery of circuits. Unisys also insisted that they would put adequate resources into meeting 31 March implementation deadline but this did not happen, hence delayed implementation with some re-phasing of costs into 2009-10.
- -£0.123m on Gateways as a result of a delayed start to the Dover Gateway.

#### 4.15 Policy & Performance portfolio:

A variance of -£0.083m is now forecast as a result of some Small Community Capital Grants re-phasing into 2009-10 where the decisions on allocations were taken late in the financial year and offer letters not dispatched until late March. Acceptance of offers could not therefore be received until the new financial year.

#### 4.16 Finance portfolio:

The forecast for the portfolio has moved by +£0.041m from -£0.848m to -£0.807m this month. The main movements are:

- +£0.129m on Works to Properties for Disposal reflecting a reduction in the underspend following realignment of the budget to remove properties which have now been identified as PEF2 properties.
- -£0.101m increased re-phasing of Modernisation of Assets as a result of the SHQ lift maintenance work not being completed until May 2009 and a change in programme work flow on the window replacement.

## **5. RECOMMENDATIONS**

5.1 Cabinet Members are asked to note the latest forecast revenue and capital budget monitoring position for 2008-09.

5.2 Cabinet is asked to agree to the establishment of a Treasury Advisory Group as detailed in paragraph 2.5 of this report.

## Treasury Advisory Group – Terms of Reference

1. It is proposed that the Treasury Advisory Group will have the following Terms of Reference and governance arrangements:
  - a. The Treasury Advisory Group will be responsible for advising the Cabinet and the Director of Finance on treasury management policy within KCC's overarching Treasury Management Policy
  - b. The Group will meet on a quarterly basis and at such other times of the year as deemed necessary by the Director of Finance or the Cabinet
  - c. The membership of the Treasury Advisory Group will comprise:
    - i. The Cabinet Member for Finance (Chairman)
    - ii. The three Members (one from each political group represented on the Council)
    - iii. The Deputy Leader of the Council
    - iv. The Chairman of the Corporate Policy Overview Committee
    - v. The Chairman of the Superannuation Fund Committee
  - d. The Director of Finance and/or the Head of Financial Services will attend all meetings of the Advisory Group
  - e. Meetings of the Advisory Group will be held in private because of the commercially sensitive nature of the information being discussed
  - f. Following each meeting of the Treasury Advisory Group, a summary of policy recommendations made will be prepared for the Cabinet's consideration. Following the Cabinet discussion, the outcomes will be reported in the usual way in accordance with the Constitution
2. It is proposed that the first meeting of the Treasury Advisory Group should take place in the next 3 to 4 weeks, where the frequency and timing of further meetings will be discussed. The Treasury Advisory Group will be supported by Democratic Services and Local Leadership.

By: Keith Ferrin, Cabinet Member for Environment, Highways and Waste  
Caroline Bruce, Interim Director – Kent Highway Services

To: Cabinet – 18 May 2009

Subject: Frost Damage – January to March 2009 - Feedback

Classification: Unrestricted

---

Summary:

This paper gives feedback to the Cabinet on the response by Kent Highway Services to the recent frost damage this winter.

**For Information**

---

**1. Background**

Cabinet will be aware that in April 2008 KHS held a “Pothole Blitz” following a previous wet summer and winter. This proved to be very successful in the quantity of work achieved by directing all 22 Network Operation Management Units to minor surface repairs.

Significant experience was gained (both positive and negative) during the blitz. One positive aspect was the need to be proactive and forward thinking to any response rather than late and reactive.

Whilst the pothole blitz tackled a large number of potholes it was not able to address larger scale patching necessary across the County. To respond to this situation a further £1.8m was provided allowing the funding of 18 major patching crews from late summer throughout the rest of 2008 / 09.

**2. This Winter**

We therefore approached the winter in a planned way, with a proactive method of response to poor weather and resulting damage, should it occur.

As we now know late 2008 and early 2009 has seen one of the wettest and coldest winters for over a decade. Significant salting took place throughout December and January, followed by a short belt of snow at the beginning of February.

Between the start of the Winter Service on 20th October 2008 and the end of February 2009 we salted our primary route 78 times and our secondary route 38 times. This is an increase on last year of 195% and 422% respectively

### **3. Our Response**

We identified at the beginning of January that this long period of cold and icy weather would have implications for frost damage. At that time KHS made the decision to move £500,000 to fund an additional **15 crews** until the end of March. In response to the February snow a further **10 crews** were provided to tackle the additional potholes and carriageway patching required. In late February and through March a total of **66 crews** were working on minor and major surface repairs across the County.

At the peak we were repairing approx 3,000 potholes / patches a week.

Even at this level, for a number of weeks demand outstripped repairs, but this was to be expected following such a dramatic and prolonged winter event. However by keeping staff and crews fully focused on the task at hand completion times quickly improved.

It should be noted that a proactive response by KHS to tackling the snow emergency, (with crews working around the clock) saw positive responses from the public and media.

### **4. Longer Term**

The above has shown that by providing the correct resource, at the correct time and targeting it to the areas of need, significant productivity can be achieved. In addition a good level of public response / satisfaction is possible. Even before the bad weather public satisfaction with roads in Kent had risen by 10%. However this is not a time to be complacent.

For 2009 / 10 the budget provision to the “front end” of this service has been increased further. We will be providing:

23 NOMU crews  
18 minor repair crews  
18 major repair crews  
2 “Jetpatching” machines for 6 months  
Minor resurfacing to the value of £1m  
Major Resurfacing to the value of £15m

This allows us to plan a year round service but provides the flexibility to target crews responding to weather / climate related surface damage.

### **5. Conclusion:**

Cabinet is asked to receive the report, noting:

- the learning and development achieved from the April Pothole Blitz
- the proactive response to the recent poor winter conditions.
- The redirecting of funds in 2008 / 09 to support the necessary response
- additional funding in 2009 / 10 to provide a planned and responsive “front end” service.

- related improvements achieved in customer response / communication.

---

**Contact:**

Kim Hills: 01622 221095

---

**Background Documents:**                      None

This page is intentionally left blank

By: Alex King – Deputy Leader  
Peter Sass - Head of Democratic Services and Local Leadership

To: Cabinet – 18 May 2009

Subject: Decisions from Cabinet Scrutiny Committee – 29 April 2009

Classification: Unrestricted

---

Summary: This report sets out the decisions from the Cabinet Scrutiny Committee and invites a response from Cabinet.

---

### **Introduction**

1. The Leader has agreed the decisions from Cabinet Scrutiny Committee will be reported to the following meeting of the Cabinet for a response. The responses will be reported back to the Cabinet Scrutiny Committee.
2. The decisions from the meeting of the Cabinet Scrutiny Committee on 29 April 2009 are set out in the Appendix to this paper.

### **Recommendation**

3. That Cabinet agree responses to these decisions, which will be reported back to the Cabinet Scrutiny Committee.

Contact: Peter Sass  
[peter.sass@kent.gov.uk](mailto:peter.sass@kent.gov.uk)

01622 694002

Background Information: *Nil*

## Cabinet Scrutiny Committee – 29 April 2009

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
<b>Treasury Management</b>	To discuss the Leader's proposal to set up a Treasury Advisory Group as a sub group of the Cabinet.	Mr N Chard Ms L McMullan	The Cabinet Scrutiny Committee endorsed the Leader's proposal that a Treasury Advisory Group (TAG) be set up with the following conditions: <ul style="list-style-type: none"> <li>- The minutes of the TAG be sent to the Governance and Audit Committee and the Budget IMG for discussion;</li> <li>- Where appropriate, group leaders be allowed flexibility on membership of the group to take advantage of Members with expertise.</li> </ul>	The first meeting has been arranged for 14 <sup>th</sup> May.
<b>Chief Officer Group Salary packages</b>	To note the information provided in relation to the salary packages for the Chief Officer Group	Mr P B Carter Ms A Beer	<ul style="list-style-type: none"> <li>- The Cabinet Scrutiny Committee thanked Ms Beer and Mr Carter for their attendance at the meeting and for answering Members' questions;</li> <li>- The Committee also wanted to record their thanks to the Chief Executive for publishing his salary in an open and transparent way;</li> <li>- The Committee welcomed the Leader's offer that in light of the changing economic conditions the Personnel Committee be asked to consider the future performance reward levels of the Chief Officer Group;</li> <li>- The Committee asked that the figure for the total performance reward paid to the Chief Officer Group be provided to Committee Members;</li> <li>- The Committee asked that the form used by the Opposition Leaders to evaluate the performance of the Chief Officer Group be</li> </ul>	Future performance reward levels will be considered by the Personnel Committee for future contracts (renewals and new appointments) for senior staff

Title	Purpose of Consideration	Guests	Decisions	Cabinet Member Response
			<p>reviewed to include the opportunity to provide quantitative feedback on the level of any performance reward grant and the detail of the performance criteria and targets that the Officers are being evaluated on.</p>	
<p><b>Corporate Assessment Performance Improvement Plan</b></p>	<p>To input into the draft Corporate Assessment Performance Improvement Plan</p>	<p>Mr P B Carter Mrs S Garton Miss J Purvis</p>	<ul style="list-style-type: none"> <li>- The Cabinet Scrutiny Committee thanked Mr Carter, Mrs Garton and Miss Purvis for their attendance at the meeting and for answering Members' questions;</li> <li>- The Cabinet Scrutiny Committee requested that further clarification be added to the Improvement Plan setting out the actions taken to achieve the improvement;</li> <li>- The Committee asked that the Performance Improvement Plan be reported back to the Committee in six months time when it was reported to COG and Cabinet.</li> </ul>	<p>Noted and agreed.</p>

This page is intentionally left blank