

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 14 June 2010.

PRESENT: Mr P B Carter (Chairman), Mr N J D Chard, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mrs S V Hohler, Mr A J King, MBE, Mr K G Lynes, Mr R A Marsh and Mr J D Simmonds

IN ATTENDANCE: Mr D Cockburn (Executive Director, Strategy, Economic Development & ICT), Mr M Austerberry (Executive Director, Environment, Highways and Waste), Ms A Honey (Managing Director Communities), Ms L McMullan (Director of Finance), Mr O Mills (Managing Director - Adult Social Services), Ms R Turner (Managing Director Children, Families and Education) and Ms M Peachey (Kent Director Of Public Health)

UNRESTRICTED ITEMS

1. Minutes of the Meeting held on 17 May 2010

(Item 2)

(1) The Minutes of the meeting held on 17 May 2010 were agreed and signed as a true record.

2. Revenue & Capital Budget Outturn 2009-10, Roll Forward and Key Activity Indicators

(Item 3 - Report by Mr John Simmonds, Cabinet Member for Finance and Lynda McMullan, Director of Finance)

(1) Mr Simmonds briefed the meeting on the main points arising from this report and highlighted in particular some of the areas of potential pressure in Directorate budgets.

(2) The provisional outturn on the revenue budget showed an under spend of £8.826m (excluding schools) which was some £0.959m higher than the projected under spend reported to Cabinet at its meeting in May. Mr Simmonds also referred to the Capital Budget Outcomes and achievements as detailed in paragraph 7 of the report.

(3) Mr Simmonds said the overall budget situation was therefore balanced with sensible levels of reserves. This was the tenth year in succession the County Council had maintained its budget in limits and he placed on record his thanks to officers for the part they had played in that achievement. Mr Carter also placed on record his thanks to both members and officers in bringing in a balanced budget with an under spend of some £8.8m on the revenue side.

(3) **Resolved:**

- (a) That the provisional outturn position for 2009-10. be noted
- (b) Agreement be given to the £1.453m requests for roll forward of the 2009-10 revenue under spending to fund existing commitments, as detailed in Appendix 2.of the Cabinet report
- (c) Agreement be given to the revenue under spending within the Finance portfolio being held in a new Corporate Restructuring Reserve (as detailed in section 3.4.1 of the Cabinet report).
- (d) Agreement be given to the remaining £5.373m of the 2009-10 revenue under spending being set aside in the Economic Downturn reserve.
- (e) it be noted that that £2.415m of capital re-phasing from 2009-10 will be added into 2010-11 and later years, as detailed in Appendix 3 of the Cabinet report and the 2010-11 Capital Programme would also be adjusted to reflect other 2009-10 variances as reported in the outturn.
- (f) the final monitoring of the key activity indicators for 2009-10 as detailed in Appendix 4.of the Cabinet report be noted; and,
- (g) the final financial health indicators for 2009-10 be noted as detailed in Appendix 5.of the Cabinet report, and,
- (h) Cabinet place on record it's thanks to Officers for the part they had played in bringing in a balanced budget.

3. Response to Government Savings Announcement

(Item 4 – Report by Mr John Simmonds, Cabinet Member for Finance and Lynda McMullan, Director of Finance) (The Chairman declared consideration of a supplementary report circulated at the meeting to be urgent on the grounds that it contained for members consideration the most up to date information from government since the publication of the original Cabinet report.)

(1) This report updated Cabinet on the recent announcement of in-year reductions in Government grants. Cabinet also received a supplementary report which provided new and additional information and confirmed that the impact on the County Council was a loss in revenue grants of £10.865m and a loss of capital grants of £4.653m, leading to a total loss of £15.518m.

(2) Mr Simmonds briefed Cabinet on the main points arising from these losses and said the Council would need to quickly determine what budgets would be affected. None of the losses were to be ring fenced other than the £0.441m saving on Kick-start, although it was pointed out there would be a disproportionate effect on the CFE budget, a view which was endorsed by Mrs Hohler. The Council therefore had almost total flexibility on how it would wish to allocate the required savings.

(3) During the course of discussion cabinet members highlighted some areas of key concern and projects which could be affected as result of these reductions. Mr Carter said that now the general level of savings was known more detailed work

would need to follow and there would be a further report to the meeting of Cabinet at its meeting in July.

(4) **Resolved** that: the reductions in revenue and capital grants be noted and that and that there would be a further report to Cabinet at its meeting in July.

4. Treasury Management

(Item 5 - Report by Mr John Simmonds, Cabinet Member for Finance and Lynda McMullan, Director of Finance)

(1) Treasury Management is reported on a quarterly basis to the Governance and Audit Committee with regular reports now being made to Cabinet to help increase the level of communication on these issues.

(2) Mr Simmonds briefed the meeting on the latest position regarding the Council's approach to its strategy regarding deposits which had been helpfully informed by having the opportunity to discuss these matters first through the cross-party Treasury Advisory Group. One of the main points to arise from this was the recommendation that the maximum duration of deposits be extended from 6 to 12 months. Mr Simmonds also briefed Cabinet on why it was now thought right to take within strict and controlled circumstances long term borrowing opportunities.

(3) The report also provided an update on the latest position regarding the recovery of monies which the County Council had invested in Icelandic Banks. The position was the Heritable recovery process was proceeding as the administrator had initially set out and to date the Council had received payments totalling £6.4m from a total exposure of £18m. Ernst and Young had increased its base case recovery to 79-85% and further payments on a quarterly basis were expected through 2010/11. The claims against Glitnir and Landsbanki are subject to ongoing litigation and the details of this were set out in the report.

(4) **Resolved**

- (a) The recommendation of the Treasury Advisory Group to extend the maximum duration of deposits from 6 to 12 months be accepted; and
- (2) the long term borrowing opportunities which have been taken be noted together with the action being taken in connection with the litigation in Iceland on the Glitnir and Landsbanki claims.

5. An Alcohol Strategy for Kent

(Item 6 - Report by Mr Mike Hill, Cabinet Member for Community Services and Amanda Honey, Managing Director Communities)

(1) Mr Hill said The Alcohol Strategy for Kent set out the way forward for agencies across the county to work in partnership to prevent the harm caused by alcohol misuse. The issues around alcohol misuse raised important issues for KCC which needed to have in place an effective and responsive system. Mr Hill also spoke of the good work undertaken by the County Council Select Committee which had reviewed

the health implications and the costs associated with alcohol misuse. The report of the Select Committee had also been built upon by the work being undertaken by the Kent Action on Alcohol Steering Group.

(2) During the course of discussion members spoke in support of the Strategy and its objectives. The Strategy spanned across the services of KCC and linked into community safety issues, work with young people as well as health and mental health issues.

(3) **Resolved** that the Kent Alcohol Strategy 2010/2013 be approved

6. The BSF and Academies Programme - An Update Following Recent Government Announcements (To follow)

(Item 7– Report by Sarah Hohler, Cabinet Member for Children, Families & Education Directorate and Rosalind Turner Managing Director – Children, Families & Education Directorate) (Grahame Ward Director – Capital Programme & Infrastructure and Rebecca Spore – BSF Team were present for this item)

(1) Following the creation of the new coalition Government and the creation of the new Department for Education (replacement to the previous DCSF) there had been a number of announcements by the DfE and actions by Partnership for Schools (PFS) that had a direct bearing on the Council's current BSF and Academies Programmes, and these were detailed in the report.

(2) In presenting the report Mr Ward and Ms Spore detailed progress on each Wave in the BSF programme and provided an update on both Batch 1 and Batch 2 of the Academies Programme. Wave 3 was already well underway and would be unaffected by any funding announcements. As to the other Waves, there may be a degree of uncertainty in the way forward until the governments funding intentions became clearer but in the meantime work would be progressing on each Wave and Batch on the basis detailed in the report.

(3) **Resolved** that the current position be noted,

The following are unrestricted minutes of matters which were discussed at the meeting as being exempt under Section 100A of the Local Government Act 1972, on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.

7. The BSF and Academies Programme - An Update Following Recent Government Announcements (To follow)

(Item 9 - Report by Mrs Sarah Hohler, Cabinet Member for Children, Families & Education Directorate and Rosalind Turner Managing Director – Children, Families & Education Directorate) (Mr Grahame Ward - Director – Capital Programme & Infrastructure and Rebecca Spore – BSF Team were present for this item)

(1) This report outlined the potential financial implications and existing contractual commitments in relation to the Building Schools for the Future Programme and Batch 1 and Batch 2 of the Academies Programme. The report outlined the work

undertaken to date in respect of both the programmes and indicated the possible costs and contractual implications should it not prove possible to progress them any further in the light of financial restrictions.

(2) During the course of discussion Mr Carter spoke about the need for the Council to look carefully at all options and to proceed with this work as far as was possible before there was a need to take final decisions which could only be taken against a background of legal and financial certainty as to the Council's position on the way forward. He said, and it was agreed that a letter be sent to the Minister setting out Kent's position in respect of BSF and Academies and the current position of each Wave. The letter would particularly bring to the Ministers attention the County Council's concerns regarding the contractual implications for Kent should Wave 4 be halted.

(3) **Resolved.**

(a) Wave 4, work should continue until the June budget and the position should then be re-assessed in consultation with the Local Education Partnership;

(b) in respect to Waves 5 and 6, that the work being undertaken so far be completed and at that stage put on hold until a clear way forward for BSF is announced;

(c) a letter be sent to the Minister setting out the County Council position in respect of BSF and Academies and the position of each Wave. The letter would also highlight the concerns which the County Council has in terms of the contractual implications should Wave 4 be halted; and

(d) reports be submitted to future Cabinet meetings as appropriate until the situation is resolved.

8. The Future of Older Persons' Provision in Kent County Council

(Item 10 - Report by Mr Graham Gibbens, Cabinet Member for Adult Social Services and Oliver Mills, Managing Director, Kent Adult Social Services (Mrs T Dean and Mr L Christie were present for this item as was Ms C Highwood, Director of Strategic Business Support, KASS)

(1) Kent Adult Social Services (KASS) was reviewing its capital provision, and specifically the in-house provision of residential services for older people. The drivers for this included the need to modernise services and to respond to changing demands, both as a result of predicted needs, and also the style of support that people were beginning to demand. At the same time the costs of the current service, together with the costs of any capital required for upkeep, and more critically for modernisation, would also have to be taken into account. The report therefore considered the potential options and opportunities and detailed the consultations to be undertaken to enable future decisions to be taken on modernising the service.

(2) Mr Gibbens gave a detailed explanation as to the reasons a review of these services was being undertaken. He spoke about the need to look carefully at the current levels of provision and how that could be better matched to meet future needs

and demand. Whilst there would always be a need to provide residential care, Mr Gibbens said current evidence suggested that in future more people would, with appropriate support, wish to stay in their own homes.

(3) Mr Gibbens said looking at some of the facilities currently in use it was obvious there were buildings and facilities that were in great need of modernisation and costly to run. The report therefore detailed a number of options for the future of 12 of the 16 care homes in Kent which because they were older buildings and did not have the facilities to meet modern expected standards, needed to be part of an assessment as to their long term suitability as care homes. Therefore said Mr Gibbens whilst moving forward in looking at the options would inevitably create anxiety and concerns for residents, their families and staff, the opportunity had to be taken now to look at ways to modernise services and to provide the quality of care expected in a modern environment

(4) During the course of discussion Mr Christie asked questions relating to the number of beds and staff likely to be affected. Officers advised that some 282 people were served by the existing homes of which 105 had permanent residency. The remainder were either respite or short term clients. The 6 homes mentioned for possible closure had between them a total of some 378 staff which equated to 184 FTE,

(5) Mrs Dean asked questions around how members would continue to be involved as the consultation process progressed. She also asked about the involvement of local members and how would the decisions be taken; individually or as package. Mrs Dean also asked whether KCC withdrawing from this sector in the way proposed would have an effect on future prices paid in the private sector. Mrs Dean also asked what checks would be made on those companies or organisations KCC may consider going into partnership with at some future date. She also said she felt the helpline designed to keep people informed needed to be open 24/7 and that the Council should be seen to be doing all it could to keep people informed as to how they are going to be helped and supported through this process.

(6) Mr Gibbens said that when the time came he expected all decisions would be taken at the same time but on an individual basis. He would be writing to all members of the Council inviting them to a briefing and this matter would also be discussed at the next meeting of the Adult Social Services Policy Overview and Scrutiny Committee. There would also be measures in place to ensure local members as well as Mrs Dean, Mr Christie and the other members of the Council were kept informed as the consultation process progressed. Mr Mills said that he and his officer team were very much aware of the concerns which Mrs Dean and Mr Christie had raised and they would be doing everything they could to ensure that the consultation process was undertaken with care, sensitivity and transparency. Mr Mills also said he would keep a close eye on the price issue raised by Mrs Dean but he did not expect that would in the event be an issue. He also said that any potential partners would be appropriately vetted as to their suitability and ability to give a long term commitment. There would also be one to one help and support to residents and their families and all this would be started immediately.

(7) In concluding the discussion Mr Carter thanked Mrs Dean and Mr Christie for attending the meeting and said whilst some tough decisions needed to be taken. This was only the launch of the consultation process. He therefore agreed that the

consultation process should now commence on the basis set out in the report and described during the course of the discussion. He also said consideration would be given at the end of the consultation as to whether the decisions would be taken by Cabinet or by the Portfolio Holder.

(8) Resolved

- (a) the consultation process into options by which it was intended to modernise the facilities available to older people as described in the Cabinet report be endorsed and
- (b) future decisions on the transfer to an independent sector provider or on closure should be entered on the Forward Plan, and only be taken after discussion in the Adult Social Services Policy Overview and Cabinet Scrutiny Committee, at the appropriate time