

## KENT COUNTY COUNCIL

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### CABINET SCRUTINY COMMITTEE

MINUTES of a meeting of the Cabinet Scrutiny Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 23 July 2008.

PRESENT: Dr M R Eddy (Chairman), Mr D Smyth (Vice-Chairman), Mr A R Bassam, Mr A H T Bowles, Miss S J Carey, Mr A R Chell, Mr B R Cope, Mr G Cowan, Mr D S Daley (Substitute for Mrs T Dean), Mr C Hart, Mr C Hibberd (Substitute for Mr G A Horne MBE), Mr E E C Hotson, Mr R E King, Mr C J Law, Mr M J Northey, Mrs E D Rowbotham (Substitute for Mr R Truelove) and Mr J D Simmonds.

APOLOGIES: Mr J E Scholes

IN ATTENDANCE: Mr P Sass, Head of Democratic Services and Local Leadership.

#### UNRESTRICTED ITEMS

##### **74. Declarations of Interest**

Mr C Hart declared a personal interest in Item 80 (Working Neighbourhood Fund for Thanet), as he is an elected Member of Thanet District Council.

##### **75. Minutes - 21 May 2008** *(Item. A3)*

(1) Mr Smyth stated that the draft report on the activities of Commercial Services, which had been discussed at the Informal Member Group on budgetary issues, had been agreed at the Governance and Audit Committee at its meeting on 30 June.

(2) With regard to the Committee's consideration of the item on the declaration of land surplus to requirements at Wingfield Bank, Northfleet, the Chairman stated that he had written to the Cabinet Member for Finance, as requested by the Committee and that contact had been made with the petitioners and the local Member by Mr Chard.

(3) RESOLVED that the Minutes of the meeting held on 21 May 2008 are correctly recorded and that they be signed by the Chairman.

##### **76. Action Taken on Committee's Recommendations** *(Item. A4)*

RESOLVED that the action taken on the Committee's recommendations be noted.

**77. Informal Member Group on Budgetary Issues**

*(Item. A5)*

**(a) 11 June 2008**

*(Item. A5a)*

**(b) 10 July 2008**

*(Item. A5b)*

(1) With regard to the 2007/08 outturn figure for the percentage of pedestrian crossings with facilities for disabled people, as a proportion of all crossings in the local authority area (BV 165), Committee Members asked to be informed of the reasons why the Auditor had decided that some of the Council's data in relation to dropped kerbs was unreliable. Mr Sass undertook to obtain and supply this information to Members.

(2) With regard to the roll forward of the underspend on emergency building maintenance, Mr Smyth indicated that this had only happened because, fortuitously, not all of this budget had been required in 2007/08. He added that he was sure the Cabinet Member for Finance and the Director of Finance would not allow this particular budget to grow year on year as a result of any successive underspends being rolled forward and that the situation would be monitored closely by the IMG.

(3) In response to a question on school reserves, Mr Smyth stated that this matter was due to be reported to the IMG in the autumn. He stressed that it would be inappropriate to seek to penalise schools for sound financial management, although IMG Members would be keen to be assured that there were appropriate plans in place to utilise any significant reserves.

(4) Finally, Mr Smyth spoke briefly about the IMG's work on the definition of strategic management. The IMG had proposed Option 2 for the presentation of strategic management costs and he commended this to the Committee. Mr Sass undertook to circulate the relevant IMG report to all Members of the Committee for information.

(5) RESOLVED that the notes of meetings of the Informal Member Group on Budgetary Issues, held on 11 June and 10 July 2008, be noted and the recommendation to adopt option 2 for the definition of strategic management costs be endorsed.

**78. Notes of an Informal Meeting Regarding Street Lighting Repairs - 25 June 2008**

*(Item. A6)*

(1) Mr Sass referred to paragraph 3a of the meeting notes, on page A6:2 and advised the Committee that the word "months" should be inserted after the figure "15" in the 8<sup>th</sup> line of this paragraph.

(2) With reference to paragraph 3g on page A6:2, Mr Law stated that a report from officers would be presented in due course about 5 core cable systems.

(3) The Committee agreed to receive the notes of the informal meeting on street lighting repairs.

**79. Revenue and Capital Budget Monitoring Exception Report; Impact of Current Economic Situation on the Council; and Roll Forward of Remaining 2007/08 Underspend**  
*(Item. C1)*

(1) The Committee welcomed Mr N J D Chard, Cabinet Member for Finance, Mr C T Wells, Cabinet Member for Children, Families and Educational Achievement, Ms L McMullan, Director of Finance and Mr K Abbott, Director, Finance and Corporate Services (CFE), to the meeting.

(2) In response to a question from Mr Smyth, Mr Abbott stated that the principal reason for the budget for grants to voluntary organisations being consistently underspent in recent years was that there was now better funding available from central Government for early years provision, which had meant fewer requests for specific grants. He added that this situation was now being addressed by the proposed virement and base budget adjustment. Mr Wells added that a concerted effort was being made to ensure that the budget was transparent, open and accurate. He also added that an inflationary factor of 2.5% had been applied to all voluntary sector grants, prior to the virement and base budget adjustment being made.

(3) Ms McMullan stated that, previously, financial reporting had focused on a higher level in the budget, which had meant that insufficient attention had been paid to individual budget lines. She added that this had been a difficult exercise to tackle, particularly given the dynamic nature of certain budgets, but that it was important to ensure that the expenditure was in the right place in the budget.

(4) In response to a question from Mr Cowan, Mr Wells stated that the availability of grants to voluntary organisations was marketed, but accepted that more could be done in this area.

(5) RESOLVED that:-

- (a) Mr Chard, Mr Wells, Ms McMullan and Mr Abbott be thanked for attending the meeting to answer Members questions; and
- (b) the Committee endorses the proposed virement and base budget adjustment within the Children, Families and Educational Achievement portfolio.

**80. Working Neighbourhood Fund for Thanet**  
*(Item. C2)*

(1) The Committee welcomed Mr P B Carter, Leader of the Council, Mr P Moore, Corporate Director, Thanet District Council (TDC) and Mr C Maclean, Head of Partnerships (interim) to the meeting for this item.

(2) The Committee noted that the Working Neighbourhoods Fund was announced as part of the provisional Local Government Finance settlement towards the end of last year and is designed as a new dedicated fund for local Councils and communities to develop community-led approaches to getting people

back to work in the most deprived local areas of England. It replaced the existing Neighbourhood Renewal Fund (NRF) and incorporates the Department of Work and Pensions Deprived Areas Fund (DAF).

(3) Mr Carter began by stating that this was excellent news for the people of Thanet and that the funding would lay a foundation for effective partnership working to tackle work readiness and improve aspirations, particularly amongst some groups of young people in Thanet. Mr Moore echoed the introductory comments of the Leader, adding that TDC had committed a further £90,000 of Community Cohesion monies for each of the next three years, which would result in a total fund of just over £4.3m. Mr Moore added that the grant had already started to be paid by central Government, at a rate of £100,000 per month.

(4) Mr Moore stated that TDC's plans for the utilisation of the grant monies were at an early stage. However, there were some 12,000 people in Thanet in receipt of benefits, representing some 17% of the total population of Thanet. The figure of 12,000 comprised mainly incapacity benefit (approximately 6,000 claimants), job seekers (approximately 2,300 claimants) and lone parents (approximately 2,000 claimants). Mr Moore added that most of the claimants lived in one of the 7 or 8 most deprived electoral wards in the District, some of which were also amongst the most deprived wards in the Country. The Working Neighbourhood Fund represented a fantastic opportunity to address some of the challenges faced by claimants and other groups of people experiencing difficulties in gaining access to work, training or education.

(5) Mr Moore spoke about the likely key result areas that the WNF funding would tackle: Securing jobs; Signposting advice; Removing barriers to work; and promoting a culture of work. He gave brief details about the possible work streams in each of these areas.

(6) Mr Carter spoke about the generational change required being a tougher nut to crack. He added that raising the expectations of the 16-24 year old age group and the expansion of the apprenticeship scheme would be crucial success areas. With regard to the latter point, Mr Carter commented that he wanted to see the number of apprenticeships being offered within KCC treble in the future and that the Council's role in persuading other key public sector partners to expand their own apprenticeship schemes was also an important factor. Mr Carter stated that the aims of the strategy for the WNF needed to be clear, in terms of seeing a significant reduction in the number of young people aged 16 to 24 in receipt of benefits and a target of zero for people not in education, employment or training (NEET) by the end of the 3 year grant period.

(7) Mrs Rowbotham warned against too much of the grant money being soaked up in bureaucracy and administration costs. Mr Moore agreed with this point, adding that it would be important to prioritise the programme and do a small number of specific projects well rather than to try to tackle everything.

(8) Mr Daley suggested that, given the downturn in the construction industry, perhaps skilled but currently out of work people could turn their hand to teaching young people their professions, such as bricklaying, plumbing etc. Mr Carter stated that construction activity in Thanet over the coming years was looking quite good, with a number of BSF projects, the East Kent Access Road, phase 2, the Turner

Contemporary and Kent International Airport. He agreed that Mr Daley's suggestion should be pursued.

(9) Mr Hibberd spoke about the importance of the Thanet Earth project to the rural community in Thanet in terms of supporting one of the area's primary industries.

(10) Mr Cowan stated that the announcement from the Government of new Working Neighbourhood Funding for Thanet was excellent news, but he warned against KCC being too dominant in saying how the funds should be spent. He stressed that, whilst he appreciated the role of the wider partnerships in the County, this was Thanet's money, to be spent on people living in Thanet, especially those living in deprived areas and for young people trying to gain access to training and jobs in the local area.

(11) Mr Carter spoke about the work that KCC were doing that would complement the WNF strategy being developed by KCC. Specifically, he mentioned the KA2 targets on NEETs, the long-term unemployed and welfare reduction, which was being tackled through the Kent Partnership; and the expanded skills programmes, especially in the 14 to 16 year old age group. In response to a question from the Chairman, Mr Carter stated that he had asked the 14-24 Unit to consider how to add value to the existing work that would help supplement and support the work that would be tackled in Thanet through the WNF strategy and, in that regard, had written to the Leader and Chief Executive of Thanet District Council.

(12) Mr Moore stated that TDC could not deliver the entire agenda alone and that the WNF funding had to be seen as energizing the partnership organisations in Kent to tackle these challenging issues. He added that a draft strategy was being reported to TDC's Cabinet on 7 August.

(13) Mr Law stated that, whilst a great deal of effort needed to be made with the 14-24 age group, it was also important to look at literacy and numeracy skills at Key Stage 1 and 2. Mr Carter agreed that it was important to continue to focus on this, particularly at Primary School level. He also spoke about the increasing number of people leaving school without the basic entry level qualifications for Further Education colleges, which also needed addressing.

(14) Mr Hart stated that he represented one of the most deprived areas of Thanet, adding that it was the responsibility of all authorities and agencies to ensure that all of these challenges were achieved.

(15) RESOLVED that:-

- (a) Mr Carter, Mr Moore and Mr Maclean be thanked for attending the meeting to answer Members' questions;
- (b) the Committee welcomes the additional monies being invested in Thanet through the Working Neighbourhood Fund
- (c) the Committee is of the view that the key to the delivery of a successful programme is having clear objectives that are closely monitored to ensure ultimate success and asks, therefore, that regular progress reports are prepared and submitted to the relevant Policy

Overview Committees, commenting on the impact of the WNF strategy and partner contributions

At this stage in the meeting, the Chairman stated that he proposed to move item F2 (Contract involving KCC in the management of motorways and trunk roads in Kent Surrey and Sussex), from the exempt to the public side of the agenda, following comments made prior to the meeting by a number of Members that a discussion about the key principles in open session was desirable. Mr Sass advised that a public version of the report of the Managing Director Environment and Regeneration had been prepared, but that the business case that had also been circulated with the agenda papers remained exempt and should not be discussed in open session by Members. Mr Ferrin and Mr Mee confirmed that they were content to discuss the key principles of the proposed contract in open session.

**81. Contract Involving KCC in the Management of Motorways and Trunk Roads in Kent, Surrey and Sussex (Cabinet Member decision)**  
*(Item. F2)*

(1) The Committee welcomed Mr K A Ferrin MBE, Cabinet Member for Environment, Highways and Waste and Mr G Mee, Director, Kent Highways Services to the meeting.

(2) Mr Smyth began the discussion by asking the Cabinet Member to comment on whether he thought that KCC could take on a major contract of this kind, whilst continuing to improve and progress core highways activities for the benefit of the residents of Kent. Mr Ferrin responded that KCC was not proposing to take on a major contract, but was in fact proposing to be a minor partner in a joint venture with Jacobs and Ringway. He confirmed that the tenders for this contract were due to be submitted on 11 August and that, following detailed analysis by the Highways Agency, an announcement was expected in early 2009 about the preferred contractor, with a go live date of July 2009. He stated that the impact on KCC Highways staff would be minimal, with only three members of staff being involved directly in contract monitoring, should the Jacobs/Ringway bid be successful. He added that there were a number of opportunities for a more effective utilisation of KCC's existing depot infrastructure, which would result in synergies and efficiencies for both KCC and the Highways Agency, together with opportunities for savings on the bulk purchase of materials and a smarter deployment and routing of lorries for gritting and other maintenance duties. He assured the Committee that, in the event of the bid being successful, there would be no adverse impact on any of KCC's existing highways services.

(3) In response to a question from Mr Daley, Mr Ferrin confirmed that, should the bid be successful, the three members of staff he referred to in his introductory comments were all high quality and valued members of staff, but not part of Mr Mee's senior management team for KHS.

(4) Mr Daley then asked Mr Ferrin to comment on the risk assessment contained in the business case that had been circulated as part of the agenda papers. At this point, the Chairman interjected and said that any discussion on the business case should only take place once the press and public had been excluded from the meeting. Mr Law then moved and Mr Northey seconded the resolution to exclude the press and public from the meeting.

**82. Motion to Exclude the 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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 A of the Act.

**83. Contract involving KCC in the Management of Motorways and Trunk Roads in Kent, Surrey and Sussex**  
*(Item. F2)*

(The following text is an unrestricted Minute of the discussion on an exempt report)

(1) In response to a question from Mr Daley, Mr Ferrin stated that there were a number of risks that had been identified in the business case as part of a risk register, which was part of the normal managerial processes for any pre-tender or pre-contract work. He added that, once identified, it was incumbent on the officers to suggest ways in which risks could be mitigated and controlled by analysing scores relating to the probability and impact of each risk and finding ways to reduce the scores.

(2) In response to further questions from Members, Mr Ferrin gave the names of the three KHS officers who would be involved directly in working on this contract, should the joint bid with Jacobs and Ringway be ultimately successful.

(3) The Chairman stated that there were a number of issues contained in the business plan that warranted further and more detailed discussion. He suggested that an Informal Member Group be convened to tease out and examine these issues further and that the IMG should report back to this Committee in due course. Mr Law asked for further information on the timing of the IMG, given the tender deadline and whether the detailed scrutiny activity being suggested on this matter was likely to take place before the Council was in a position of being committed to the contract with Jacobs and Ringway. Mr Ferrin advised that the tenders would be submitted on 11 August, following which there would be a detailed analysis of the submissions by the Highways Agency. Following this process, it was likely that a commitment would have to be given by the successful tenderer before the end of the calendar year. He added that the Council could decide, therefore, to withdraw from the process after the tender had been submitted, although the Council would have to pay its share of the tendering costs. The Chairman stated that the IMG should meet during August and possibly early September if required, so that a report back could be made to this Committee's next meeting on 24 September.

(4) RESOLVED that:

(a) Mr Ferrin and Mr Mee be thanked for attending the meeting to answer Members' questions; and

(b) An Informal Member Group (1:1:1), be formed to discuss the matter in greater detail, with a report back being submitted to the Committee's next meeting in September 2008.