

## KENT COUNTY COUNCIL

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### CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 15 October 2012.

PRESENT: Mr P B Carter (Chairman), Mr M C Dance, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr A J King, MBE, Mr J D Simmonds, Mr B J Sweetland, Mr M J Whiting and Mrs J Whittle

ALSO PRESENT: Stephen Hughes Data Centre Engineer, Business Strategy and Support, Nigel Smith Head of Development, Business Strategy and Support, Barbara Cooper, Director of Economic & Spatial Development, Liz Harrison, Economic Development Manager, Business Strategy and Support

IN ATTENDANCE: Mr M Austerberry (Corporate Director, Environment and Enterprise), Mrs A Beer (Corporate Director of Human Resources), Mr M Burrows, (Director of Consultation and Communications), Mr A Wood (Corporate Director of Finance and Procurement), Mr P Leeson (Corporate Director Education, Learning and Skills Directorate), Ms A Honey (Corporate Director, Customer and Communities), Mr A Ireland (Corporate Director, Families and Social Care), Ms M Peachey (Kent Director Of Public Health), Mr P Sass (Head of Democratic Services) and Mrs L Whitaker (Democratic Services)

### UNRESTRICTED ITEMS

#### Apologies

Apologies were received from Mr D Cockburn, Corporate Director of Business Strategy and Support.

#### Declarations of Interest

No declarations of interest were received.

#### **8. Minutes of the Meeting held on 17 September 2012**

*(Item 3)*

The minutes of the meeting held on 17 September 2012 were agreed and signed by the Chairman as a true record.

#### **9. Revenue & Capital Budget Monitoring Exception Report 2012 - 13**

*(Item 4)*

*(Item 4 – report by Mr J Simmonds, Cabinet Member for Finance and Business Support and Mr A Wood, Corporate Director of Finance and Procurement)*

Cabinet received a report of the member and officer named above the purpose of which was to provide details of exceptions and movements occurring since the previous full budget report was received by cabinet in July. Mr Simmonds introduced the report to cabinet and in particular referred to the following details contained within it, pertaining to the revenue budget:

- That the current underspend had increased by £292,000 since the report received by Cabinet in September, to £4.8m
- That targets continued to be demanding but that the current situation was good and taken in the context of budget reductions already made was extremely healthy. Markets continued to be volatile and caution would continue to be exercised.
- That the department for Education, Learning and Skills had shown improvements, resulting in a slight underspend.
- That the Department for Adult and Social services continued to see significant pressures in demand for services and the underspend had reduced by £670k as a result, an example of this demand being additional numbers of people with learning disabilities requiring residential care. However, figures showed that this demand might be slowing and it was hoped that further improvements would follow.
- The department for Environment, Highways and Waste continued to show an underspend of £341,000 and the Department for Finance an underspend of £438,000 by continued strategic use of cash balances, and no new borrowing.

Mr Simmonds continued to describe the key points within the report pertaining to the Capital Budget as follows:

- There was an approved Capital Budget Programme in place of £621m and this was currently running an underspend of £8.1m
- This budget contained several significant elements. One such element was £16m of rephasing - Margate Housing Project and Sandwich Sea Defence
- That there were £2.3m of unfunded variances, largely accounted for by the Multi Agency Strategic Hubs which had previously been the subject of discussion and of which members were aware.
- That there were £6.8m of funded variances.

In response to a question from the Leader, the Director of Finance and Procurement reported that in the two and a half months from the end of the quarter referenced in the report, trends had continued in a similar direction. The activity indicators would now be reassessed having in September reached the half way point of the financial year. It could be assumed that Children's services was unlikely to shift dramatically from the current position but that Adult Services may see a small reduction in the underspend. However the work to align activity and finance was not yet complete and a fuller picture would be available shortly. Mr Carter requested that Corporate Board receive the information referred to once completed, in order that any new trends might be identified at the earliest opportunity.

The Cabinet Member for Highways, Environment and Waste, Mr Sweetland, reported that the council was sending 20% of its waste to landfill and that this had an impact on the cost of waste disposal. This figure, although kept low by the decision to build an incinerator some years ago, was targeted for further reduction, to 10% and Kent

continued to the lead the way with innovative work being undertaken with the Boroughs to achieve this end and create further financial efficiencies.

## RECORD OF DECISION

<b>CABINET Revenue and Capital budgets, key Activity and Risk Monitoring 15 October 2012</b>	
1.	That the forecast revenue and capital budget monitoring position for 2012-13 be noted
2.	That the changes to the capital programme detailed in the report be noted
3.	That an information report be considered by Corporate Board on completion of the alignment of activity and finance information.
<b>REASON</b>	
1,2&3	In order that the Cabinet conducts its monitoring activities effectively.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	None.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.

### 10. Development and Infrastructure: Creating Quality Places

*(Item 5)*

*(Item 5 – Report by the Cabinet Member for Regeneration and Economic Development and the Corporate Director of Business Strategy and Support, David Cockburn)*

Cabinet received a report of the member and officer named above, the purpose of which was to provide Cabinet with details of ‘Development and Infrastructure: Creating Quality Places’, a revised approach to securing funding for community infrastructure.

The report also set out the technical assessment process used in the Integrated Infrastructure and Finance Model (IIFM) which would identify the additional community infrastructure required as a consequence of forecast housing growth and help to create an estimate of when that infrastructure might be required, how much it would cost and any funding available.

Barbara Cooper, Director of Economic & Spatial Development and Nigel Smith Head of Development, Business Strategy and Support were in attendance to speak to the item.

The Cabinet Member for Regeneration and Economic Development, Mr Mark Dance introduced the report to Cabinet. He informed members that the IIFM would take into account the various needs of any community, in consultation with the District Council

and was flexible enough to take account of local need. Meetings were being arranged with the Districts to continue to discuss specifics for each of them.

Mr Smith addressed Cabinet, he set the context within which the new approach had been designed and in particular he referred to the changes brought about by the localism agenda and the new Community Infrastructure Levy (CIL) arrangements. Currently Local Government was in a transition period between the S106 arrangements and the new CIL arrangements. As a result of this transition and in preparation for change, work was commissioned to employ the IIFM to assess individual district housing trajectories and the potential impact on service provision for KCC. This work would provide an evidence base for KCC's service provision forecasts and in turn would support the district councils in setting their infrastructure delivery plans and charging schedules necessary for the setting of CIL levels.

He went on to report the consultation processes that had been employed which comprised informal internal and partner organisation informal consultations and a 12 week formal public consultation. In addition the report had proceeded through the necessary level of the council's governance processes before being considered for decision by the Cabinet.

In response to a question from the Leader of the County Council, Mr Smith confirmed the rate retention allocation as an 80/20 split, further information was not wholly clear and would be sought and distributed.

*[Confirmed after the meeting had concluded: Gains and losses would be split 50:50 between central and local Govt. The remainder would be distributed 80% to Districts, 20% to Upper Tier]*

In response to further questioning from the Leader of the County Council, officers confirmed that there was huge potential for variance in CiL levels, not least in changes to central government policy and funding, but that a multitude of tools and strategies would be employed to manage this. In addition the Council could, with relative confidence, safely predict worst case scenarios which, with appropriate sensitivities in place, could be used as a basis on which to negotiate. In addition various mitigation tools were employed on current S106 arrangements such as clawback clauses.

The Leader of the County Council commented on the difficulties faced by officers and members who tried to produce meaningful long term budgetary information in such a climate and hoped that more clear information might be forthcoming from Central Government in the future to aid this process, particularly in relation to funding for education.

The Cabinet Member for Education, Learning and Skills, Mr Mike Whiting addressed Cabinet, he agreed with comments made by the Leader and reiterated the need referred to by officers to work on a worst case scenario basis when predicting Government funding for education provision.

The Leader of the County Council requested that a more detailed paper be brought before cabinet for consideration after the planned meetings with the Districts had taken place. At that time more would be known about the direction of travel for this work. He requested that paper should be received early in 2013 and not after the end

of February. He reminded Cabinet and Officers that at the core of CIL was the viability of schemes, and therefore monies which might be derived through CIL in the east of Kent were likely to be substantially less than in the west, whilst demand for infrastructure in both areas may be similar. This situation would create financial challenges for the County Council. The report to be considered by Cabinet in the New Year should focus not only on what Creating Quality Places would mean for Kent as a whole, but also on the different parts of Kent that would deliver variable contributions. Once this had been established KCC could begin to calibrate what the shortfall might be in essentially needed infrastructure in some areas, before undertaking non-essential work elsewhere. In addition the information from Districts would be essential to KCC when compiling the next Medium term Financial Plan.

Mrs Cooper confirmed that the aim of the planned meetings with the Districts was to discover the vision for development held by each of them and the infrastructure issues that this might create for KCC. She assured the Leader and Cabinet that when negotiating with individual districts the KCC representatives would seek to ascertain where any funding gaps might lie and how they might be addressed but would also maintain a 'helicopter view' of the greater vision and ambition for the county as a whole. Six Districts would have been visited by the end of November and this would be sufficient to present emerging principles at a Cabinet meeting in the New Year.

**RECORD OF DECISION**

<b>CABINET Development and Infrastructure Creating Quality Places 15 October 2012</b>	
1.	That the revised framework and technical approach to securing funding for community infrastructure be agreed
2.	That the 'next steps' as outlined in section 4 of this report be agreed.
3.	That a further report in the new year be received.
<b>REASONS</b>	
1.	In order to more accurately predict the needs of local communities in response to proposed development.
2.	In order that the strategic direction of travel for this work is clear and officers progress it with clearly understood agreement
3.	In order that cabinet be fully informed of progression in this important area of the councils work.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	None.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.

## **11. Kent Thameside Strategic Transport (Homes & Roads) Programme**

*(Item 6)*

*(Item 6 – report by the Cabinet Member for Regeneration and Economic Development, Mr Mark Dance and Bryan Sweetland, Cabinet Member for Environment, Highways & Waste, Mr Bryan Sweetland and John Simmonds, Cabinet Member for Finance & Procurement and David Cockburn, Corporate Director Business Strategy & Support, Mike Austerberry, Corporate Director Enterprise & Environment and Andy Wood, Corporate Director Finance & Procurement.)*

Cabinet received a report of the Members and officers named above, the purpose of which was to explain the current conditions under which the Kent Thameside Strategic Transport (Homes & Roads) Programme was being developed and implemented, with particular focus on available funding, management of risk and the proposals for governance arrangements of the programme.

The report sought agreement on various aspects of the programme that had significantly changed since the original decision was taken in February 2008 (07/01108) in order to legitimise the continuation of the project in the form it had now taken.

Barbara Cooper, Director of Economic & Spatial Development and Stephen Dukes Economic Development Officer, Business Strategy and Support were in attendance to speak to the report.

The Cabinet Member for Regeneration and Economic Development, Mr Mark Dance introduced the report and reminded those present of the intention of the programme, which was to stimulate housing growth that would not otherwise occur. He reported that both the Gravesham and Dartford District Councils fully supported the programme. He referred to the news that Paramount Pictures would be investing in the area and his belief that this would be beneficial to the project contained within the report. He reminded Cabinet that risks had been identified and were well versed but that the investment by KCC would be no more than the expected return from S106 and CiL.

Barbara Cooper addressed the Cabinet. She described the report under consideration as a reassertion of the Council's commitment to the 'Homes and Roads' programme and a new agreement to the changes that had necessarily been made to react to external influences such as the financial climate. Most of the issues covered within the section 106 to which this project was linked were protected but there had been significant challenges to the delivery of the Homes and Roads element. The transport element had now been reduced in size and cost where appropriate, thereby allowing a reduction in the tariff to Land Securities, as a result of which the developer planned to begin house building on the site next year.

In addition DFT and CLG had agreed to start development work on the two main junctions within the programme and KCC, GBC and DBC had committed a proportion of the New Homes Bonus from sites within Eastern Quarry.

While positive progress had been made there remained a funding gap of £32m. KCC would manage the programme but would only be willing to commit to spending what it was predicted to be realised through the CiL and S106 and other funding sources.

The report had previously been considered by the two relevant cabinet committees; Policy and Resources and Environment, Highways and Waste and both had endorsed the decision but expressed concern about the risk involved. This was acknowledged by the decision makers and the DCLG and DfT had been informed of the Council's concerns regarding the funding gap. DfT had responded that they could not commit any funding as the need for funding was for a period beyond 2 CSR's.

It should be noted that the scheme may continue to adapt and change in the future, as the Council and its partners, react again to external influences such as the announcement of the Paramount Cinema development on the Swanscombe Peninsula any potential expansion to the Bluewater shopping centre. However Kent County Council was the only body capable of taking this risk and managing this programme and must take this route if housing growth in the area is to be stimulated.

The Leader of the Council, Mr Paul Carter, agreed that the decision being considered was the right thing for Kent County Council to do. However he sought and received assurances that the risks would be monitored carefully, rigorously and often. Should prudential borrowing be needed at some point during the management of the project to cashflow improvements, the risks of doing so must be considered in full again at that time.

He suggested that a letter be sent to ministers at the DCLG to further reiterate the County Council's message that it would not spend what it would not collect. This would provide KCC with a reference point when discussing with ministers in successive governments or when circumstances had changed in another way. Despite the risks Mr Carter acknowledged the need for house building in this area to be stimulated and welcomed the opportunity for KCC to help to achieve this but the government must be clear, by way of the letter mentioned above, that KCC would not be responsible for substantive gap funding for the roads and homes project.

The Cabinet Member for Highways, Environment and Waste, Mr Bryan Sweetland addressed the Cabinet. He agreed with the Leaders sentiments regarding fiscal prudence but reminded Cabinet that for some improvements KCC would not be the delivery agent i.e the Highways agency would be responsible for the junctions at Bean and Ebsfleet albeit with KCC as the accountable body.

He urged that all parties involved be required to sign an agreement which set out clearly the terms on which work would be undertaken and which defined the responsibilities of those involved.

Mrs Cooper confirmed in response to a question from the Cabinet Member for Customer and Communities, Mr Hill, that the housing development on the Eastern Quarry site would not be affected by the proposed Paramount development referred to earlier but that it was accepted that it would have a significant impact on transport and the developer in question would have to make a significant contribution to the transport network, which may positively impact on the funding gap.

## RECORD OF DECISION

<b>CABINET</b> <b>Kent Thameside Strategic Transport (Homes &amp; Roads) Programme</b> <b>15 October 2012</b>	
1.	That Kent County Council continue to act as the Accountable Body for the Kent Thameside Strategic Transport (Homes & Roads) Programme, be agreed
2.	That the authority to establish the Governance arrangements for the Kent Thameside Strategic Transport (Homes & Roads) Programme, be delegated to Cabinet Member for Regeneration & Economic Development, in Consultation with Dartford and Gravesham Borough Councils,
3.	That the authority to negotiate and execute legal and/or partnership agreements pursuant to the delivery and management of the Kent Thameside Strategic Transport (Homes & Roads) Programme be delegated to the Corporate Director Business Strategy & Support, in consultation with the Corporate Director Enterprise & Environment and the Corporate Director Finance & Procurement,
<b>REASONS</b>	
1.	In order to reaffirm the council's commitment to the project and to ensure that the project continue.
2.	In order that the project is clearly defined and monitored, and delegated to avoid delay to this process.
3.	In order that the agreements made between various partners are legally secured, and delegated to avoid delay to this process.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	None.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.

### **12. Kent and Medway Broadband Delivery UK (BDUK). Project** *(Item 7)*

*(Item 7 – report by the Cabinet Member for Business Strategy, Performance and Health Reform Roger Gough and the Corporate Director of Business Strategy and Support, David Cockburn)*

Cabinet received a report of the Members and officers named above, the purpose of which was to provide an update on the £43 million project to transform Kent and Medway's Broadband infrastructure for which KCC was the lead organisation. The project would be delivered in partnership with the Government's Broadband Agency,



BDUK, and would ensure that at least 90% of properties could access superfast broadband by 2015 and that the remaining 10% had access of at least 2Mbits/s.

Liz Harrison, Economic Development Manager, Business Strategy and Support was in attendance to speak to the item.

The Cabinet Member for Business Strategy, Performance and Health Reform, Mr Roger Gough, introduced the item. He explained that the report sought agreement for the direction of travel of the BDUK project. He referred Cabinet to the timetable included within the report and the key dates for beginning the tendering process and for awarding the contract. These were November 2012 and spring 2013 respectively. He reminded those present that the timetable was subject to many external forces but that at present it was keeping to time and KCC had done well to progress as it had to date and establish a strong position within the scheme.

One major external factor that was likely to influence the project unless resolved quickly was the European State Aid dispute between the EU and the British Government, but this, he hoped, was close to resolution.

Mr Gough continued to report that an early slot on the Governments Broadband procurement pipeline had been secured and that this was essential in light of the time limited nature of the fund.

Liz Harrison addressed Cabinet. She assured Members that the team were committed to getting the infrastructure to deliver the project in place, as soon as possible and that the early slot to which Mr Gough had referred would help to ensure that happened.

In response to a question from the Leader of the County Council, Ms Harrison reported that although the detailed timetables were still in discussion and bidders were considering the best ways to implement what had been required of them, it was hoped that by the end of 2015 the aims of the project would be fully achieved. She reminded cabinet that the project would see a phased roll out of provision and therefore many houses and businesses would have faster broadband before that date.

<b>CABINET</b>	
<b>Kent and Medway Broadband Delivery UK (BDUK). Project</b>	
<b>15 October 2012</b>	
1.	That the next steps as detailed at 5.1 of the report, be agreed
2.	That a further report seeking authority for an award of contract be received in January 2013
<b>REASONS</b>	
1.	In order that the strategic direction of travel for this work is clear and officers progress it with clearly understood agreement

2.	In order that cabinet be fully informed of progression in this important area of the councils work.
ALTERNATIVE OPTIONS CONSIDERED	None.
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.

### **13. Children's Services Improvement Panel - Minutes of 2 August 2012**

*(Item 8)*

*(Item 8 – Children's Services improvement Panel)*

The Leader of the County Council briefly introduced the item, reporting to his Cabinet Members that the recently undertaken peer review of Children's services had now been completed and a full report would be taken to the next County Council meeting for discussion.

Cabinet received the minutes of the above named panel for information and endorsement. Cabinet member for Specialist Children's Services, Mrs Jenny Whittle spoke to the item and in particular referred to the following:

That in the time since the meeting had occurred to which the minutes referred there had been further developments, one such being the peer review to which the Leader had alluded. A presentation would be made to all members at the next County Council meeting and Mrs Whittle looked forward to a productive and interesting debate.

The panel continued to investigate and scrutinise areas of interest or concern such as the appointment and retention of qualified social workers, the quality of their supervision and management and the recruitment of prospective adopters. The panel continued to review all Case Audits conducted, to ensure that children's support and development were properly recorded in the system

That the minutes of the Children's Services Improvement Panel be agreed.