POLICY AND RESOURCES CABINET COMMITTEE

Friday, 15th March, 2013

9.30 am

Darent Room, Sessions House, County Hall, Maidstone

Kent County Council
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AGENDA

POLICY AND RESOURCES CABINET COMMITTEE

Friday, 15 March 2013, at 9.30 am		Ask for:	**Denise Fitch**
Darent Room, Sessions House, County Hall, Maidstone		Telephone:	**01622 694269**

Tea/Coffee will be available 15 minutes before the start of the meeting

Membership (15)

Conservative (13): Mr E E C Hotson (Chairman), Mr J R Bullock, MBE (Vice-Chairman), Mr R W Bayford, Mr A H T Bowles, Ms S J Carey, Mr M J Jarvis, Mr S C Manion, Mr R J Parry, Mr K H Pugh, Mr L B Ridings, MBE, Mrs P A V Stockell and Mr J N Wedgbury

Liberal Democrat (1): Mrs T Dean

Labour (1) Mr G Cowan

UNRESTRICTED ITEMS

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

Webcasting Notice

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A - Committee Business

A1 Introduction/Webcast announcement

A2 Substitutes

A3 Declarations of Interest by Members in items on the Agenda

A4 Minutes of the meeting held on 8 January 2013 (Pages 1 - 10)

A5 Minutes from the meeting of the Property Sub-Committee held on 27 February 2013 (Pages 11 - 14)

B - Key or significant Cabinet Member Decision(s) for recommendation or endorsement

None

C - Monitoring of Performance

C1 Business Strategy & Support Performance Dashboard (Pages 15 - 26)

C2 Divisional Update - Business Strategy (Pages 27 - 32)

C3 Business Strategy and Support Directorate, Commercial Services (Environment, Highways & Waste Portfolio), and Public Health LINk, Local Healthwatch and Health Reform (Families and Social Care Directorate) Financial Monitoring 2012/13 (Pages 33 - 50)

D - other items for comment/recommendation to the Leader/Cabinet Member/Cabinet or officers

D1 Draft Asset Management Strategy - Update (Pages 51 - 98)

D2 Procurement Update and Plans for 2013/14 (Pages 99 - 102)

D3 Lean Review of Human Resources (Pages 103 - 108)

D4 Information and Communication Technology Enhancements (Pages 109 - 120)

Motion to Exclude the Press and Public

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

E -Key or significant Cabinet Member Decision for recommendation or endorsement

E1 New Ways of Working (West Kent Key Hub Solution) - Decision no 13/000020 (Pages 121 - 126)

Peter Sass
Head of Democratic Services
(01622) 694002

Thursday, 7 March 2013

KENT COUNTY COUNCIL

POLICY AND RESOURCES CABINET COMMITTEE

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Tuesday, 8 January 2013.

PRESENT: Mr E E C Hotson (Chairman), Mr J R Bullock, MBE (Vice-Chairman), Mr A H T Bowles, Mr G Cowan, Mrs T Dean, Mr M J Jarvis, Mr S C Manion, Mr R J Parry, Mr K H Pugh, Mr L B Ridings, MBE, Mr R Tolputt (Substitute for Ms S J Carey), Mrs P A V Stockell and Mr J N Wedgbury

ALSO PRESENT: Mr R W Gough, Mr A J King, MBE and Mr J D Simmonds

IN ATTENDANCE: Mrs A Beer (Corporate Director of Human Resources), Mr P Bole (Head Of I C T Commissioning), Mr D Cockburn (Corporate Director of Business Strategy and Support), Ms D Fitch (Assistant Democratic Services Manager), Mr R Fitzgerald (Performance Manager), Mr R Hallett (Head of Business Intelligence), Ms J Hansen (Finance Business Partner BSS), Mr P Sass (Head of Democratic Services), Mr M Scrivener (Corporate Risk Manager), Mr D Shipton (Acting Head of Financial Strategy), Ms R Spore (Director of Property & Infrastructure Support), Mr G Wild (Director of Governance and Law) and Mr A Wood (Corporate Director of Finance and Procurement)

UNRESTRICTED ITEMS

69. Minutes of the meeting held on 22 November 2012
(Item A4)

RESOLVED that the minutes of the meeting held on 22 November 2012 are correctly recorded subject to the inclusion of Mr Cockburn in the list of officers in attendance and that they be signed by the Chairman as a correct record.

70. Annual Business Plans - Decision 12/01971
(Item B1)

1) Mr Gough and Mr Whittle introduced a report which set out the background to the business planning process for 2013/14. The new process placed the emphasis on reducing the burden of business planning with a lighter touch process. It was important to increase the consistency and synergy between business planning and both the performance management dashboards and directorate and divisional risk registers which underpinned the business plan actions, and were reported to the Committee on a regular basis . The draft plans were still at an early stage of development, with further refinement over the coming months before approval in March 2013.

(2) Members were invited to consider the risk register and the following individual draft business plans.

Risk Register

(3) Mr Gough and Mr Scrivener noted comments and answered questions from Members which included the following:

- In response to a question on how frequently business units/divisions considered their risks, Mr Scrivener stated that officers from his team seek progress updates quarterly as a minimum, and that he regularly attends Directorate Management Team and Corporate Management Team meetings to discuss. The frequency of monitoring would depend on the nature of the risk.
- Mr Gough explained that risks could manifest themselves in a number of ways and that once a risk was identified, mitigating actions would be set up and reviewed on a regular basis. Mr Scrivener confirmed that all divisions had their own risk register which identified the actions necessary to mitigate the risk
- Regarding the contingency plans for risks to the organisation, Mr Scrivener explained that within divisional business plans critical functions were identified and resources required outlined. Organisational resilience was an important issue that features on the Corporate Risk Register and he assured Members that there were contingency plans for key areas such as ICT.

Human Resources (HR)

(4) Ms Beer noted comments and answered questions from Members which included the following:

- In response to a question on why there was no start date for the HR work for the Troubled Families programme, Ms Beer stated that HR's role with reference to this programme was to make sure that County Council staff and staff in partner organisations had the right skills to deliver the programme. The start date was to be advised once the workforce development and terms & conditions issues became clearer. HR would have a reactive role regarding what was needed to deliver the programme.
- Regarding HR's role with the East Kent Partnership (EKP), Ms Beer explained that HR provided a payroll service to the three District Councils within the EKP. There was a Service Level Agreement in place which set out clear deliverables under the delegation. In relation to Kent Teach, Ms Beer stated the work of HR with Kent Teach was a success and it was a realistic hope to generate income from this for schools outside Kent. HR were keen to offer services to other Local Authorities across the country in order to provide an alternative to the private sector in areas such as criminal records checks. She confirmed that all income generating opportunities were included in this was included in HR's trading plan.
- Ms Beer acknowledged that there was a real opportunity to provide HR services to schools that now had more freedom of choice in relation to service providers; HR could for example provide a quality recruitment service.
- In response to a question on training for apprentices, Ms Beer stated that part of the Organisational Development Plan for the County Council was to attract a younger workforce, and that the training and recruitment of apprentices was a part of this.

Governance & Law

(5) Mr Wild noted comments and answered questions from Members which included the following:

- In response to a question, Mr Wild explained that Legal Services were now using Iken case management software, and had a bespoke system tailored to their requirements. The initial response to the system had been positive and it was intended to roll it out over the next 12 – 18 months. The main aim of the system was to reduce the legal services cost to the County Council as well as using it for external work.
- In relation to the extent that the County Council used external legal services, Mr Wild stated that he was aware that certain work was undertaken externally and he acknowledged that some of this was best handled in that way. However, in these cases it was important to ensure the best advice at the best price was procured. He stated that there were other areas of legal work which the legal department knew were being delivered externally and which legal services were looking at to see how effectively these were being undertaken and whether they could be undertaken in house.
- Mr Wild confirmed that there was an extensive Unit Risk Register and more detail could be included in the Corporate Risk Register provided to the Committee if Members wished.
- Mr Wild explained that the level of risk to be included in the Risk Register was a matter of judgement. The top level risks were included in the Risk Register and other risks flowed from these areas.
- A Member stated that as this was the first year of the implementation of the Cabinet Committee system this should be monitored to see how effectively it was involving Members and whether Members felt that it was working.
- In relation to the work of the new Police and Crime Commissioner, a Member highlighted the importance of the Police and Crime Panel to the Community Safety landscape.
- Mr Gough noted the point raised on the wording of 18A at the top of page 56 regarding an increase in information being made available on the website not necessarily reducing the number of FOI requests. He stated that an increase in appropriate information on the website should make it possible to turn around some requests quicker by referring to this published information. He confirmed that good progress was being made with putting more information on the website. Regarding the operation of the website he confirmed that this sat within the Customer and Communities portfolio.

Business Strategy

(6) Mr Cockburn and Mr Hallet noted comments and answered questions from Members which included the following:

- It was suggested that there should be a similar reference in the plan to KCC work in influencing national policy as there is to KCC's work in Europe. Mr Whittle noted the point and stated that, although this was not set out in one place, there was reference to it in various places such as the development of the Corporate Spending Review. Mr Gough acknowledged that this could be set out with more details of specific areas to be influenced. Mr King outlined KCC's work in Europe.

- In response to a question, Mr King confirmed that KCC worked closely with the Kent Members of the European Parliament and recognised that they were key influencing figures.

Finance & Procurement

(7) Mr Wood noted comments and answered questions from Members which included the following:

- In response to a question on which were the difficult areas for his Division in the next year, Mr Wood stated that there were challenges in all areas but particular areas were procurement in this difficult time, counter fraud with a small team dealing with an increasing workload and the changes to the Pension regulations.
- Regarding consultation and Member involvement, Mr Wood explained that big issues such as pensions were considered by the Superannuation Committee and the Budget Consultation was considered by Cabinet Committees and Cabinet. He stated that the Budget Informal Members Group of the Cabinet Scrutiny Committee which had been disbanded used to consider consultation relating to finance prior to them being signed off by the Cabinet Member, which had been very helpful.
- In relation to the target to be added for the payment of invoices, Mr Wood referred to the discussion on this at the last meeting of the Committee, and stated that the target would be added before the Business Plans were submitted to Cabinet so that it could be as realistic as possible.

ICT

(8) Mr Bole noted comments and answered questions from Members which included the following:

- In response to a question on the roll out of Windows 8, Mr Bole explained it was not the Council's policy to adopt new systems soon after their release and in the case of Windows 8 there was still not a professional version available. This was due late January/early February 2013.
- Regarding the ICT solution for Members following the May elections Mr Bole explained work was going on with Members to assess possible options for Members ICT.

Property

(9) Ms Spore noted comments and answered questions from Members which included the following:

- A Member highlighted the positive impact on planned maintenance following the centralisation of the County Council property estate. Ms Spore emphasised that a clear planned maintenance programme across the Council's estate was essential, this enabled the prioritisation of urgent works and it was possible for the corporate landlord to take a holistic view across the estate.

General comments

(10) Mr Whittle noted comments and answered questions from Members which included the following:

- In was suggested that in future there should be an index to each of the business plan in large reports to Committees.

- At Agenda setting meetings for this Cabinet Committee consideration should be given to including one or two of the business plans on the agenda for each meeting.

(11) RESOLVED that the comments made by Members on the draft plans, ahead of the Key Decision by Cabinet to approve business plans in March 2013 be noted.

71. Performance Benchmarking
(Item C1)

(1) Mr Gough and Mr Cockburn introduced a report which outlined the approach to be taken for the next year, in relation to benchmarking services provided by Business Strategy and Support.

(2) Mr Gough, Mr Fitzgerald and Mr Hallet noted comments and answered questions from Members which included the following:

- In relation to the confidentiality of information supplied by other local authorities, Mr Fitzgerald stated that it was likely that results of the benchmarking might be anonymised in the first instance.
- Mr Fitzgerald confirmed that due to different local authority structures, it was difficult to always compare like for like, but the advantage of working with a small group of local authorities was that they could devote more time to understand the organisational differences and hopefully make more valid comparisons as a result.
- A Member questioned why we were only looking for local government comparators. Mr Gough stated that in other areas of work, for example terms and conditions of employment, officers did look outside of the public sector for comparators.

(3) RESOLVED that the approach being taken for the benchmarking of Central Support services provided by Business Strategy and Support and the comments made by Members be noted.

72. Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) Financial Monitoring 2012/13
(Item C2)

(1) Ms Hansen introduced an update on the second quarter's full budget monitoring report for 2012/13 which had been reported to Cabinet on 3 December 2012.

(2) It was confirmed that since April 2012 officers' payslips were available online and paper copies were not issued. The move to Members inputting expenses online and having online payslips was mentioned.

(3) RESOLVED that the revenue and capital forecast variances from budget for 2012/13 for the Finance and Business Support, Business Strategy Performance and Health Reform, Democracy and Partnerships and Environment, Highways Waste Portfolios based on the second quarter's full monitoring to Cabinet and the subsequent exception report, be noted.

73. Budget Consultation 2013/14
(Item D1)

(1) Mr Simmonds introduced a report which explained that due to the late announcement of the Local Government Finance arrangements for 2013/14 the final draft budget was not available in time for inclusion in this report. Mr Simmonds stated that the net effect of the funding arrangements for 2013/14 was a shortfall of £16m above the sum that the County Council went out to consultation on, the County Council's proposals in response to this would be published on 16 January 2013.

(2) Mr Shipton provided a verbal update on the settlement which had produced a £16m greater reduction in funding than for the County Council that consulted upon in September/October. However, the Council Tax base was higher than anticipated therefore overall the reduction to the County Council was £15m more than had been anticipated in the draft proposals. He pointed out that this was still a provisional figure, as there were still one or two more grants to be announced including the funding for Public Health and no date had been set for this announcement. Prior to the settlement being announced the County Council had required £60m in savings to balance its budget, it now required £85m of savings which was a 7 – 8% reduction. The draft budget would be published on 16 January 2013 to include the latest financial position available. Mr Simmonds stated the draft proposals in the consultation had been subject to Equality Assessment and he was mindful that any adjustments to be made to take account of the £16m reduction should not impact on the Equality Assessment already carried out.

(3) Members discussed the budget consultation process and the balance to be struck between a quick and simple consultation on the budget which might attract more responses but be of limited value and the two MORI run workshops of people representative of the population of Kent which provided detailed qualitative data from people who, as a result of this process were better informed. It was accepted that it had been right to go out to consultation in September, earlier than in previous years. Mr Shipton confirmed that the 2 MORI run workshops had cost £14,000; the majority of this cost was the expenses paid by MORI to those that attended. MORI provided an assurance that the groups were representative of the overall population of Kent. In previous years the County Council had tried to run similar sessions themselves, they did not offer a fee and had not attracted a broad cross section of the Community.

(4) A Member referred to the Local Government Information Units (LGIU) published description of the spending power for Kent as being – 1.9% of net spend, Mr Shipton explained that this was based on governments estimate of notional spending power not real spending power e.g. adjustment for spending on academies, the simple pro-rata reduction did not reflect the County Council's actual spend. The County Council's position was closer to - 4% of net spend.

(5) RESOLVED that: (a) the late announcement of the provisional local government finance settlement and the impact on budget timetable be noted;

(b) the comments made by Members on the issues raised in the consultation and Cabinet's response be noted;

(c) a meeting of the IMG on the Budget be arranged to consider the final budget proposals affecting the Finance and Business Support, Business Strategy, Performance and Health Reform, Democracy and Partnerships and Environment, Highways and Waste (Commercial Services) portfolio(s) in advance of County Council meeting on 14th February 2013. All Members of the Committee will be notified of the date of this meeting.

(Post meeting note – Meeting of the Budget IMG held on 23 January 2013)

74. Enterprise Resource Planning Programme
(Item D2)

1) Mr Gough and Mr Hallett introduced a report which provided an update on the first phase of the Enterprise Resource Planning (ERP) programme and highlighted the scope of phase two. ERP was a KCC wide programme that was changing the way KCC did business and as such it affected all KCC staff and Members. The majority of the development was in Oracle, with the aim of maximising the return on the significant investment that KCC had made in Oracle products over the past decade. The simplification of the standard business processes and tools had already supported savings in Finance and HR and would enable further savings and efficiencies to be delivered.

(2) Mr Gough and Mr Hallet noted comments and answered questions from Members which included the following:

- In response to a question on what had been done to limit the number of incorrect payslips, Mr Gough stated that the proportion of incorrect payments had been compared with other Local Authorities and comparable organisations. The County Council was not a poor performer, and that there would always be a small number of errors. Officers were looking at a clear and quick way of recovering any overpayments of salary.
- It was agreed that members of the Committee would be supplied with information about the recommendations from the LEAN-type review of the HR service including any recommendations that had not been implemented with the reasons.

(3) RESOLVED that the progress to date on the phase 2 work streams for the Enterprise Resource Planning Programme and the comments made by Members be noted.

75. Kent County Council response to the "improving Local Government transparency" consultation
(Item D3)

(1) Mr Gough and Mr Cockburn and Mr Hallett introduced a report which informed the Committee of Kent County Council's response to the Department for

Communities and Local Government consultation on improving Local Government transparency. The response highlighted the County Council ' s general approach to transparency within Local Government.

(2) Mr Gough, Mr Hallett and Ms Spore noted comments and answered questions from Members which included the following:

- Members discussed the issues around the County Council deciding which information it wished to publish compared to being legally required to publish specific information. There was the question of how the County Council knew what information the public would find valuable. It was important that this was demand led locally drawing on sources such as Freedom of Information requests.
- Regarding the KCC website and the amount of information published on it, Mr Hallet explained that there was an Open Data Working Group which were considering how information could be published in a more efficient format
- A view was expressed that it was not satisfactory to suggest that the County Council did not provide information on property transactions as this information was available to the public via the Land Registry. It was pointed out that the public would not know to search on a specific property unless they knew that it had been sold and also there was a cost to obtain information from the Land Registry. Ms Spore confirmed that it would be possible to provide high level information once a property had been sold.

(3) RESOLVED that the County Council's response to the Department of Communities and Local Government and comment made by Members on the general approach to future transparency in Kent County Council be noted.

76. Kent and Medway Broadband Delivery UK (BDUK) Project - Update
(Item D4)

(1) The Chairman welcomed Mr Malot (Syndicat Mixte Niverlan - France (Interreg Lead Partner)), Ms Leppinen and Ms Koskela (Suupohja Economic Development Agency – Finland) to the meeting.

(2) Mr Gough and Ms Harrison introduced a report on the BDUK project where the County Council was working in partnership with the Government's Broadband Agency, Broadband Delivery UK (BDUK), to deliver a major project to transform Kent and Medway's rural broadband infrastructure. The aim of the project was to bring broadband to every property in Kent and Medway which would ensure that most will be able to access superfast broadband. Without this project many rural businesses and communities would continue to have either no or very slow broadband services as there were no market-led plans to upgrade infrastructure in many rural parts of the County. The County Council was investing over £10 million to enable this upgrade, which had been matched by £9.87 million from the Government. It was expected that the network operator that won the right to build the network would contribute the remaining funding required for the project. The report set out the progress to date, the procurement approach and timetable including the timescales for implementation.

(3) Members welcomed this report and acknowledged the importance of this project for the residents and businesses in Kent.

(4) RESOLVED that the report be noted

77. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972 the public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

78. Kent and Medway Broadband Delivery UK (BDUK) Project - Decision 12/02003

(Item E1)

(Mr Malot (Syndicat Mixte Niverlan - France (Interreg Lead Partner))
Ms Leppinen and Ms Koskela (Suupohja Economic Development Agency – Finland) were invited to remain in the meeting during the consideration of this item)

(1) Mr Gough and Ms Harrison introduced a report on the decisions relating to the BDUK project.

(2) RESOLVED that the Committee endorse the proposed decision to be taken by Cabinet to grant delegated authority to the Head of Paid Service and the Cabinet Member for Business Strategy, Performance and Health Reform to:

a) enter into a contract to deliver the Kent and Medway BDUK project;
b) enter into a grant agreement with BDUK to draw down the £9.87 million of Government funding.

(Mr Malot, Ms Leppinen and Ms Koskela withdrew from the meeting following consideration of this item)

79. Proposed Sale of the freehold site known as Former Hereson School, Ramsgate Road, Broadstairs, Kent CT10 1PJ - Decision 12/01882

(Item F1)

(1) Ms Spore introduced a report for noting on decision 12/01882 which had been taken without pre-consideration at a meeting of this Cabinet Committee.

(2) RESOLVED that decision no 123/01882 (Proposed sale of site known as Former Hereson School, Ramsgate Road, Broadstairs, Kent) taken in accordance with the process in Appendix 4 Part 7 paragraph 7.18 be noted.

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KENT COUNTY COUNCIL

PROPERTY SUB-COMMITTEE

MINUTES of a meeting of the Property Sub-Committee held in the Wantsum Room, Sessions House, County Hall, Maidstone on Wednesday, 27 February 2013.

PRESENT: Mr R W Bayford, Mrs T Dean, Mr E E C Hotson and Mr L B Ridings, MBE

ALSO PRESENT: Mr K H Pugh

IN ATTENDANCE: Ms M Wilkins (Principal Portfolio Surveyor for the East Kent Area.), Ms D Fitch (Assistant Democratic Services Manager), Mr R Jones (Surveyor) and Ms R Spore (Director of Property & Infrastructure Support)

UNRESTRICTED ITEMS

1. Election of Chairman

(Item A1)

Mr Ridings moved, Mrs Dean seconded that Mr E E C Hotson be appointed Chairman of the Sub-Committee.

Carried without a vote

2. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972 the public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

3. The disposal of the property known as Former County Library "Springfield", Maidstone, Kent - Decision No 12/02032

(Item B1)

(1) Mr Jones introduced a report on the terms for the proposed disposal of the former County Library Headquarters building in Sandling Road, Maidstone. Ms Spore and Mr Jones answered specific questions from Members about the proposed disposal.

(2) Members requested that future reports should contain comments on the proposal from any relevant Directorate. It was confirmed that in accordance with the requirement in the Constitution all future reports would also set out the comments from Local Members, or confirmed that the Local Members had been consulted but had not made any comments on the proposal.

(3) Officers noted the suggestion from Members that it would be helpful to obtain confirmation from Kent Highways that a proposal complied with the parking requirements etc before a planning application was submitted.

(4) RESOLVED that the Property Sub-Committee endorse the proposed Cabinet Member's decision to dispose of the former County Library Headquarters building in Sandling Road, Maidstone on the terms set out in the report, subject to planning permission being obtained.

(It was noted that Mr E E C Hotson was a Member of Maidstone Borough Council but did not serve on Maidstone Borough Council's Planning Committee).

4. St Thomas/St Bartholomew's - disposal - Decision Number 13/00014
(Item B2)

(1) Mr Jones introduced a report on the terms for the disposal of the former St Thomas' and St Bartholomew's Schools Sittingbourne. Ms Spore and Mr Jones answered specific questions from Members about the proposed disposal.

(2) Ms Spore undertook to provide Members with a report in due course on the general market trend in relation to the achievement of the expected property values on sites after disposal

(3) RESOLVED that the Property Sub-Committee endorse the proposed Cabinet Member decision to dispose of the former St Thomas' and St Bartholomew's (Special) Schools, Sittingbourne on the terms set out in the report.

5. Kent Academies, Batch 2 Procurement The John Wallis Academy - Decision Number 12/01901
(Item B3)

(1) Ms Spore introduced a report on approvals to progress the John Wallis project by entering into the Design and Build contract with the preferred bidder for the County Council's Batch 2 Academies Programme. Ms Spore answered specific questions from Members about the proposed contract.

(2) It was agreed that paragraph 4.1.3 in the report relating to Academy should be deleted and that Members would be sent a note of clarification.

(3) RESOLVED that Property Sub-Committee endorse the proposed Cabinet decision to:

(i) agree that the Final Business Case for the John Wallis Academy can be submitted to Education Funding Agency (EFA) and the Department for Education (DFE) for final departmental approval by the EFA, the DFE and the Treasury;

(ii) authorise the Director of Property and Infrastructure to agree final contractual terms, provided that no affordability gap occurs;

(iii) authorise the Director of Property and Infrastructure to enter into any necessary contracts/ agreements on behalf of the County Council, following approval to final contractual terms as set out in paragraph. 6.1.2 of the report in relation to the John Wallis Academy and the Future Schools Agreement;

(iv) authorise the Director of Property and Infrastructure Support to be the nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.

(Mr L B Ridings, MBE declared a non pecuniary interest in this item as a Trustee of the Canterbury Christchurch University and a Member of the Diocesan Board of Governors and took no part in the discussion or voting on this item.)

6. Redevelopment of Kingsmead School (construction of the future St John's School, Canterbury) - Decision No 12/01974
(Item B4)

(1) Ms Spore introduced a report on the redevelopment of Kingsmead School to allow progression of St John's School, Canterbury with an anticipated completion date of December 2013. Ms Spore answered specific questions from Members about the proposed disposal.

(2) It was noted that Members of the Property Sub-Committee would receive an update on progress, including any outstanding matters in three to four months time.

(3) RESOLVED that the Property Sub-Committee endorse the proposed decision by the Cabinet Member for Business Strategy Performance and Health Reform to authorise the Director of Property and Infrastructure Support in consultation with the Director of Law and Governance to enter into contract or contracts on behalf of the County Council for the new build extension and refurbishment of the existing Kingsmead School.

7. Sandwich Highways Depot - Decision No. 12/02033
(Item B5)

(1) Ms Wilkins introduced a report on the terms of the disposal of the existing Sandwich Highways Depot site and the construction of an alternative site using capital proceeds to develop a new "fit for purpose" Highway Depot. Ms Spore and Ms Wilkins answered specific questions from Members about the proposed disposal.

(2) RESOLVED that the Property Sub-Committee endorse the proposed Cabinet Member's decision to agree the terms of the sale of the site known as the Highways Depot, Ash Road, Sandwich and the subsequent procure of a replacement Depot on a site to be identified.

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From: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform

David Cockburn, Corporate Director for Business Strategy and Support

To: Policy and Resources Cabinet Committee

Date: 15 March 2013

Subject: Business Strategy & Support performance dashboard

Classification: Unrestricted

Summary: The Business Strategy & Support performance dashboard provides members with progress against targets set in the current financial year's business plans for key performance and activity indicators.

Recommendation: Members are asked to REVIEW the Business Strategy & Support performance dashboard.

Introduction

1. The fourth Performance Dashboard for the Business Strategy and Support Directorate for 2012/13 is attached at Appendix 1. This includes data up to the end of January 2013.

2. The third Dashboard was reviewed at the November meeting of the Cabinet Committee and this covered results up to the end of September.

3. As an outcome of their Performance Review, members may make reports and recommendations to the Leader, Cabinet Members, the Cabinet or officers.

Business Strategy & Support performance dashboard

4. The Business Strategy and Support performance dashboard, attached at Appendix 1, includes latest available results up to the end of January for the Key Performance Indicators (KPIs) and Activity Indicators included in this year's Divisional business plans.

5. Data for different indicators is available on different timeframes and there are different tables in the Dashboard to reflect data availability. Some indicators are shown with monthly results, and some are only reported annually.

6. Key Performance Indicators are presented with RAG (Red/Amber/Green) alerts to show progress against business plan targets. Details of how the alerts are generated are outlined in the Guidance Notes, included with the Dashboard in Appendix 1.

January Dashboard

7. To assist members with the performance review, commentary is provided below, giving an overall summary of performance by theme. More detailed explanation for particular variances can also be found within the dashboard.

Theme	Performance Summary
Developing and supporting staff	Results for January for percentage of staff redeployed through Priority Connect were low mainly due to the large numbers of staff leaving at this time and with few opportunities for redeployment available. This has brought the year to date figure to below target, but performance remains above the floor standard. Steady progress has been made all year in improving percentage of staff registered with Kent Rewards.
Feedback and satisfaction	Consistently high results continue to be achieved for training and ICT help desk support. A new survey for property services has been put in place and results are being used to deliver improvements.
Meeting timescales (internal process)	Payment of invoices was behind target for January and year to date. This will be addressed with the roll-out of I-procurement. Response times to FOI requests reached the minimum standard level of 85% within 20 days for the full year result. Additional resource is being deployed to bring improved response times to Subject Access requests under the Data Protection Act.
Financial control and efficiency	Monthly indicators in this category are showing ahead of target. Most of the indicators in this category are provided as annual indicators with forecasts.
Supporting Strategic Objectives	Although January was a quiet month for activity GradsKent continues to exceed target year to date for placing graduates outside of KCC. The percentage of KCC staff aged under 25 continues to remain slightly below the target level.

Recommendations

8. Members are asked to REVIEW the Business Strategy & Support performance dashboard.

Background papers: KCC Business Plans 2012/13, Business Strategy and Support

Contact Information

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Business Strategy & Support Performance Dashboard

January 2013

Produced by Business Intelligence, Business Strategy

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Guidance Notes

RAG RATINGS

GREEN	Performance has met or exceeded the current target
AMBER	Performance is below the target but above the floor standard
RED	Performance is below the floor standard

Floor standards are pre-defined minimum standards set in Business Plans and represent levels of performance where management action should be taken.

DoT (Direction of Travel)

⇧	Performance has improved in the latest month
⇩	Performance has fallen in the latest month
⬄	Performance is unchanged this month

Divisions

Ref	Division	Director
HR	Human Resources	Amanda Beer
P&I	Property & Infrastructure Support	Rebecca Spore
F&P	Finance & Procurement	Andy Wood
G&L	Governance & Law	Geoff Wild
ICT	Information & Communications Technology	Peter Bole
IAG	International Affairs Group	Ron Moys

Please note:

For some indicators where improvement is expected to be delivered steadily over the course of the year, this has been reflected in phased targets. Year End Targets are shown in this dashboard, but full details of the phasing of targets, where appropriate, can be found in the Cabinet approved business plans.

Where data is only available annually, a forecast is provided and the result is assigned a similar alert to other indicators, by comparison of the forecast with the year end target.

Indicators which show the comment “Snapshot data” under Year To Date Result show results which are a snapshot position at the month-end. For such indicators a Year To Date Result is not applicable, as results do not accumulate through continuous measurement.#

It should be noted that the range of indicators shown as new for Property and Infrastructure is a result of the new Corporate Landlord model and data is not available for the previous year on a comparable basis, when responsibility for various assets was held within service directorates.

Glossary

N/A	Not applicable
Tbc	To be confirmed

Developing and supporting staff

Monthly Indicators

Indicator	Division	Latest Month Result	Month RAG	DoT	Year to Date Result	Year to Date RAG	Year end Target	Floor Standard	Previous Year
Percentage of expense claims made through self-service	HR	76%	GREEN	⇩	78%	GREEN	76%	75%	76%
Percentage of sickness notification transactions by self-service	HR	60%	GREEN	⇩	62%	GREEN	46%	46%	46%
Percentage of staff exiting Priority Connect who were redeployed within KCC	HR	11.4%	RED	⇩	32.7%	AMBER	40%	30%	34.2%
Percentage of employees registered on Kent Rewards	HR	51%	RED	⇧	Snapshot data		60%	52%	63%
ICT help desk – percentage of incidents resolved at first point of contact	ICT	74%	GREEN	⇧	70%	GREEN	70%	65%	68.6%
Percentage of working hours where Oracle systems are available to staff	ICT	100%	GREEN	⇔	99.8%	GREEN	99.95%	99.95%	100%

Priority Connects: Results for January were the lowest seen this year, with a large numbers of staff leaving at this time (70 staff) due to the Youth Service review and with few opportunities for redeployment available. This has brought the year to date figure to below target, but performance remains above the floor standard.

Kent Rewards: The indicator is now close to the minimum standard and should reach this level before the end of the year. Note that the indicator currently includes staff in schools, and the percentage sign up for KCC own-staff is 70%.
The significant drop in the result for this indicator at the start of the year was due to a data cleansing exercise. Action is being taken to encourage more staff to join the scheme with the aim of bringing results back to previous levels by the end of the year.

ICT help desk: Results for this indicator have achieved target for year to date for the first time this year.

Developing and supporting staff

Annual Indicators

Indicator	Division	Forecast	Forecast RAG	Year End Target	Floor Standard	Previous Year
Average percentage completion of Kent Manager Programme by KR9 and above for eligible managers	P&I	40%	AMBER	50%	40%	New Indicator
Percentage of eligible managers in HR completing at least 1 module of Kent Manager	HR	100%	GREEN	100%	90%	New Indicator

The Kent Manager standard has recently been refreshed. A consistent criteria for reporting achievement for all divisions is in development and will be used in future reporting.

Feedback and satisfaction

Monthly Indicators

Indicator	Division	Latest Month Result	Month RAG	DoT	Year to Date Result	Year to Date RAG	Year end Target	Floor Standard	Previous Year
Percentage of training events with overall satisfaction rating of 4 (satisfactory) or higher	HR	100%	GREEN	⇧	97%	GREEN	75%	75%	New Indicator
Percentage satisfaction with the ICT help desk	ICT	98%	GREEN	⇩	98%	GREEN	98%	95%	98.1%
Percentage of end users satisfied with service from Property and Infrastructure division	P&I	35.7%	N/a	Baseline survey only		N/a	New Indicator		New Indicator

For Property & Infrastructure the baseline survey was sent to 200 customers (mainly internal), and 42 of these responded. A number of issues were raised, mostly down to centralisation of the function. There are a number of quick fixes available to address some of the concerns raised which should result in considerably improved satisfaction at the next survey.

Meeting timescales (internal process)

Monthly Indicators

Indicator	Division	Latest Month Result	Month RAG	DoT	Year to Date Result	Year to Date RAG	Year end Target	Floor Standard	Previous Year
Percentage of pension correspondence dealt with within 15 working days	F&P	100%	GREEN	⇔	99%	GREEN	95%	90%	98%
Percentage of retirement benefits paid within 20 working days of all paperwork received	F&P	100%	GREEN	⇔	99%	GREEN	95%	90%	99%
Percentage of invoices for commercial good and services paid within 20 days	F&P	62%	RED	⇩	78%	RED	90%	80%	85.4%
Percentage of Council and Committee papers published at least five clear days before meetings	G&L	94%	RED	⇩	95%	RED	100%	100%	100%
Percentage of Freedom of Information Act requests completed within 20 working days	G&L	Calendar year 2012 result		⇧	85%	AMBER	100%	85%	77%
Percentage of Subject Access requests, under the Data Protection Act, completed within 40 calendar days	G&L	Calendar year 2012 result		⇩	65%	RED	100%	100%	69%
Average number of days to respond to Local Government Ombudsman complaints	G&L	Data up to end Jan		⇧	27.6	GREEN	28	32	32
Percentage of people management cases (excluding ill-health) resolved within 3 months	HR	63.6%	AMBER	⇩	68.4%	AMBER	100%	60%	63%
Percentage of call out requests responded to with specified timescales	P&I	99.5%	GREEN		99.0%	GREEN	90%	85%	New Indicator

Payment of invoices: Performance has been rated as Red since September. The delays in payments being made have been due to service managers who receive invoices not passing them to the Accounts Payable team in a timely manner. A high percentage of invoices continue to be received by Accounts Payable after the due date for the invoice. These issues will be resolved in the future with the roll-out of the I-procurement system and invoices will be required to be sent direct to Accounts Payable by suppliers.

Committee Papers: This indicator continues to show a Red Rating. All papers were issued on time in the months October through to December, but for one of the eighteen meetings in January papers were late.

FOI requests: Performance in responding to Freedom of Information Requests reached our minimum standard of 85% responded to within 20 working days for calendar year 2012. The number of requests received in the year was 1,679 down from 1,821 from the previous year.

DPA Subject access requests: The concentration of efforts to achieve compliance with the more high profile FOI requests has adversely affected performance with other statutory timescales. Performance for responding to Data Protection Act requests has dropped since the last reported result, and is now slightly behind last year's result. Many enquiries can be responded to very quickly, while some enquiries are complex and require a significant time to respond to which takes them over the 40 day requirement. However it should be noted that our performance, if measured as an average response time, is ahead of the statutory target of 40 days. Additional resource is being deployed to improve response times for this work area.

Timescale targets: It should be noted that a range of targets in this theme are set at 100%. These are usually statutory targets or reflections of KCC policy, eg the statutory timescale for subject access requests under the data protection is 40 days and it is KCC policy to resolve people management cases within 3 months. However in practice these timescales are not achievable in every case, for a range of reasons. We will always aspire to deliver the 100% targets and where there are exceptions to this, there are usually valid reasons why this has not be met.

Financial control and efficiency

Monthly Indicators

Indicator	Division	Latest Month Result	Month RAG	DoT	Year to Date Result	Year to Date RAG	Year end Target	Floor Standard	Previous Year
Percentage of sundry debt outstanding under 60 days old	F&P	86.6%	GREEN	⇧	Snapshot data		75%	57%	57%
Percentage of sundry debt outstanding over 6 months old	F&P	8.0%	GREEN	⇧	Snapshot data		18%	28%	28%

Sundry debt under 60 days old: The indicator has improved from an Amber to a Green rating in the last month. January saw some large invoices raised in the month. Sundry debt was £37.3m at the end of January, up from £18.3m the previous month.

Sundry debt outstanding over 6 months: Although the percentage of debt over 6 months old has decreased as a absolute amount this has been on the increase during the year and now stands at £2.9m compared to £2.2m at the start of the year.

Financial control and efficiency

Annual Indicators - The majority of the financial and efficiency measures are only suitably measured on an annual basis, hence forecasts are provided, rather than current or year to date figures.

Indicator	Division	Forecast	RAG	Year End Target	Floor Standard	Previous Year
External income generated by legal services	G&L	£1,582k	GREEN	£1,582k	£1,234k	£1,508k
External legal costs paid by KCC	G&L	New indicator under development				
Core HR cost per employee	HR	£180	GREEN	£180	£199	£199
Core HR staff per 1,000 employees	HR	6.5	GREEN	6.5	6.8	6.8
Percentage of annual income target generated	HR	100%	GREEN	100%	90%	97%
Workstations supported per support specialist	ICT	355	GREEN	355	346	351
Percentage of net capital receipts target of £17.6 million achieved	P&I	101.1%	GREEN	98%	80%	New Indicator
Increase in estates income	P&I	7%	GREEN	7%	4%	New Indicator
Reduction in property running costs per m^2 of non-school estate	P&I	3%	GREEN	3%	2%	New Indicator
Average office floor space per member of staff in office based teams	P&I	7.4 m^2	AMBER	6 m^2	8 m^2	New Indicator
Percentage of capital buildings projects where the actual cost is within +/- 5% of the budget	P&I	90%	RED	100%	98%	New Indicator
Value of funding successfully bid for by Kent based organisations supported by KCC	IAG	£790.9k	GREEN	£790.9k	£790.9k	£2.61m
Project draw down in to Kent facilitated	IAG	£1.2m	GREEN	£1.2m	£1.2m	New Indicator

Capital buildings projects – one project is currently registered as having a final budget more than 5% over the original commitment; this was due to approval through change control.

Supporting strategic objectives

Monthly Indicators

Indicator	Division	Latest Month Result	Month RAG	DoT	Year to Date Result	Year to Date RAG	Year end Target	Floor Standard	Previous Year
Percentage of graduates appointed through GradsKent who are placed outside KCC	HR	0%	RED	⇩	81.4%	GREEN	65%	60%	65.2%
Percentage of KCC staff headcount aged 25 and under (excludes casual contact staff)	HR	6.9%	AMBER	⇔	Snapshot data		7%	6.8%	6.8%

GradsKent: Data reflects the position as at the end of December, with 59 jobs advertised up that point. Although the result for December is low, it should be noted that only one job was advertised in the month.

Staff age profile: The percentage of KCC staff aged 25 has been static at 6.9% for the last three month.

Annual Indicators

Indicator	Division	Forecast	RAG	Year End Target	Floor Standard	Previous Year
Reduction in CO_2 Emissions of Non-School Estate	P&I	2.6%	GREEN	2%	1%	TBC
Number of up-skilling opportunities per £m of contracts let (including apprenticeships and other workplace training)	P&I	2	GREEN	2	1.8	New Indicator

By: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform

David Cockburn, Corporate Director, Business Strategy and Support

To: Policy & Resources Committee, 15 March 2012

Subject: Divisional Update – Business Strategy

Summary: This paper provides an update on key issues and priorities facing the Policy & Strategic Relationships (PSR) team and the Business Intelligence, Performance & Risk (BIPR) team as part of a Business Strategy Division update to the Committee.

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1. Introduction:

1.1 At the Committee's last meeting Members were able to scrutinise draft business plans from across the Business Strategy and Support Directorate (BSS) ahead of them being considered for approval by Cabinet in April. The Chairman has suggested that rather than limit a detailed discussion on Divisional issues and priorities to solely when presented with its draft business plan, the Committee should have an update from BSS Divisions on a rolling basis at each of its meetings, allowing Members a broader remit to ask questions and probe areas of interest, in particular with Directors and Heads of Service.

2. Business Strategy – Background:

2.1 The Business Strategy Division was established in 2011 through the Change to Keep Succeeding Programme, and is made up of three separate teams. Business Intelligence, Performance and Risk (BIPR) is headed by Richard Hallett, Policy & Strategic Relationships (PSR) is headed by David Whittle and Economic Development (ED) is headed by Barbara Cooper. As Economic Development (which also covers the International Affairs Group) is a separate Cabinet Portfolio and is covered by a separate Cabinet Committee, it is not included within the focus of this report.

2.2 The **Policy and Strategic Relationships team** role is to help the organisation to meet the future agenda through strategic and medium term planning and policy development, and to provide assurance around delivering key priorities arising from key national legislation and initiatives. Created through the centralisation of policy teams from across the authority, the team often leads responses to key Government policy consultations and co-ordinates and provides quality assurance of the annual business planning process.

2.3 The core role of the team is providing professional advice and support for CMT, Cabinet and Directorate Management Teams (DMT). The team operates a 'Business Partner' model back to Directorates (although not the Enterprise & Environment Directorate, where any support requirements are covered when need arises) with senior PSR officers sitting on DMT's and attending Divisional Management Teams (DivMT) regularly. The team is also focussed externally as well as internally to develop an understanding of what is going on beyond the boundaries of Kent and build strategic relationships, providing corporate support to the Kent Association of Local Councils, Kent Joint Chiefs and other key partnerships. The Corporate Programme Office also sits within the PSR team and provides a strategic oversight and assurance of the delivery of key corporate projects/programmes and identifies gaps in delivery and cross-cutting links between transformation programmes.

2.4 From April 2013 BIPR would like to be referred to as simply Business Intelligence. This section brings together three main elements. **The Research and Evaluation team** draws together key information from both within and beyond KCC. The section uses expert techniques to analyse and evaluate this information to provide insight to drive better, more-informed decision making. The team also has a post that promotes transparency and open data to improve accessibility to our information. The **Performance team** brings together performance information from across KCC in order to gain an organisation-wide view of performance and manage potential performance issues early. The team plays a key role in driving the work of the new Performance and Evaluation Board (chaired by the Cabinet Member for Business Strategy, Performance & Health Reform), which is a cross-directorate group tasked with holding Service managers to account for meeting their key performance targets.

2.5 **The Risk team** develops and maintains KCC's capability to effectively identify and manage risks aligned to strategic direction, performance and decision making. The team ensures that Corporate, Directorate and Divisional level risks that may prevent the Authority from meeting its key service objectives are identified by managers and that appropriate mitigating actions are put in place by those Service managers to reduce the impact or the likelihood of the risk occurring. BIPR also houses two task and finish projects - the Enterprise Resource Planning (ERP) programme and the "Middle Office" programme.

2.6 Gross expenditure in 2012/13 for BIPR was £1.59m with a workforce of 28 FTE, whilst gross expenditure for the PSR team was £1.45m with a workforce of 20FTE (making a total budget across the two teams of £2.04m with 48FTE).

3. Areas for Development/Focus through 2013/14:

3.1 As a whole, the Business Strategy Division has to be responsive both to the needs of the business, and invariably emerging issues facing the authority deemed to be a priority by CMT or Cabinet. The breadth of KCC activity means that the Division must have a broad focus. As such, activity is generally broad and varied.

3.2 However, with regards to PSR, there are a number of particular areas of focus / development over the forthcoming year that we would wish to bring to the Committee's particular attention. These include:

a) **Health Reform:** The PSR team has played an important role, alongside other teams across the organisation, in preparing KCC for the implementation of the Health and Social Care Act 2012, of which many of the provisions are to be implemented from April 2013. This has primarily taken the form of supporting the development of the Health & Wellbeing Strategy, the Leader's Kent Health Commission and development of a locally focussed sub-architecture for the Kent Health and Wellbeing Board (HWBB), with local HWBB being developed around the boundaries of the new Clinical Commissioning Groups (CCGs) to further promote integration between health and social care. Kent is widely seen as being in the vanguard in regards to the structure of its Health and Wellbeing arrangements, with no other two-tier area currently planning to develop HWBBs below upper tier boundaries. It had originally been envisaged that, by April 2013, PSR might take a step back from supporting the health agenda. However, given the breadth of the health reform and its links to the range of KCC services, it is clear that no one team within KCC can take sole responsibility for health, if we want to maximise the opportunities afforded through the reforms. In particular, to make the sub-architecture arrangements work effectively PSR must continue to have a role in supporting these new arrangements. This will require more resource from within the PSR team being dedicated to supporting the health reform agenda.

b) **Commissioning Framework:** As the authority moves towards a greater focus on strategic commissioning the need for a more clearly defined commissioning framework, which sets out what is meant by strategic commissioning, outlines core principles behind strategic commissioning and how strategic commissioning activity might be discharged, is considered to be required. This 'policy' gap in commissioning effects nearly all areas of KCC services, and the need for a policy framework outlining the authority's approach to strategic commissioning will support the 'one council' approach to KCC business. PSR will be working with service Directors with responsibility for commissioning to develop a framework which fills the identified policy gap for consideration by CMT and Cabinet.

c) **Children's Services:** A particular area of focus for the PSR team is providing policy support for children's services agenda in Kent, including directly supporting the Integrated Children Services Board which is used to discharge the Children Services Accountability Framework approved by County Council last year. The team has produced an Integrated Children Services vision and strategy, which is shortly due to be signed off by the Cabinet Member, which will generate further work as it supports the delivery of more detailed policy and plans to support more systemic and holistic approach to improving children's services. The team is also leading on the development of a revised approach to child poverty, linking that work into the wider partnerships agenda through Tackling Disadvantage sub–group of the Kent Association of Local Councils. The Children & Families Bill recently laid before Parliament is the most significant piece of planned legislation facing local authorities in this parliamentary session, and a key task will be to provide both parliamentary monitoring and impact analysis to help the wider organisation plan for the changes the Bill will introduce. Supporting the children's services agenda remains an important priority for the PSR team, and has recently taken on additional dedicated resource to help support this priority.

d) **Welfare Reform:** PSR was responsible for taking through to Cabinet decision late last year KCC's approach to managing the localisation of the DWP Social Fund from April 2013 onwards. The team is currently supporting Customer & Communities in delivering the pilot scheme for 2013/14, and will also play a lead role (alongside the Research and Evaluation team) in reviewing the pilot and identifying the future options for delivery of the Social Fund beyond year one (FY 2013-14). The welfare reform agenda, in particular the roll out of Universal Credit, remains an important part of KCC understanding potential demand for its services, and maintaining a strong understanding (working with the Business Intelligence function) of welfare reform changes (including any further changes as a result of the Comprehensive Spending Review) which will be important to support the organisation plan for future service demand.

e) **Business Planning:** The Committee will be aware that the PSR team is responsible for the coordination of the annual business plans for approval by Cabinet. Next years planning round (for FY 2014/15) will be the third year that Business Strategy has had this responsibility and we will continue to make iterative improvements in the process by undertaking an early review of the last business planning round (FY 2013/14), whilst also building in any findings from the audit of business plans to be undertaken by the Internal Audit team from this April. Without prejudicing what the review (and audit) may conclude, it seems clear that there are two significant areas of focus for improvement. The first is how Members are engaged across all Cabinet Committees in how business plans are developed and approved (given they are a Key Decision). Whilst this year's arrangements for engaging with Cabinet Committees on business plans were adequate (especially as it was the first year that business plans had been to committees prior to approval by Cabinet), it is felt that the arrangements might be improved upon (what form this improvement may take is not yet clear). Secondly, it is necessary to design into the business plan template a section which more specifically identifies where officers may be seeking to utilise the business plan as a means for approval to act under the revised Scheme of Officer Delegations approved by County Council last year.

f) **Further developing the Corporate Programme Office:** Given the very strong service focus within KCC it is perhaps not surprising that the organisation has chosen to deliver significant transformational change from within services themselves, rather than deliver change centrally through a single corporate transformation resource. Whilst this shows significant trust and empowerment of the senior leadership within services, given the scale of the pressures and risks involved, the need for some form of oversight and assurance is considered important. The Corporate Programme Office first reported to CMT in September 2012, and has successfully built itself into the assurance arrangements for key project and programmes delivering change across the organisation. It is however clear that there needs to be a far more rigorous development of the Corporate Programme Office capacity to deliver assurance to CMT and Cabinet on the progress and risks in the delivery of key transformational programmes, but also of the need for a general improvement in the quality of project and programme management across the organisation, particularly in regards to benefit identification and benefit realisation. Developing a programme to enhance project and programme management to deliver change across KCC, alongside enhanced assurance processes for CMT and Cabinet, will be a key priority over the next twelve months.

3.3 With regard to **Business Intelligence**, there have been regular updates to the Committee on Performance, Risk and the Enterprise Resource Planning (ERP) Programme, so Members will already be familiar with the work of these teams and these updates will continue in the new financial year. There are also other areas of focus / development over the forthcoming year that we would wish to bring to the Committee's attention. These include:

a) **Are people/families moving into Kent as a result of benefit changes?:** In support of the work that PSR is doing on the impact of welfare reform, the Research and Evaluation team is putting in place arrangements to assess whether there are any changes to migration into (largely from London) and within Kent, as a result of the cap on benefits. A baseline of pre-benefit change migration patterns is being established by looking back at 2010/11 and 2011/12 and this will be compared with 2012/13 and 2013/14 onwards to see whether migration is changing significantly post the benefit changes. This will help predict future Service demands and give an indication of whether Government funding allocations need to be adjusted as a result of the benefit changes.

b) **Customer experience**: Corporate Board has asked for more information on the quality of experience of our Service users, to be included in our performance monitoring. The Research and Evaluation team will be engaging an external firm to help us assess whether our current customer surveys are fit for purpose and whether the results from these surveys are robust enough to be included in our future performance reporting.

c) **Performance Evaluation Board**: The Performance team is arranging for a review of the operation and effectiveness of the Performance and Evaluation Board. The Board was set up in spring 2012 to hold Service Managers to account for meeting their performance targets. This review will ensure that the Board is operating in an optimal way and therefore effective in driving performance improvement across the Authority.

4: Divisional and Team Risks:

4.1 Each team within the Division is required to hold and regularly update its own team risk register, which then feeds the development of the Directorate and Corporate Risk Registers. Most of the risks on the PSR register relate to issues raised in section three above, however, there are also a number of risks in regard to team resilience which the Committee may wish to note:

a) **Inability to manage demand for policy support from DMT:** The business partner arrangements, referred to in paragraph 2.3, have generally worked very effectively to build strong relationships between the PSR team, Directorate Management Teams (DMT) and wider KCC services. However, given the scale of change, both internally within the organisation to transform services given the financial pressures on the authority and the wider policy change affecting public services driven by the coalition Government, the demand for policy support internally is significant. Yet, the team also has clear role in understanding and influencing the external policy environment, engaging at the national level to influence and shape debate. Care needs to be taken that supporting internal demand does not restrict the team's ability to deliver its externally facing role.

b) **Diminution of service policy expertise limits PSR future capacity and capability:** PSR has a dual role to provide strategic policy support to the organisation but also provide more in-depth service focussed policy support through DMTs. This requires the team to maintain capacity and capability that is both a mix of generalist policy and service policy specialists. Within KCC there is some diminution of service specific policy expertise that presents a risk that future service policy might not be sufficient for the team to undertake its dual function.

c) **PSR grading structure impinges on the ability to recruit and retain staff:** Change to Keep Succeeding established PSR with a structure that operates at a KR10, KR12 and KR14 grading structure. However, a number of other teams from across the authority whose skill sets are similar to PSR (in particular Service Improvement in Customer & Communities and Strategic Commissioning in Families & Social Care Directorate) generally operate a KR11, KR13 and KR15 grading structure. This differentiation has driven some turnover within the team, and more broadly presents a risk to ongoing ability to recruit and retain staff attracted by higher level posts requiring similar skillsets within KCC.

4.2 In **Business Intelligence** the main areas of risk are:

a) **Under-performance in key areas is not being identified early enough:** Identifying and addressing performance shortfalls quickly is key to the continuing success of the Authority. Not doing so, may result in serious Service failures. This risk is addressed through the performance reporting and there are now Directorate performance dashboards in place, which are reported to the Performance & Evaluation Board and Cabinet Committees on a regular basis. The Quarterly Performance Report contains details of key performance measures and early warning indicators.

b) **Failure to embed a structured and coherent approach to risk management across the organisation:** It is important that the risks that may prevent KCC from delivering its Service objectives, are managed as part of the day to day business across the Organisation. Risks need to be identified and appropriate action taken to manage the likelihood of those risks occurring or to lessen the impact if they do occur. A dedicated risk team is now in place and monitoring mechanisms have been refreshed. There is close engagement with Corporate Board and Directorate Management Teams and progress on mitigating actions is reviewed and challenged by the Risk team and escalated to the Performance and Evaluation Board if required.

c) **Business Intelligence is not involved in the provision of evidence to support key strategic decisions for the Authority**: The Research and Evaluation team is developing links with the Corporate Management Team, Cabinet Members, PSR and Finance to ensure that evidence to support key strategic decisions is available and understood. Wider business intelligence including performance and risk information as well as research must be used to support effective decision-making. Robust evaluation of the impact of strategic decisions is also key to ensure that we are doing the right things.

5. Recommendation:

5.1 Policy & Resources Committee is asked to note and comment on the update report.

Background Documents:

- Business Strategy, Divisional Business Plan (Draft) 2013/14, Policy & Resources Cabinet Committee,

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TO: Policy and Resources Cabinet Committee – 15 March 2013

BY: Paul Carter, Leader
Alex King, Deputy Leader
John Simmonds, Cabinet Member for Finance and Business Support
Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform
David Cockburn, Corporate Director of Business Strategy and Support

SUBJECT: Business Strategy and Support Directorate, Commercial Services (Environment, Highways & Waste Portfolio), and Public Health LINk, Local Healthwatch and Health Reform (Families and Social Care Directorate) Financial Monitoring 2012/13

Classification: Unrestricted

Summary:

Members of the Cabinet Committee are asked to note the third quarter's full budget monitoring report for 2012/13 being reported to Cabinet on 18 March 2013.

FOR INFORMATION

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1. Introduction:

1.1 This is a regular report to this Committee on the forecast outturn for Business Strategy and Support Directorate, Commercial Services (Environment, Highways Waste Portfolio), and Public Health LINk, Local Healthwatch and Health Reform (Families and Social Care Directorate).

2. Background:

2.1 A detailed quarterly monitoring report is presented to Cabinet, usually in September, December and March and a draft final outturn report in either June or July. These reports outline the full financial position for each portfolio and will be reported to Cabinet Committees after they have been considered by Cabinet. In the intervening months an exception report is made to Cabinet outlining any significant variations from the quarterly report. The third quarter's monitoring report for 2012/13 is attached.

3. Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) 2012/13 Financial Forecast - Revenue

3.1 There are no exceptional revenue changes since the writing of the attached quarter 3 report.

4. Business Strategy and Support Directorate and Commercial Services (Environment, Highways & Waste Portfolio) 2012/13 Financial Forecast - Capital

4.1 There are no capital movements from the attached quarter 3 report.

5. Recommendations

5.1 Members of the Policy and Resources Cabinet Committee are asked to note the revenue and capital forecast variances from budget for 2012/13 for the Finance and Business Support, Business Strategy Performance and Health Reform, Democracy and Partnerships and Environment, Highways Waste Portfolios based on the third quarter's full monitoring to Cabinet.

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BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
DECEMBER 2012-13 FULL MONITORING REPORT

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered “technical adjustments” ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 2 report to reflect a number of technical adjustments to budget including the centralisation of ICT budgets and further centralisation of property budgets to Corporate Landlord.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Regeneration & Enterprise portfolio							
Directorate Management & Support	166	0	166	-17	14	-3	
Development Staff & Projects	4,979	-1,492	3,487	3	0	3	
Total R&E portfolio	**5,145**	**-1,492**	**3,653**	**-14**	**14**	**0**	
Finance & Business Support portfolio							
Finance & Procurement	18,629	-7,303	11,326	-419	219	-200	Many staff appointed at bottom of grade, budget based on mid-point of grade; Edukent pressures offset with draw down from Reserve; relocation and accommodation costs
Total F&BS portfolio	**18,629**	**-7,303**	**11,326**	**-419**	**219**	**-200**	
Business Strategy, Performance & Health Reform portfolio							
Strategic Management & Directorate Support budgets	2,893	-4,520	-1,627	-87	0	-87	
Governance & Law	10,337	-12,470	-2,133	-191	317	126	Staffing vacancies; difficulties generating external work
Business Strategy	3,216	-139	3,077	-233	-21	-254	Staffing vacancies and delays in recruitment

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Property & Infrastructure	29,484	-4,686	24,798	327	-312	15	Extension to leasehold payments; more cautious approach to capitalising spend; use of Capital Grant to fund revenue expenditure; re-phasing of New Ways of Working; management action against central budgets; small variances in income
Human Resources	16,684	-5,645	11,039	169	-323	-154	Under recovery of income on Schools Personnel Services, partially offset by underspend on staffing; additional training costs partially offset by extra income; increased demand to support restructures resulting in staffing pressure on Employee Services; i
Information & Communication Technology	34,087	-13,250	20,837	767	-767	0	IT pay as you go activity funded by additional income
Total BSP&HR portfolio	**96,701**	**-40,710**	**55,991**	**752**	**-1,106**	**-354**	
Democracy & Partnerships portfolio							
Finance - Internal Audit	1,103	-34	1,069	-64	-44	-108	
Business Strategy - International & Partnerships	1,007	-223	784	-104	46	-58	
Democratic & Member Services	3,865	-3	3,862	58	-81	-23	
Local Democracy:							
- Member Grants incl. County Council Elections	1,273	0	1,273	-14	0	-14	
Total D&P portfolio	**7,248**	**-260**	**6,988**	**-124**	**-79**	**-203**	
Total BSS Controllable	**127,723**	**-49,765**	**77,958**	**195**	**-952**	**-757**	
Assumed Management Action:							
- R&E portfolio						**0**	
- F&BS portfolio						**0**	
- BSP&HR portfolio						**0**	
- D&P portfolio						**0**	
Forecast after Mgmt Action				**195**	**-952**	**-757**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Finance & Business Support portfolio:

1.1.3.1 Finance & Procurement: Gross -£419k, Income +£219k, Net -£200k

Within the gross underspend is **-£302k** relating to staffing as many appointments to the new finance structure have been made at the bottom of grade, whereas the budget is set at mid-point of grade; the division is also carrying a number of vacancies. There is a pressure of **+£249k** against Edukent resulting from reduced income, and a further pressure of **+£281k** primarily resulting from additional costs relating to the Contractor Services Billing system. This net pressure will be funded via a drawdown of **-£530k** against gross expenditure from the Dedicated Schools Grant – Central Expenditure Reserve. The centralisation of finance has resulted in additional one-off relocation and accommodation costs causing a pressure of **+£140k**. There are also a number of small variances below £100k totalling -£8k against gross and -£30k against income.

Business Strategy, Performance & Health Reform portfolio:

1.1.3.2 Governance & Law: Gross -£191k, Income +£317k, Net +£126k

The underspend on gross expenditure of -£191k primarily consists of **-£154k** on staffing budgets as the unit has been carrying vacancies; non-staffing budgets are underspending by -£37k. There is a reduced income forecast of **+£317k** as there have been difficulties in generating new external work. The forecast remains volatile as demand for the service will inevitably move in the final quarter.

1.1.3.3 Business Strategy: Gross -£233k, Income -£21k, Net -£254k

There is currently an underspend of **-£124k** against staffing resulting from vacancies and delays in recruitment. There are also a number of small variances against non-staffing budgets totalling -£109k and a small income variance of -£21k.

1.1.3.4 Property & Infrastructure: Gross +£327k, Income -£312k, Net +£15k

Property Group is forecasting a +£327k gross pressure with a compensating increase in income of -£312k against their revenue budget.

The Property revenue budget has been reduced by £3.56m over the past two years in respect of 'Total Place' savings. It was expected that these savings would primarily be generated by coming out of leasehold properties as soon as leases came to an end. Service transformations and restructures throughout the Council, together with the formulation of the new Work Place Transformation Strategy, have resulted in the requirement to extend a number of leases and thus push delivery of some savings to later years. Delivery of these savings is a top priority and therefore a full review of all 'Total Place' potential savings, alongside current service plans, has been undertaken to determine the revised phasing of the savings reflected in the 2013-15 MTFP. Also, dedicated resources have been put in place to programme manage the New Ways of Working initiative (formerly the Work Place Transformation Programme) which will give greater clarity on timelines for coming out of properties. Additionally, in accordance with accounting requirements, many items of expenditure which have traditionally been capitalised, must be charged to and funded through revenue. This, together with issues outlined above have resulted in a **+£996k** gross pressure against Corporate Landlord budgets.

As a consequence Property Group is planning to use -£580k of the DFE Local Authority Capital Maintenance Grant, currently shown within their capital budget, to cover the expenditure that was previously capitalised, as the grant rules allow us to fund revenue expenditure from it. Also a number of centrally held budgets within Property Group have been subject to management action and the resulting under-spend of **-£505k** will be used to offset the pressures within Corporate Landlord. Additional clarity around the New Ways of Working initiative has identified a gross underspend of **-£164k** resulting from delays in office moves which have re-phased into 2013-14. This will require a roll forward to 2013-14 in order fund the re-phasing of these one off costs.

Although income is forecast to be -£312k more than budget, **-£580k** relates to the use of the capital grant referred to above. There are small (under £100k) under-recoveries in income across a number of budgets within Property Group which total +£268k.

1.1.3.5 <u>Human Resources: Gross +£169k, Income -£323k, Net -£154k</u>
The Schools Personnel Service continues to have extremely challenging income targets which, with further delegations of funding and responsibilities to schools, require business to be secured on a school by school basis. As a result, SPS are forecasting an under-delivery of income of **+£327k**, but also a partially compensating underspend, mainly on salaries of **-£285k**. In addition, HR is continuing to face increased demand to support many Divisional restructures and transformation programmes throughout this year, which is putting pressure on many units, and as a result Employee Services are forecasting a gross pressure of **+£299k**, mainly on staffing, which is partially offset by increased income of **-£256k**. There is a further pressure of **+£187k** on the cost of providing training, especially professional training for social workers, but this is largely offset by an additional **-£177k** of income. The Kent Graduate programme is showing an underspend of **-£121k** due to staff finding permanent jobs and leaving the scheme early. A pressure of **+£100k** also exists within the Reward Team mainly due to increased payments to the rewards providers to reflect above budgeted take up; this is more than offset by extra income of **-£122k**. There are a number of smaller gross and income variances against the rest of Human Resources, including Health and Safety, the Divisional budget and the 'Grads Kent' website. These in total add up to a gross of **-£11k** and income of **-£95k**.

1.1.3.6 <u>Information & Communication Technology: Gross +£767k, Income -£767k, Net Nil</u>
Variances of **+£767k** and **-£767k** on gross and income respectively reflect the increased demand for additional IT Pay-as-you-go services. Ad hoc demand for services is difficult to predict during budget setting.

Democracy & Partnerships portfolio:

1.1.3.7 <u>Business Strategy – International & Partnerships: Gross -£104k, Income +£46k, Net -£58k</u>
There is an underspend of £104k on gross resulting from reduced spend on a number of non-staffing budgets, primarily specialist fees, rents, and other running costs.

Table 2: REVENUE VARIANCES OVER £100K IN SIZE ORDER
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	Property & Infrastructure Gross - extensions to leasehold payments; and more cautious approach to capitalising expenditure	+996	BSPHR	ICT Income: Information Systems income from additional pay as you go activity	-767
BSPHR	ICT Gross: Information Systems costs of additional pay as you go activity	+767	BSPHR	Property and Infrastructure Income - Use of Local Authority Capital Maintenance Grant to fund revenue expenditure previously categorised as capital	-580
BSPHR	Human Resources Income - under recovery of income target by Schools Personnel Service	+327	F&BS	Finance & Procurement Gross: draw down of Dedicated Schools Grant - Central Expenditure reserve to offset pressure within Edukent	-530
BSPHR	Governance & Law Income - difficulties in generating new external work	+317	BSPHR	Property & Infrastructure Gross - management action/underspend on central budgets	-505

Pressures (+)			Underspends (-)		
portfolio		£000's	portfolio		£000's
BSPHR	Human Resources Gross - pressure on Employee Services budget mainly on staffing	+299	F&BS	Finance & Procurement Gross - staffing underspend	-302
F&BS	Finance & Procurement Gross: additional Edukent costs, primarily for the Contractor Services Billing system	+281	BSPHR	Human Resources Gross - underspend on Schools Personnel Service mainly on salaries, partially off-setting under delivery of income target	-285
F&BS	Finance & Procurement Income: reduced income for Edukent	+249	BSPHR	Human Resources Income - increased Employee Services income	-256
BSPHR	Human Resources Gross - pressure on providing training	+187	BSPHR	Human Resources Income - aditional training income	-177
F&BS	Finance & Procurement Gross: relocation and accommodation costs following centralisation	+140	BSPHR	Property & Infrastructure Gross - re-phasing of New Ways of Working initiative	-164
BSPHR	Human Resources Gross - increased spend relating to Rewards	+100	BSPHR	Governance & Law Gross - vacancies on staffing	-154
			BSPHR	Business Strategy Gross - staffing underspend	-124
			BSPHR	Human Resources Income - increased income relating to Rewards	-122
			BSPHR	Human Resources Gross - underspend on Kent Graduate Programme	-121
		+3,663			-4,087

1.1.4 **Actions required to achieve this position**:

None

1.1.5 **Implications for MTFP**:

Property Division has submitted new phasing for their Total Place savings, moving £1.3m to future years and the 2013-15 MTFP has been updated accordingly. The Division will also continue to need to utilise some of its DFE capital grant to fund revenue expenditure which cannot be capitalised – this will need to be quantified each year dependent on the spend incurred.

In HR – Schools Personnel Service have realigned their gross and income budgets within the 2013-15 MTFP to reflect their Business Plans for 2013-14.

1.1.6 **Details of re-phasing of revenue projects**:

Property & Infrastructure
New Ways of Working activity will need to be re-phased following delays in office moves (as detailed in section 1.1.3.4). Roll forward of £164k to 2013-14 will be required in order to fund the re-phasing of this programme.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

Of the -£757k underspend shown in table 1, revenue project re-phasing accounts for +£164k (as detailed in section 1.1.6 above), leaving an underlying underspend of -£593k, which is contributing towards the £5m underspend from 2012-13 being used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February 2013.

ENTERPRISE & ENVIRONMENT DIRECTORATE SUMMARY
DECEMBER 2012-13 FULL MONITORING REPORT (EXTRACT)

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted since the quarter 2 monitoring report to reflect technical adjustments to budget, including the centralisation of the ICT budgets to BSS directorate.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Environment, Highways & Waste portfolio							
Commercial Services	0	-6,879	-6,879	0	1,220	1,220	Reduced contribution
Total E, H & W portfolio	**0**	**-6,879**	**-6,879**	**0**	**1,220**	**1,220**	
Total E&E controllable	**0**	**-6,879**	**-6,879**	**0**	**1,220**	**1,220**	
Assumed Management Action							
- EHW portfolio						0	
Forecast after Mgmt Action				**0**	**1,220**	**1,220**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Environment, Highways & Waste portfolio:

1.1.3.1 **Commercial Services:** Gross Nil, Income +£1,220k, Net +£1,220k
A £1,220k shortfall in the Commercial Services contribution is forecast. This relates to £640k of approved costs of restructure and reorganisation, £150k of one-off restructuring costs and a re-phasing of £430k of the increased income target built into the current year budget, now expected to be achieved in 2013-14.
A compensating underspend is forecast against the Financing Items budgets, as funds were being held back in anticipation of this shortfall.

Table 2: **REVENUE VARIANCES OVER £100K IN SIZE ORDER**
(shading denotes that a pressure has an offsetting saving, which is directly related, or vice versa)

Pressures (+)			**Underspends (-)**		
portfolio		£000's	portfolio		£000's
EHW	Commercial Services - shortfall in contribution due to approved costs of restructure and reorganisation to implement consultants' recommendations	+640			
EHW	Commercial Services - rephasing of delivery of increased income target into 2013-14	+430			
EHW	Commercial Services - shortfall in contribution due to one off restructuring costs	+150			
		+1,220			**0**

1.1.4 **Actions required to achieve this position**:

None

1.1.5 **Implications for MTFP**:

<u>Commercial Services</u>
The re-phasing of the income target and full year effect of agreed costs of restructuring and reorganisation have been reflected in the 2013-15 MTFP.

1.1.6 **Details of re-phasing of revenue projects**:

None

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

The forecast underspend for the Enterprise and Environment Directorate is £592k (including the +£1,220k pressure relating to Commercial Services), which contributes to the £5m underspend from 2012-13 to be used to support the overall 2013-14 KCC budget, as approved by County Council on 14 February.

FAMILIES & SOCIAL CARE DIRECTORATE SUMMARY
ADULTS SERVICES SUMMARY
DECEMBER 2012-13 FULL MONITORING REPORT (EXTRACT)

1. FINANCE

1.1 REVENUE

1.1.1 All changes to cash limits are in accordance with the virement rules contained within the constitution, with the exception of those cash limit adjustments which are considered "technical adjustments" ie where there is no change in policy, including:

- Allocation of grants and previously unallocated budgets where further information regarding allocations and spending plans has become available since the budget setting process.
- Cash limits for the A-Z service analysis have been adjusted for a number of technical adjustments to budget.
- The inclusion of a number of 100% grants (ie grants which fully fund the additional costs) awarded since the budget was set. These are detailed in Appendix 1 of the executive summary.

1.1.2 **Table 1** below details the revenue position by A-Z budget:

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Business Strategy, Performance & Health Reform portfolio							
- Public Health (LINk, Local Healthwatch & Health Reform)	**758**	**-60**	**698**	**16**	**-16**	**0**	
Total FSC ADULTS controllable	**758**	**-60**	**698**	**16**	**-16**	**0**	
Assumed Management Action							
- BSP&HR portfolio						**0**	
Forecast after Mgmt Action				**16**	**-16**	**0**	

1.1.3 **Major Reasons for Variance**: *[provides an explanation of the 'headings' in table 2]*

Table 2, at the end of this section, details all forecast revenue variances over £100k. Each of these variances is explained further below:

Business Strategy, Performance & Health Reform portfolio:

1.1.3.1 There is no significant variance to report.

1.1.4 **Actions required to achieve this position**:

None

1.1.5 **Implications for MTFP**:

All pressures and savings have been addressed in 2013-15 MTFP approved by County Council on 14th February 2013.

1.1.6 **Details of re-phasing of revenue projects**:

None.

1.1.7 **Details of proposals for residual variance**: *[eg roll forward proposals; mgmt action outstanding]*

None

BUSINESS STRATEGY & SUPPORT DIRECTORATE SUMMARY
DECEMBER 2012-13 FULL MONITORING REPORT

1.2 CAPITAL

1.2.1 All changes to cash limits are in accordance with the virement rules contained within the constitution and have received the appropriate approval via the Leader, or relevant delegated authority.

1.2.2 The Business Strategy and Support directorate has an approved budget for 2012-15 of £33.340m (see table 1 below). The forecast outturn against this budget is £32.640m, giving a variance of -£0.700m.

1.2.3 Tables 1 to 3 summaries the Directorate's approved budget and forecast.

1.2.4 Table 1 – Revised approved budget

	Total	Business Strategy, Performance & Health Reform	
	£m	£m	
Approved budget last reported to Cabinet	33.476	33.476	
Approvals made since last reported to Cabinet	-0.136	-0.136	Virement from MOA to C&C
Revised approved budget	33.340	33.340	

1.2.5 Table 2 – Funded and Revenue Funded Variances

Scheme	Portfolio	Amount £m	Reason
Cabinet to approve cash limit changes			
No cash limit changes to be made			
Total		0.000	

1.2.6 Table 3 – Summary of Variance

	Total	Business Strategy, Performance & Health Reform
Reason	£m	£m
Unfunded variance		
Funded variance (from table 2)	0.000	
Variance funded by revenue (from table 2)	0.000	
Project underspend	-0.700	-0.700
Rephasing (beyond 2012-15)	0.000	
Total variance	-0.700	-0.700

1.2.7 **Main reasons for variance**

Table 4 below, details each scheme indicating all variances and the status of the scheme. Each scheme with a Red or Amber status will be explained including what is being done to get the scheme back to budget/on time.

Table 4 – Scheme Progress

	Total Cost	Previous Spend	2012-15 Approved Budget	Later Years Approved Budget	2012-15 Forecast Spend	Later Years Forecast Spend	2012-15 Variance	Total Project Variance	Status (Red / Amber / Green)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
BSP&HR	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (e - c)	(h) = (b+e+f)-a	
Modernisation of Assets	17.602	0.000	12.861	4.741	12.861	4.741	0.000	0.000	Green
Disposal Costs	1.000	0.000	0.750	0.250	0.750	0.250	0.000	0.000	Green
Corporate Property Strategic Capital	2.851	0.000	2.851	0.000	2.151	0.000	-0.700	-0.700	Green
Connecting Kent	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Green
Connecting with Kent	2.413	1.653	0.760	0.000	0.760	0.000	0.000	0.000	Green
Oracle Release 12	1.613	1.383	0.230	0.000	0.230	0.000	0.000	0.000	Green
Oracle Self Service Development	0.633	0.566	0.067	0.000	0.067	0.000	0.000	0.000	Green
Property Asset Management System	0.310	0.000	0.310	0.000	0.310	0.000	0.000	0.000	Amber - Delayed
Sustaining Kent - Maintaining the Infrastructure	10.845	7.875	2.970	0.000	2.970	0.000	0.000	0.000	Green
New Work Spaces	1.030	1.030	0.000	0.000	0.000	0.000	0.000	0.000	Green
Connecting Kent	0.255	0.255	0.000	0.000	0.000	0.000	0.000	0.000	Green
Enterprise Resource Programme (PHASE 1)	2.018	0.164	1.854	0.000	1.854	0.000	0.000	0.000	Amber - Delayed
Energy Efficiency and Renewable Energy in the KCC Estate - Solar Panels (spend)	0.321	0.000	0.321	0.000	0.135	0.000	-0.186	-0.186	Green
Integrated Childrens System	1.326	0.012	1.314	0.000	1.314	0.000	0.000	0.000	Amber - Delayed
Faversham Family Centre	0.026	0.000	0.026	0.000	0.026	0.000	0.000	0.000	Green
Energy Efficiency and Renewable Energy in the KCC Estate - (plan)	0.182	0.000	0.182	0.000	0.368	0.000	0.186	0.186	Green
Enterprise Resource Programme (PHASE 2)	0.500	0.000	0.500	0.000	0.500	0.000	0.000	0.000	Amber - Delayed
New Work Spaces	8.831	0.487	8.344	0.000	8.344	0.000	0.000	0.000	Green
BSP&HR Total	51.756	13.425	33.340	4.991	32.640	4.991	-0.700	-0.700	

1.2.8 Status:
Green – Projects on time and budget
Amber – Projects either delayed or over budget
Red – Projects both delayed and over budget

1.2.9 <u>Assignment of Green/Amber/Red Status</u>

1.2.10 Projects with variances to budget will only show as amber if the variance is unfunded, i.e. there is no additional grant, external or other funding available to fund.

1.2.11 Projects are deemed to be delayed if the forecast completion date is later than what is in the current project plan.

Amber and Red Projects – variances to cost/delivery date and why.

Business Strategy, Performance and Health Reform Portfolio:

1.2.12 **Integrated Childrens System:** -£0.207m re-phasing within the three year period. The original project timeline with the practical completion date of 31 March 2013, was optimistic and once the project team started working through the detail it became evident that it was not achievable. It has been agreed to phase the roll out, which would see the main part of ICS going live at the end of May 2013.

1.2.13 **Enterprise Resource Programme (Phase 1):** This project was originally planned to be completed by 31st March 2013. Synchronised sign on and elements of remote access work streams cannot be delivered until server refresh has completed. This has resulted in a small amount of re-phasing (-£0.114m) into 2013-14.

1.2.14 **Enterprise Resource Programme (Phase 2):** -£0.500m re-phasing within the three year period. Sufficient funding remains from phase 1 to cover initial stages of phase 2. Plans are being developed for the phase 2 money and are likely to be utilised in the first few months of 2013-14.

1.2.15 **Property Asset Management System:** -£0.280m re-phasing within the three year period. The specification for the system was drawn up when the business was very different. A business analysis is being undertaken to double check suitability of the preferred system and to ensure that Atrium delivers what is required. This has delayed implementation of the new system from March 2013 to December 2013. The impact of this is that the current Atrium system will now be retired by September and the Enterprise system by December.

Other Significant Variances

1.2.16 **Corporate Property Strategic Capital (BSP&HR)** – underspend of -£0.700m. In accordance with accounting requirements many items of expenditure which have traditionally been capitalised must be charged to and funded through revenue. As a result, property group is planning to use £0.700m of the DFE local authority capital maintenance grant currently shown here, to cover revenue expenditure as the grant rules allow us to do this.

1.2.17 **New Work Spaces (BSP&HR) –** re-phasing of -£3.694m from 12-13 to 13-14. The New Work Spaces programme is currently finalising proposals for three office hubs and localised hubs. Negotiations are being finalised so that the necessary arrangements can be put in place before the end of the year but the payment is likely to fall in the 1st quarter for 2013-14.

1.2.18 **Modernisation of Assets (BSP&HR) –** re-phasing of -£1.000m from 12-13 to 13-14. Some works due to commence this financial year will run into 2013-14 for completion.

1.2.19 **Sustaining Kent (BSP&HR) –** re-phasing of -£0.470m from 12-13 to 13-14. Part of this project was to be a planned full roll out before year end but due to the purchasing of software licences this has been delayed until the first part of 2013-14. This has not impacted on the planned overall completion date of this project which is 31st March 2014.

Key issues and Risks

1.2.20 None

2. KEY ACTIVITY INDICATORS AND BUDGET RISK ASSESSMENT MONITORING

2.1 Capital Receipts

2.1.1 The total forecast receipts expected to come in during 2012-13 is £17.369m. This is broken down between the various "pots" as detailed in the tables below.

2.1.2 Capital Receipts Funding Capital Programme

	2012-13
	£m
Capital receipt funding required for capital programme	6.255
Banked in previous years and available for use	3.202
Receipts from other sources*	1.880
Requiring to be sold this year	1.173
Forecast receipts for 2012-13	7.290
Potential Surplus / (Deficit)	6.117

2.1.3 The total capital receipt funding required to fund projects in the capital programme per the latest forecasts for 2012-13 totals £6.255m. Taking into account receipts banked in previous years which are available for use and receipts from other sources* (such as loan repayments from the Empty Property Initiative), the required level of receipts to achieve in 2012-13 is £1.173m.

2.1.4 Current forecasts show receipts expected in during 2012-13 will total £7.290m, which leaves a potential surplus on capital receipt funding in the capital programme of £6.117m. This will continue to be monitored over the remainder of the year. Any "surplus" receipts achieved in 2012-13 will be needed to fund projects in the future years capital programme.

PEF1

2.1.5 County Council approved the establishment of the Property Enterprise Fund 1 (PEF1), with a maximum permitted deficit of £10m, but self-financing over a period of 10 years. The cost of any temporary borrowing will be charged to the Fund to reflect the opportunity cost of the investment. The aim of this Fund is to maximise the value of the Council's land and property portfolio through:

- the investment of capital receipts from the disposal of non operational property into assets with higher growth potential, and
- the strategic acquisition of land and property to add value to the Council's portfolio, aid the achievement of economic and regeneration objectives and the generation of income to supplement the Council's resources.

2.1.6 Any temporary deficit will be offset as the disposal of assets are realised. It is anticipated that the Fund will be in surplus at the end of the 10 year period.

2.1.7 Forecast 2012-13 position

	2012-13
	£m
Opening balance 1st April 2012	-5.567
Planned receipts	0.532
Costs	-0.021
Planned acquisitions	0.000
Closing balance	-5.056

2.1.8 The previous table shows the opening balance on the fund as being -£5.567m. With forecast PEF1 receipts of £0.532m and associated costs of £0.021m, this results in a forecast closing balance of -£5.056m, which is within the permitted £10m overdraft limit.

Revenue position

2.1.9 The balance brought forward at the 1st April 2012 was –£2.328m. The anticipated net income from managing the properties held within the fund is estimated at £0.035m, but with the need to fund costs of borrowing -£0.494m against the overdraft facility, the PEF1 is forecasting a £2.787m deficit on revenue, which will be rolled to be met from future income streams.

PEF2

2.1.10 County Council approved the establishment of PEF2 in September 2008 with a maximum permitted overdraft limit of £85m, but with the anticipation of the fund broadly breaking even over a rolling five year cycle. However, due to the slower than expected recovery, breakeven, is likely to occur over a rolling seven to eight year cycle. The purpose of PEF2 is to enable Directorates to continue with their capital programmes as far as possible, despite the downturn in the property market. The fund will provide a prudent amount of funding up front (prudential borrowing), in return for properties which will be held corporately until the property market recovers.

2.1.11 Overall Forecast Position on the Fund:

	2012-13 £m
Capital	
Opening balance	-14.196
Properties to be agreed into PEF2	0.000
Purchase of properties	-1.104
Forecast sale of PEF2 properties	**9.547
Disposal costs	-0.388
Closing Balance	-6.141
Revenue	
Opening balance	-4.231
Net interest on borrowing	-0.478
Holding costs	-0.046
Closing balance	-4.755
Overall closing balance	-10.896

** Figure is net of contributions required to pay out of disposal value of £0.213m.

2.1.12 The forecast closing balance on the fund is -£10.896m, within the overdraft limit of £85m.

2.1.13 The forecast position on both PEF funds show that the funds are operating well within their acceptable parameters.

By:	Roger Gough – Cabinet Member for Business Strategy, Performance & Health Reform David Cockburn – Corporate Director, Business Strategy & Support
To:	Policy and Resources Committee – 15 March 2013
Subject:	Draft Asset Management Strategy - Update
Classification:	*Unrestricted*

Summary.

KCC is developing an Asset Management Strategy to set the high-level strategic framework for managing our property portfolio effectively over the next 3 years. It will guide our future strategic property decisions to ensure we manage our property portfolio sustainably and efficiently so that it can adapt to remain fit for the future.

The Asset Management Strategy will provide a consistent framework to ensure that Property & Infrastructure Support can continue to provide effective, professional property advice to support service transformation across the organisation.

The Policy and Resources Cabinet Committee are asked to note the progress to date on the draft strategy, and to consider and comment on the proposed approach and early draft strategy, as part of their pre-scrutiny role to help shape policy development, ahead of the proposed Cabinet Member decision to approve the strategy in May 2013.

1. Background to the Asset Management Strategy

1.1 Kent County Council, and the wider local government sector, is in a period of immense change and transition as we seek to transform the way we deliver public services. The previous Asset Management plan was developed in 2007 when the economic and policy context was very different. As such, we need to refresh our Asset Management Strategy to ensure it is representative of the significant challenges presented by the national economic climate and internal drivers for change within the organisation.

1.2 In light of the challenging financial environment Kent County Council has to make significant savings. To contribute towards this, Property and Infrastructure Support are tasked to deliver £100m of capital receipts over next 4 years as part of the Medium Term Financial Plan, in addition to property revenue savings of £10m over 7 years. These will only be achieved through a transformational approach to rethinking how we use our property portfolio in a radically different way to meet the changing needs of the services we provide for the people of Kent.

1.3 It is important that the Asset Management Strategy complements Kent County Council's strategic policy direction, which directly influences frontline service delivery. Our property assets are also an important part of supporting and enabling us to transform the way we deliver public services with our partners and it is therefore essential that we have an innovative and forward thinking strategy in place which is consistent with the key themes and drivers for change in a range of strategies and transformation programmes, both within KCC and with our partners. This will help us to ensure we work towards shared objectives such as supporting Kent business, and maximising growth and regeneration. The strategic policies which complement the Asset Management should include:

- Vision for Kent
- Bold Steps for Kent
- Medium Term Financial Plan
- Capital Strategy
- Unlocking Kent's Potential
- Environment Strategy
- Kent and Medway's Housing Strategy
- Doing Things Differently (KCC's internal transformation & change programmes)

2. Our role in Asset Management

2.1 In Kent County Council our properties, and spending on them, are managed centrally by the Property and Infrastructure Support (P&IS) division who act as the '**corporate landlord**'. This enables our resources to be prioritised and directed where they are most needed, and ensures that the property portfolio is aligned with KCC's strategic objectives in 'Bold Steps for Kent'. We are working with services and partners to develop innovative solutions for adapting our property portfolio to better support the changing business needs of our services.

2.2 It is the role of P&IS to manage the Council's portfolio effectively, providing best value for our services and the people of Kent. Managing the portfolio includes:

- Maintaining and repairing existing properties (Facilities Management)
- Developing new buildings that are well designed and fully meet service needs
- Delivering the right changes, in the right places, at the right time to ensure assets support changing service needs
- Ensuring that the right properties are maintained and utilised to their full capacity.
- Identifying and disposing of surplus properties (best value of capital receipts)
- Managing the portfolio strategically and effectively
- Ensuring that space is used efficiently

2.3 KCC's asset portfolio is incredibly diverse - with a significant proportion of our estate being schools, but it also includes some buildings which are very specific in their use, for example highways, waste disposal and other specialist properties. Our current asset portfolio comprises of 1,782 buildings with an asset value of circa. £1.9bn, with the annual revenue spend within corporate landlord £27m per annum. Schools make up the majority value of the portfolio with circa. £1.38bn (73%). The remainder of the portfolio has an asset value of circa. £520m. The current target of achieving £100m capital receipts means that we have to find 19% returns through disposals or returns from investments over the next 4 years.

2.4 This is why the development of an Asset Management Strategy is crucial to bring together a consistent framework to deliver this challenging target effectively whilst continuing to support services and their operational strategies. Property is an 'enabler' for service transformation, and we must find the most efficient ways possible to support delivery of transformation and integration of services

2.5 In order to ensure we continue to deliver this as efficiently and effectively as possible, the Asset Management Strategy will bring together a new framework for P&IS, clearly defining our role and responsibilities, and how we will work with services within agreed priorities and guidelines in order to meet the key objectives.

2.6 **Working with services**

The draft plan is being developed by Property & Infrastructure Support but it will be important to engage with and consult a wide range of stakeholders. This will be achieved through a variety of engagement methods including small focus groups and review of current best practice developed by Royal Institution of Chartered Surveyors on asset management to inform specific policies.

2.7 The Property Asset Strategy team are currently working with services across KCC to review and understand the property implications of KCC's strategic direction and initiatives, and specific service plans and strategies, in order to provide advice on property options that will help us to become fit for the future. To achieve this it is essential that P&IS are aware of the future requirements of delivery. Whilst the direction of our services is still evolving and may change in the current funding climate, we are building a plan that has the potential to adapt more quickly and responsively, and be flexible for changing need.

2.8 The Asset Management Plan needs to understand the following:

a) What is the future direction for service delivery? What is the vision for the service?
b) Will this change the service delivery property requirements? (i.e. less space, more space, using space differently?)
c) What does this mean for the shape of the overall property portfolio?

2.9 These questions will help us to understand the nature and potential restrictions of the property requirement and help to inform the forward plan of initiatives and projects for P&IS to deliver, for example asset collaboration projects with partners. Where services are currently unable to answer these questions in the medium term due to uncertainty, we will work closely with them to develop creative concepts and options that support both the service's current requirements, and can respond to future demands.

2.10 The Asset Management Strategy will also outline the high level programme of initiatives that need to take place before a full disposals programme can be agreed, for example data reviews and asset reviews. The process and policies for how this is done in practice will sit as one of several online procedures that underpin the strategy.

3. Progress Update

3.1 Work over the last few months has focused on identifying the key policy themes that should be reflected in the plan, to ensure that the stance of the strategy is fully consistent with the strategic direction of the organisation.

3.2 The engagement approach with staff and partners has been developed, with a range of methods identified including small focus groups with service directorates to ensure we reflect and balance the strategic direction with service perspectives. At a time of immense change, it will be important that our communication approach is consistent with other transformation activity, as part of engaging staff in 'New Ways of Working' as part of the 'Doing Things Differently' campaign. Further engagement with key services will take place throughout March and April in order to develop buy-in and understanding of how the strategy will impact the wider business.

3.3 It is important that communication is honest and open. A critical aspect is for service departments to understand the financial savings P&IS is responsible for achieving, the scale of the reductions required and what impact and implications this may have. We need to be clear that we will work closely together with teams and departments in order to achieve targets for the benefit of the whole organisation and protect frontline services.

3.4 P&IS have held an away day and workshops to work through the draft strategy to understand how the strategy can be implemented, and to take into account and considerations that need to be reflected from a delivery viewpoint. This has identified four key themes which are shown in **Figure 1**, and will develop and evolve as the draft strategy progresses. **Annex 1** shows how the themes may be divided up into delivery plans and workstreams.

Figure 1: Draft Key Themes

T

"Doing Things Differently"

KCC's Asset Management Strategy – at a glance

Theme 1: Managing Our Estate Differently

Exploring how property assets can help to enable **creative options for service transformation.**

Working on asset reviews per district – to ensure **key services are in the right place to meet local need.**

Testing property suitability against key criteria to **ensure our estate is fit for the future.**

Delivering **asset collaboration** with public, voluntary & community sector partners.

Transforming our back office estate to **support new ways of working** for a more flexible workforce to drive cultural change.

Where possible, supporting options to **use our estate for the wider benefit of Kent's communities.**

Action/Delivery Plan

- New Ways of Working/New Work Spaces Programme
- Property & Infrastructure Support - Our Offer
- Property Options Tooklit
- Community Asset Transfer Policy

Theme 2: Managing Our Estate Effectively

Targeting limited resources to maximum effect by **delivering £10m property revenue savings** to help protect frontline services.

Delivering our disposal policy - driving capital receipts through **asset rationalisation.**

Continuing **leasehold rationalisation** across the board.

Delivering a new lean **Total Facilities Management** approach across the estate.

Ensuring **green investment** in retained properties and providing targets for individual buildings to reduce running costs

Delivering our capital programme with **smart procurement** and project management techniques

Action/Delivery Plan

- Capital Programme
- Disposals & Aquisitions Policy
- Facilities Management Category Strategy
- Sustainability & Energy Policy

Theme 3: Keeping Our Estate Safe, Warm & Dry

Ensuring that we have **warm, dry and safe properties** – protecting occupants and users

Raising awareness of health and safety requirements across the authority (including our legal responsibilities on asbestos, legionella etc)

Delivering the appropriate **modernisation and maintenance of assets** through our Capital Programme

Ensuring we deliver the right assets for growing communities by delivering new enlarged schools under the **Basic Need programme**

Action/Delivery Plan

- Basic Need Programme
- Site Management & Contractors Procedures
- Accessibility and Health & Safety Procedures
- Maintenance Procedures

Theme 4: Maximising Regeneration & Growth

Ensuring our Capital Programme delivers **transformational schemes** that will promote growth and regeneration in Kent's communities

Creative use of assets to drive **new housing supply.**

Working with partners to assist in **regeneration** projects and programmes across Kent

Working in **partnership with private sector** on key projects

Offering the **best opportunities for local Kent suppliers and apprenticeships** in property contracts

Action/Delivery Plan

Putting it into practice

The strategy is underpinned by a series of more detailed online documents which help to explain clearly and simply how we will put the four '*Doing Things Differently*' Themes into practice

3.5 The key priority workstreams for 2013 are set out in **Annex 2**, showing how the delivery streams are connected to the overall Asset Management Strategy.

3.6 The overall intention is to develop a draft strategy for engagement and consultation during March and April, with a final strategy to approve by the Cabinet Member in May 2013. At this early stage, an outline Draft Asset Management Strategy has been attached in **Annex 3** for information. This is intended to promote discussion and assist the Policy & Resources Committee to shape and influence the key themes and priorities they would like to see within the strategy, as part of their pre-scrutiny role in policy development.

3.7 The Policy & Resources Cabinet Committee are asked to NOTE the progress to date on the development of the draft Asset Management Strategy. The Committee is asked to CONSIDER and COMMENT on the early draft strategy (set out in **Annex 1-3**), as part of the pre-scrutiny role to help shape policy development. It should be noted that further development and refinement of the draft will take place over the coming weeks, due for completion at the end of March, and that the development of the themes is still progressing as we continue to engage with services.

4. Next Steps

4.1 The outline timescales and milestones for the delivery of the Strategy is set out below:

Milestones	Finish
Review Key Organisational Strategies	Complete
Initial Data review for the portfolio	Complete
Strategic Property Asset Forum (agreeing steps forward)	December 2013
P&IS briefing away day	February 2013
Staff engagement within KCC	March to April 2013
Final draft plan complete	April 2013
Approval and launch of final strategy	May 2013
Sign off of all workstreams	May 2013
Final Asset Management Strategy Plan to P&R Committee	June 2013
Post implementation workshops and promotion of the Strategy and delivery plans	May – July 2013

4.2 Further discussions and engagement with staff will take place as part of the rollout of the ‘New Ways of Working’ programme launched on 4th March, which is part of our ‘Doing Things Differently’ campaign to communicate more consistently on how our key transformation programmes and change activity will impact on the way staff carry out their work to deliver services to the people of Kent. This will help to reinforce workshops both with key staff from the Challenger group, and with services to promote the ‘New Ways of Working’ programme and help generate feedback on the draft Asset Management Strategy.

4.3 Due to the current demands on staff in key frontline roles, P&IS will also offer alternative engagement methods, including discussing requirements or implications over the phone, through webinars or feedback through a set of

‘Frequently Asked Questions’. By using a range of approaches and different styles, this will provide the best possible opportunity for a wide range of staff to feed into the draft strategy and ensure that important views are gathered.

4.4 The strategy is due to be endorsed by SPAF (Strategic Property Asset Forum) and approved by the Cabinet Member for Business Strategy, Performance & Health Reform in May 2013. The final strategy will be shared with the Policy & Resources Cabinet Committee in June 2013.

4.5 Once the plan is approved it is envisaged that this will be a live public document which is accessible online and launched internally through a series of presentations and delivery workshops. The plan will also be launched internally within P&IS to be sure that it is implemented in practice and understood by all property staff.

4.6 An important part of putting the strategy into practice will be the underpinning workstreams and supporting policies and procedures (as set out in **Annex 2**). The delivery workstreams will be programmed to ensure best delivery and this will be shared with the wider/ relevant groups. The programme of roll-out will also be included in the launch workshops and presentations so people are aware of the projects, any implications and timing.

4.7 The Policy & Resources Cabinet Committee are asked to AGREE the proposed approach, including the indicative timescale and engagement approach.

5. Financial Implications

5.1 Financial implications from the plan are mainly concerned with the delivery of the workstreams and external advice is potentially required. It is envisaged that this is contained within current property budget projections.

6. Risk

6.1 The following risks associated with the delivery of the strategy have been identified:

a) With the wrong focus there could be a lack of clarity on the asset portfolio, leading to opportunities being missed and poor decision making;
b) If no, or the wrong frameworks are put in place then this could lead to poor asset management and the Council not obtaining best value for its estate (part of our statutory duty of best value);
c) A poor framework may not support the delivery of transformation programmes with a potential impact on delivery and quality of services;
d) Service Strategies and visions are not fully available and therefore difficult to predict property requirements;
e) Staff do not have the time to fully engage with the plan;
f) Delays to the timescale occur due to the above, or other factors and potential uncertainty/ requirement to review the direction of the plan;
g) The financial targets for P&IS conflict with the delivery aspirations / requirements of the services;
h) Poor promotion of the Asset Management Strategy could lead to the Council and staff not treating assets as a significant and valuable resource.

7. Equality Impact Assessment

7.1 An Equality Impact Assessment is being prepared and will be completed by the final draft.

8. Sustainability Implications

8.1 The Asset Management Strategy will embrace, wherever viable, the Council's commitment to ISO140001 with the environment being a strategic theme to ensure it is embedded in the practise, goals and vision of P&IS.

9. Conclusion

9.1 The key objective of the Asset Management Strategy is to ensure that KCC maintains the appropriate the property assets to continue to support service delivery in an efficient and effective way, whilst meeting the challenging demands of the current economic climate. The strategy will help to ensure that property decisions are not made in isolation but in an informed way, giving a consistent framework for property decisions and ensuring all property resources are focussed on meeting the strategic objectives of the organisation.

9.2 The strategy will be consistent with the strategic direction of 'Bold Steps for Kent', and the financial savings context within the Medium Term Financial Plan. The underpinning delivery plan and workstreams will set out clear, environmental targets, operational risk management, diversity issues, and deliverables to ensure that it helps to achieve the delivery of outcomes which best meet the needs of all Kent residents.

10. Recommendations

10.1 The Policy and Resources Cabinet Committee are asked to:

a) NOTE the progress to date on the development of the draft Asset Management Strategy

b) ENDORSE the proposed approach, including the indicative timescale and engagement approach

b) CONSIDER and COMMENT on the early draft strategy, as part of their pre-scrutiny role to help shape policy development, ahead of the proposed Cabinet Member decision to approve the strategy in May 2013.

10.2 The committee is also asked to consider any key themes or priorities that are missing within the draft strategy.

11. Background Documents

Annex 1: Key Strategic Themes
Annex 2: Key Workstreams 2013
Annex 3: Early Draft Strategy

12. Contact

Rebecca Spore, Director of Property & Infrastructure Support, 01622 221151
Nigel Brown, Manager - Asset Development and Commissioning, 01622 696970

Annex 1: Key Strategic Themes

"*Doing Things Differently*"

KCC's Asset Management Strategy – at a glance

Themes

Theme 1: **Managing Our Estate Differently**

Theme 2: **Managing Our Estate Effectively**

Theme 3: **Keeping Our Estate Safe, Warm & Dry**

Theme 4: **Maximising Regeneration & Growth**

Key Workstreams

(Projects and Action plans grouped under themes)

Theme 1 – Managing Our Estate Differently

Exploring how property assets can help to enable **creative options for service transformation**.

Working on asset reviews per district – to ensure **key services are in the right place to meet local need**.

Testing property suitability against key criteria to **ensure our estate is fit for the future**.

Delivering **asset collaboration** with public, voluntary & community sector partners.

Transforming our back office estate to **support new ways of working** for a more flexible workforce to drive cultural change.

Where possible, supporting options to **use our estate for the wider benefit of Kent's communities**.

Theme 2 – Managing Our Estate Effectively

Targeting limited resources to maximum effect by **delivering £10m property revenue savings** to help protect frontline services.

Delivering our disposal policy - driving capital receipts through **asset rationalisation**.

Continuing **leasehold rationalisation** across the board.

Delivering a new lean **Total Facilities Management** approach across the estate.

Ensuring **green investment** in retained properties and providing targets for individual buildings to reduce running costs

Delivering our capital programme with **smart procurement** and project management techniques

Theme 3 – Keeping Our Estate Safe, Warm & Dry

Ensuring that we have **warm, dry and safe properties** – protecting occupants and users

Raising awareness of health and safety requirements across the authority (including our legal responsibilities on asbestos, legionella etc)

Delivering the appropriate **modernisation and maintenance of assets** through our Capital Programme

Ensuring we deliver the right assets for growing communities by delivering new enlarged schools under the **Basic Need programme**

Theme 4 – Maximising Regeneration & Growth

Ensuring our Capital Programme delivers **transformational schemes** that will promote growth and regeneration in Kent's communities

Creative use of assets to drive **new housing supply**.

Working with partners to assist in **regeneration** projects and programmes across Kent

Working in **partnership with private sector** on key projects

Offering the **best opportunities for local Kent suppliers and apprenticeships** in property contracts

Individual Delivery Plans

(Projects with milestones & Goals – linked to individual objectives)

Theme 1 – Action/Delivery Plan

- New Ways of Working/New Work Spaces Programme
- Property & Infrastructure Support - Our Offer
- Property Options Tooklit
- Community Asset Transfer Policy

Theme 2 – Action/Delivery Plan

- Capital Programme
- Disposals & Aquisitions Policy
- Facilities Management Category Strategy
- Sustainability & Energy Policy

Theme 3 – Action/Delivery Plan

- Basic Need Programme
- Site Management & Contractors Procedures
- Accessibility and Health & Safety Procedures
- Maintenance Procedures

Theme 4 – Action/Delivery Plan

Putting it into practice

The strategy is underpinned by a series of more detailed online documents which help to explain clearly and simply how we will put the four '*Doing Things Differently*' Themes into practice

Annex 2: Key Work-streams 2013

Key Workstreams - 2013

- **Implementing Asset Strategy** and re-establishing role of property assets can help drive service transformation
- **Reinforcing reductions in property revenue costs protect frontline services**
- Working on **Asset reviews** per district – to ensure key services in the right place and ensuring key service hubs
- Delivering new enlarged schools under the **Basic need programme**
- **Testing property suitability** against key criteria
- Ensuring **PIS is embedded in service transformation** programmes and providing options for Members/officers
- **New work spaces** as a cross-organisation project to drive savings to protect savings and promote a flexible workforce
- Delivering **asset collaboration projects** with public partners
- Disposal strategy and delivery - **driving capital receipts through asset rationalisation**
- Continuing **leasehold rationalisation** across the board

Key Workstreams - 2013

- **Warm, dry and safe properties** – protecting its occupants and users and raising awareness of health and safety requirement across the authority
- Delivering **new lean FM delivery** across the estate.
- Supporting Health/FSC health transformation programmes
- Delivering capital programme with **smart procurement** and project management techniques
- Creative use of assets to drive **new housing supply**
- Working with partners to assist in **regeneration project programmes** across Kent
- Supporting **local partners/communities** using KCC assets where applicable
- **Green investment** in retained properties and providing targets for individual buildings to reduce running costs
- **Working in partnership with private sector** on key projects
- Offering the best opportunities for **local Kent suppliers** in property contracts/supply chain

Annex 3: The Outline Draft Asset Management Plan

The current plan is in draft at present and is being updated further to the workshops outlined in this report. The agreed timescale for delivery of the draft is the end of March.

Annex 3 is an outline of what to expect in the report. The report will have more detail however this outline gives a clear indication of the sections and the direction the report will have.

The first sections up to page 17 are well progressed and have been worked through with the Policy team.

The final sections on Themes from page 18 onwards and delivery plans are being worked through as further engagement with service directorates and stakeholders are incorporated.

Please note that the look and presentation of the report will also be different once we have had graphic design input from KCC's Communication and Media team

Each section has a P&R Cabinet Committee note at the beginning to outline the intention of the section and what will be included this is shown as below:

P&R NOTE: This section outlines ……..

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KCC Asset Management Strategy (2013-17)

- Draft Report Overview –

Pictures for reference only

Contents

Theme 4: Maximising Regeneration & Growth **[investment – development]**

- Outline Initiatives ***[Live Margate / Link to Kier Kent Initiative / Unlocking Kent's Potential]***

Theme 5: Environmental ….. **[investment – development]**

- Outline Initiatives ***[reduced carbon footprint – ISO 14001]***

PART E – Putting It Into Practise

- Action/Implementation Plans (signpost to KNet hyperlinks)
- Detailed Policies & Procedures (signpost to KNet hyperlinks)
- Performance Management (signpost to KPIs & business plan)

PRODUCTIVITY – PREVENTION – PROCUREMENT - PARTNERSHIP

Introduction

Purpose:

KCC's Asset Management Strategy sets the high-level strategic framework for managing our property portfolio effectively over the next 3 to 5 years. It will guide our future strategic property decisions to ensure we manage our property portfolio sustainably and efficiently so that it can adapt to remain fit for the future.

Since the last Asset Management Plan the world has changed considerably and with funding being severely cut we need to change our approach and ensure we can continue to meet the changing needs of the services we provide for the people of Kent.

Our property assets are an important part of supporting and enabling us to transform the way we deliver public services with our partners and it is therefore essential that we have an innovative and forward thinking strategy in place.

> *"Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives"*
>
> **RICS Public Sector Asset Management Guidelines 2nd Edition**

Our Role:

In Kent County Council our properties, and spending on them, are managed centrally by the Property and Infrastructure Support division who act as the '**corporate landlord**'. This enables our resources to be prioritised and directed where they are most needed, and ensures that the property portfolio is aligned with KCC's strategic objectives in 'Bold Steps for Kent'. We work with elected members, services and partners to develop innovative solutions for adapting our property portfolio to better support the changing business needs of our services.

It is our role to manage the Council's portfolio effectively, providing best value for our services and the people of Kent. Managing the portfolio includes:

- Maintaining and repairing existing properties (Facilities Management)
- developing new buildings that are well designed and fully meet service needs
- identifying and disposing of surplus properties (best value of capital)
- Capital Project Delivery (new buildings for schools, [libraries] and regeneration)
- Effective management of leases and licences
- ensuring that space is used efficiently

Why is the Asset Management Strategy important for Kent?

Our property portfolio is a valuable resource for Kent County Council. Valued at **£1.92Bn**[1] property is a huge investment for Kent. It costs a significant amount of money to manage and maintain each year **– c.£xm (1) -** and last year we invested a further £xm (1) in Capital Projects, modernising and adapting properties including schools to meet today's and future requirements.

We have a duty of '**best value**' to manage this efficiently so we can achieve the best social, economic and environmental benefit for the people of Kent. This means managing our limited resources in an intelligent and integrated way to provide value for money for Kent taxpayers.

We also have to plan for the future to stimulate regeneration and growth for the Kent economy, provide vibrant community facilities for our residents and use opportunities for green investment to ensure our properties are sustainable and energy efficient.

Public services, and the needs and demands of our customers, are evolving, reforming and changing rapidly. It is important that our approach to asset management remains relevant, innovative and flexible enough respond to changing needs and priorities. This strategy sets out how we will achieve this.

{Picture of buildings}

[1] To be confirmed once 2013 asset valuations are completed and additional information is secured from Finance in March 2013

1. Context for the Asset Management Strategy

P&R NOTE: This section outlines the 'External factors' affecting the way we manage out assets. This includes sections on the policy landscape and funding pressures from Central government and also pressures from the economic environment, for example the Property Market and the lending landscape.

This essentially 'sets the scene' in a generic context.

Further sections are due to be added where noted.

Since our last Asset Management Plan (2007) was published, we have experienced an extraordinary period of change – with an extremely challenging and volatile economic climate, and significant public policy shifts. These national policy agendas set the context for why we need to ***do things differently*** and transform the way we manage our property portfolio.

National economic environment

In order to tackle the deficit the Coalition Government has put in place stringent reductions in revenue and grant funding for public services, with a drive towards austerity and value for money. The Government are keen to ensure that this does not adversely affect critical frontline services, but instead drives efficiency and policy savings to transform service delivery. This includes the reduction of the cost base of property assets, without negatively affecting the efficiency and quality of front-line service delivery to customers. This is challenging given the financial constraints of substantial year-on-year capital and revenue budget reductions over the medium term. To achieve this will require more than just property savings – it will require creative new ways of providing services and exploring innovative 'invest to save' capital projects.

An example of the approach that the Government is keen to encourage is the Department for Local Government's '**Capital & Assets Pathfinder Programme**' which has challenged 11 areas nationally, including Kent, to better use public sector land and buildings to improve services and generate savings. The initial projects have identified small scale efficiencies, such as rationalising space, with provision for long term, large scale change, such as the redevelopment of town centres. At its heart is co-location of both public and private sector to offer significant reductions in capital and running costs to re-invest into the local community. To identify such opportunities, good quality, transparent information on public assets and open dialogue between partners is essential.

[2]

The Localism Agenda

The '*Localism Act*' (2011) aims to shift power from central government back into the hands of individuals, communities and local authorities, giving local communities a greater say about what happens in services in their area. Three important aspects of the Act which most influence asset management are new powers surrounding the Community Rights, Neighbourhood Planning and Housing reforms. The Act places the emphasis on local authorities to radically reconsider service delivery and this means that we will have to re-think how our property assets support this rapidly changing environment.

In particular, the Community Rights mean that increasingly services may not be directly provided by local authorities, but by a mixed economy of providers including voluntary & community groups, parish councils, social enterprises and mutuals. If other providers are taking on the direct delivery of services, we need to carefully consider what the property options and implications for this are – for example who is responsible for the ownership, running costs, maintenance liabilities and asset locks of properties associated with the service and how the use of existing buildings may need to change.

The localism agenda also means that people have more choice and control about what happens in their local community. The **Community Right to Buy** enables public and private local amenities and buildings –such as old town halls, community halls, (or even the last village shop or pub) to be nominated for listing by the local planning authority as 'assets of community value'. If the local authority has made the decision to sell the asset, communities will have extra time to prepare a bid to take over the running of the building (not the service). This extends existing powers under the '*Local Government Act*' (1972 & 2000) to allow public bodies to transfer assets to community groups at below market value to further local social, economic and environmental wellbeing*,* without seeking the Secretary of State's consent.

Where appropriate, we want to support communities to keep assets in public use as an important and vibrant part of the social capital of local life. There are a range of community asset options that we can identify, in order to help communities best deliver the social outcomes they want to achieve, beyond just the Community Right to Buy. We have to be mindful of balancing this with our 'best value' duty to ensure that we keep in mind value for money and deliver this at a fair price for Kent's

[2] Diagram part of principles of Pathfinder – taken from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5949/19535881.pdf

taxpayers, with clear, transparent conditions to manage community expectations without creating unnecessary delay in realising essential capital receipts to reinvest in public services or deliver savings.

A Changing Education Landscape

The implementation of the '*Education Act*' (2010) has prompted fundamental change in the education landscape and the role of the Local Education Authority. Increasingly more of Kent's schools will seek to transfer into academies and free schools, and are developing federations between schools. As such, the education property estate is moving away from direct local authority control to the independent academies taking responsibility for the ownership, management and maintenance of school buildings. As the way education services and support are delivered from the local authority is transformed, schools are becoming an integral and vital local hub for district based working, with a range of universal and targeted services for children & young people using school buildings and other community spaces in a different way to provide services that better meet local need. Demographic pressures, such as the increasing demand for primary school places in growth communities, mean that local authorities need to respond swiftly to continue to ensure the school estate is fit for the expanding communities of the future. The challenge will be creating flexible and pragmatic asset management policies for schools to respond to this rapid pace of change.

Health & Social Care Integration

The significant reforms put in place by the '*Health & Social Care Act*' (2012) have prompted one of the most extensive reorganisations in the history of the National Health Service. As local authorities take on new responsibilities for public health from April 2013, and as health services are commissioned at a local level by GP Clinical Commissioning Groups, health and social care services will need to work radically differently together. This is rapidly changing the local geography of providing local services and as frontline community health and social care practitioners integrate they will need co-location and asset collaboration solutions to share space effectively together to transform the way they deliver community and outreach work.

The '*Care and Support White Paper*' (2012) advocates that local authorities and parish councils, together with their local communities, should maximise the potential for spaces and buildings in a community to act as meeting places or centres for activity that is open, welcoming and accessible to all. Leisure centres, libraries, day centres and community centres should be open, inclusive and culturally sensitive venues. Promoting the innovative use of venues in communities will help to reduce social isolation and increase connections for social care service users, their families and carers. High quality design and asset collaboration options will be drivers to transform existing spaces into vibrant community facilities adding value to the public realm.

Planning Reform

The Government has introduced a new National Planning Policy Framework to enhance local democratic accountability, and ensure that, whenever possible, planning decisions should be made at the local level. There have been significant changes in the planning system to encourage more local control and flexibility over planning decisions made through a faster and leaner planning system. This agenda aims to put councils and communities at the heart of the planning system, with core aims to deliver more homes and economic growth whilst ensuring that communities benefit from development, and new homes are matched with new jobs and investment. This means that any strategic asset management approach should carefully consider how these changes impact on planning proposals for new schemes in the capital programme as an enabler for growth and regeneration.

Growth & Regeneration

The Government sees these planning reforms as a key driver for growth, a significant priority at both national and local level. The *Growth and Infrastructure Bill* (2012/13) is aimed at stimulating jobs, development and infrastructure. The draft legislation provides for a relaxation on orders granting development consent which authorise compulsory acquisition of land belonging to a local authority – enabling local authorities to have more choice to dispose of surplus land in the manner they choose – this is particularly aimed at getting more brownfield sites back into productive use to stimulate local regeneration.

The *Infrastructure (Financial Assistance) Bill* (2012/13) paves the way for the Government to underwrite £40bn of private sector investment in nationally significant housing and road infrastructure projects that are ready to progress but may have stalled due to lack of investment (for example Kent's Eastern Quarry scheme). It provides for £10bn for national housing projects, including £300m to fund 15,000 affordable homes at no cost to developers, bringing 5,000 empty homes back into use – an issue which also remains a key regeneration priority in Kent. Stimulating the local housing market is also a priority, supporting in the Bill by extending the 'First Buy' mortgage support scheme for first time buyers – complemented by the 'Lend a Hand' scheme in Kent supported by Kent County Council, Tunbridge Wells Borough Council and TSB.

The Government's *Autumn Statement* (2012) focused on maximising growth and supporting local business. It contained a commitment to a revised version of PFI scheme, with the first PF2 project being a £1.7bn scheme to rebuild and renovate 219 schools. There is also money allocated for Capital Projects for investment in roads, broadband, higher education and new schools, Kent has successfully bid for the first round of the £350m Regional Growth Fund, to provide a further stimulus for jobs and growth.

Lord Heseltine proposed, a range of growth measures in his report '*No Stone Unturned: In pursuit of growth'* (2012), setting out a key role for Local Economic Partnerships (LEPs) to lead the development of new 'Strategic Plans for Local Growth'. The Government will devolve a greater proportion of growth-related spending on the basis of these plans by creating a single funding pot for local areas from April 2015, a significant opportunity for Kent. Lord Heseltine has also proposed that the Government Property Unit should work with Local Authorities to identify and publish details of all surplus and derelict public land, so that LEPs and Local Authorities can collaborate to bring this land back into reuse in support of the local economic strategy. This builds on the existing move to create a 'One Public Estate' of central and local assets which would require each participating local authority to produce a plan for growth and how they would reduce expenditure for publicly owned assets. This complements Kent's direction of travel to strategically manage our asset portfolio and explore options for asset collaboration with national, regional and local partners.

The Property Market

An overview of the market is being completed with figures from IPD (Key Property Databank) and projections for the market – this will be reflected in the opportunity we see in our portfolio and how we manage it in the future based on market projections.

We need to be conscious in our plans that market conditions over the last 5 years have been very difficult and that values, whilst not plummeting 30%+ as projected in 2008, are at lower levels [to be shown in graphs] and therefore returns from exiting property as an asset will currently be lower (i.e. we will be exiting in the lower part of the market cycle').

This section will outline the market and projections – it will also look to include data for Kent to give a more specific feel (potentially from IPD)..

3. Kent Context

P&R NOTE: This section looks specifically at the current organisational initiatives from KCC which will influence the way we manage the portfolio.

Some of these elements will be outlined further with graphics

To ensure we are working cohesively as 'one council', the Asset Management Strategy needs to complement Kent County Council's strategic policy direction, which directly influences frontline service delivery.

Vision for Kent is Kent's countywide Sustainable Community Strategy which sets a 10 year partnership vision for the social, economic, and environmental wellbeing of Kent's communities. It is owned by the Kent Council Leaders, which brings together Kent County Council and our twelve District Councils. The vision requires partners to pull together in a shared approach to asset collaboration and rationalisation to better meet future service needs.

Bold Steps for Kent is Kent County Council's Medium Term Plan to 2015 which sets out three clear ambitions for radical public service reform - to help the Kent economy to grow; to put the citizen in control; and to tackle disadvantage. It urges a push towards greater localism and citizen empowerment which will require us to rethink how services are designed and delivered. One of the fundamental design principles is to utilise all the council's assets strategically to support our changing frontline service model, and rationalise back office functions – people, money, contracts and buildings – to deliver as one organisation.

KCC's **Medium Term Financial Plan** specifies how we will deliver the strategic priorities in 'Bold Steps' within financial limits and budgetary constraints. It sets out the national and local context of the current challenging financial period. KCC has made more than £250m savings over the last three years, but there are more challenging financial pressures to come in 2015-17, with an addition £15m additional pressures to fund in 2013/14 in light of the recent local government funding settlement, which was more challenging than expected. The plan identifies £10m of property revenue savings which will need to be achieved by 2015.

KCC's **Capital Strategy** is based on the key principle that capital investment should be deployed where it can have the greatest impact for the benefit of the people of Kent and deliver improvements in essential services. It sets the strategic direction for KCC's capital investment plans and projects within the Capital Programme. The strategy has a transformational stance to promote growth, but within the context of reduced borrowing and ensuring that all new bids to the Capital Programme align with the 'Bold Steps' priorities and have a robust business case for how they will provide more effective value for money – with 'invest to save' bids encouraged. Our capital strategy is inherently interlinked with our approach to asset rationalisation and disposals.

Our medium term strategic planning is underpinned by a suite of specific strategies and programmes which drive the detailed delivery of 'Bold Steps for Kent'.

Unlocking Kent's Potential is Kent County Council's long term partnership framework for regeneration and economic growth. It sets a vision for transformation in education and skills, the culture renaissance in the county and an efficient transport system that supports both the economy and residents. It is about improved housing conditions, particularly for the most vulnerable both young and old. The framework sets out how Kent is looking ahead to plan now for what will be needed in the future. Our strategic asset management approach will help to ensure we target our capital investment effectively to focus on investments that will stimulate and maximise economic growth and regeneration for Kent's communities.

The **Environment Strategy** underpins our Regeneration Framework, setting out KCC's approach to reducing its carbon footprint. An efficient and sustainable approach to designing buildings, and maintaining and managing our estate, is essential to helping to tackle the climate change agenda. This will also help to realise financial savings, by reducing running costs through improved energy and water efficiency within our buildings and reducing the longer term environmental and financial implications of the backlog of maintenance necessary for a more efficient estate.

Kent & Medway's Housing Strategy sets a shared ambition for development and managed growth in Kent and Medway that facilitates economic growth and regeneration. Effective housing partnerships between local authorities in Kent continuously review land and property holdings to identify opportunities to release land for new market or affordable housing. Through joint working arrangements between local authorities, developers and private registered landlords, the strategic housing capacity will be enhanced to seize opportunities presented by the recession that offer the best prospect of achieving strategic housing objectives and good value for money. This includes enabling innovative housing projects that promote long term growth (such as 'Live Margate') and town centre regeneration schemes.

Doing Things Differently
KCC is driving cultural and workforce change through our 'Doing Things Differently' transformation programmes. Managing our estate differently will be an important enabler to help transform the way we deliver for:

- **Our customers** (through our Customer Services Strategy)
- **Our services** (transforming the way we deliver frontline services for communities, adult social care and children &young people)
- **Our people** (through effective workforce planning to ensure we have the right people with the right skills through our Organisational Development and People Plan)
- **Our systems and processes** (making the best use of right equipment and technology to help us work smarter, as set out in our ICT Digital Strategy)
- **Our new ways of working** *(*through ICT equipment, office environments, values and behaviours that support and empower a flexible workforce)

[Graphic to be included here to show current strategies and initiatives]

P&R NOTE: Outlines the role of P&R in the organisation and then further how P&R is organised to deliver

This is an outline to the section

The role of the organisation

Setting a clear Strategic direction (Bold steps and those set out in Part A)

Setting clear corporate policy framework eg:

- *Capital Policy*
- *Investment Policy*
- *HR Policy*
- *Risk Policy*

The role of Services:

We need to clearly understand the operational / delivery requirements of services in order to make sure we support and add value to the supply of services. To do this services need to:

- *Engage with the Asset Management Process;*
- *Have a clear Vision for the service;*
- *Clearly defined business plan (as part of the corporate process);*
- *Be realistic in defining the 'must have' and 'would like to have' requirements*

The Role of Property Infrastructure and Support (P&IS)

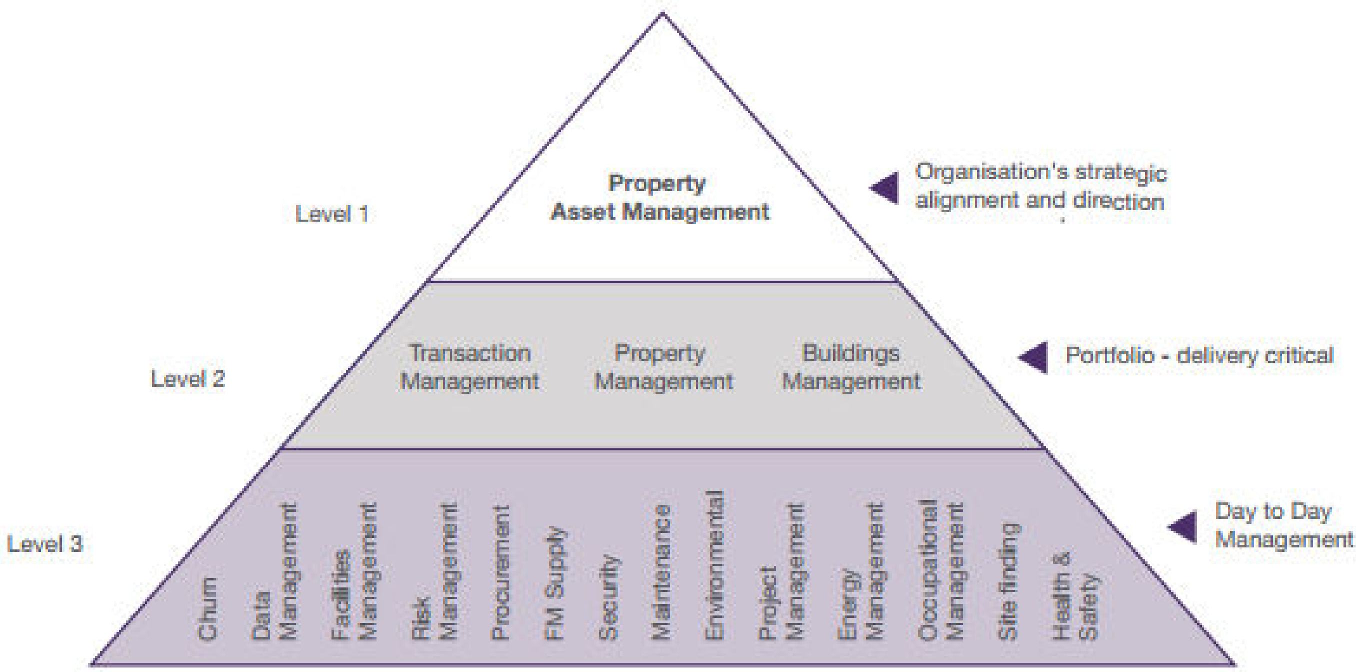
P&IS acts as the Corporate Landlord and therefore all property related decisions and spending needs to be managed by P&IS. The key reasons for this set up is to make sure that the organisation as a whole is using its assets efficiently.

In the past many services have managed sections of property that they used for service delivery. This led to services working in 'silos' and produced a wide and diverse portfolio which has overcapacity and is inefficient. By being able to view property asset usage from a corporate perspective the P&IS team are able to identify potential efficiencies in sharing space and looking to make space more efficient and effective to work in.

The P&IS team constantly engage with the services to ensure that they can be best served through the use of property.

The team is made up of property professionals (MRICS qualified surveyors) and staff with many years of experience in property and project management. Further skills are 'bought in' through outsourced projects with partners and these includes areas such as FM, property agents

The structure of P&IS is in line with guidelines on Property Asset Management (RICS) as shown below:



The P&IS team is divided into the following sections:

Asset Development and Commissioning

<u>Asset Management – Organisation's Strategic Alignment & Direction</u>
Long term Vision, Planning & Monitoring

AD&C Produces and monitors the Asset Management Strategy to ensure P&IS is working efficiently towards its goals and vision. The team also carry out asset reviews to inform the Estates team on potential disposals, data management and financial analysis, enabling projects such as the co-location of services.

Estate Management

<u>Portfolio - Delivery Critical</u>
Implementing the Plan on the ground – Buildings, Landlords, Tenants and transactions

The Estates team deal with the 'Landlord and Tenant' relationship and the day to day running of the estate. Key tasks include lease management, including key date management; acquisitions & Disposals; negotiation, collection and payment of rent; rates and valuations.

Operational Services

<u>Day to Day Operational Management</u>
Maintaining Buildings & Supporting Small Works

OS manage all FM and maintenance related issues. This includes planned and reactive maintenance and related projects; compliance monitoring and testing; maintenance programmes; small works (such as small office fitouts) and 'soft' services such as postroom and reception operaitons.

Capital Programme Delivery

Delivering Large Scale Projects for the Future

Focussing on the larger scale projects that require specialist project management skills. Such projects include Schools Capital Programme; Academies programme delivery; Non-schools programme delivery (large development projects other than schools e.g. new office buildings); value engineering.

Corporate Landlord

Previously, properties in KCC were owned, managed, maintained and modernised on a directorate basis. In light of the significant financial savings required a more strategic overview was considered essential, not only to drive the efficiencies required, but also to provide more consistency across the whole estate. In 2011 property management functions across Kent County Council were centralised. All assets are now the remit of Property & Infrastructure Support as a 'Corporate Landlord', who collectively manage property requirements on behalf of the organisation, working closely with services. This allows the alignment of the portfolio to corporate objectives in Bold Steps for Kent. All related revenue budgets have transferred to Property & Infrastructure Support and will be managed and prioritised centrally. These budgets include rates, utilities and Facilities Management. The Corporate Landlord approach will help us to drive a more consistent and strategic approach to asset management within KCC.

[diagram outlining the set up and benefits of the Corp Landlord approach]

11. Governance

P&R NOTE:
Outlines the Governance requirements in the current KCC set-up and Governance from Within P&IS

The key principle will be 'Making the Right Decisions for Kent and Future Generations and ensuring best value from out assets'

Good governance is essential to good property asset management. We need robust decision-making processes and clear accountability and responsibility, with transparent reporting, performance management and activity measures.

Need to clarify the role and terms of reference of these groups in relation to strategic asset management.

- Strategic Property Asset Forum (SPAF)
- PAG – Project Appraisal Group - approval to plan/spend
- Procurement Board
- New Ways of Working Programme Board
- Basic Need Programme Board
- Policy & Resources Cabinet Committee and Property Sub Group (of this committee)

Link to procedures for decision making – flow charts/decision trees

THESE SECTIONS CONTINUE TO BE DEVELOPED WITH FURTHER ENGAGEMENT WITH SERVICE DIRECTORATES AND STAKEHOLDERS DURING MARCH

PART C – The Asset Management Framework

P&R NOTE:
This is a short section outlining the approach taken in Asset Management. The Framework is in line with RICS guidelines and will make specific references to the RICS Public Sector Property Asset Management Guidelines 2nd Edition. There will also be reference to the Institute for Asset Management (IAM) Guidelines which are used commercially for Asset Management.

The framework outlines the core principles and processes in this asset management plan and the ongoing review (Continual Asset Management Improvement)

- Where are we now? – Understanding our current asset portfolio
    - Schools – move to academies?
- Where can we add value (Best Value)
- Where do we want to be? – Our Vision
- How do we get there? Achieving the Vision **[short referring to C]**
    - **Review**
    - **Plan**
    - **Deliver [Framework from RICS)**

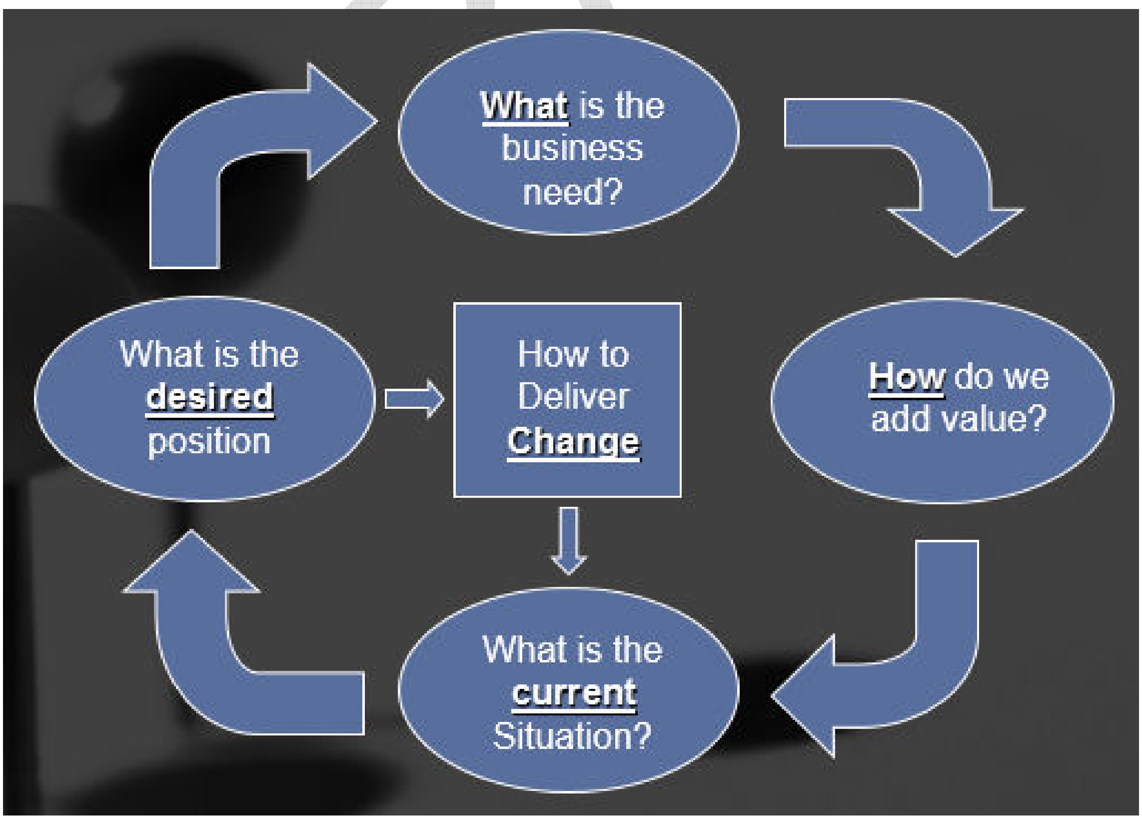


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Figure 1.2: The basic business process for effective property asset management

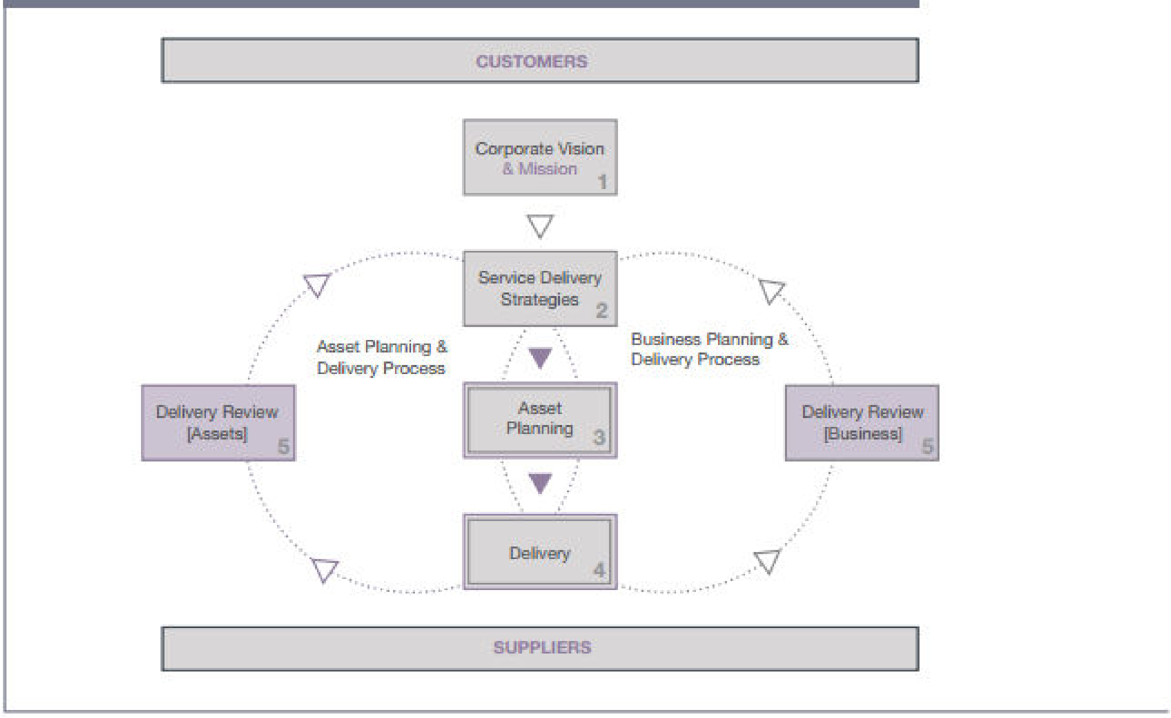
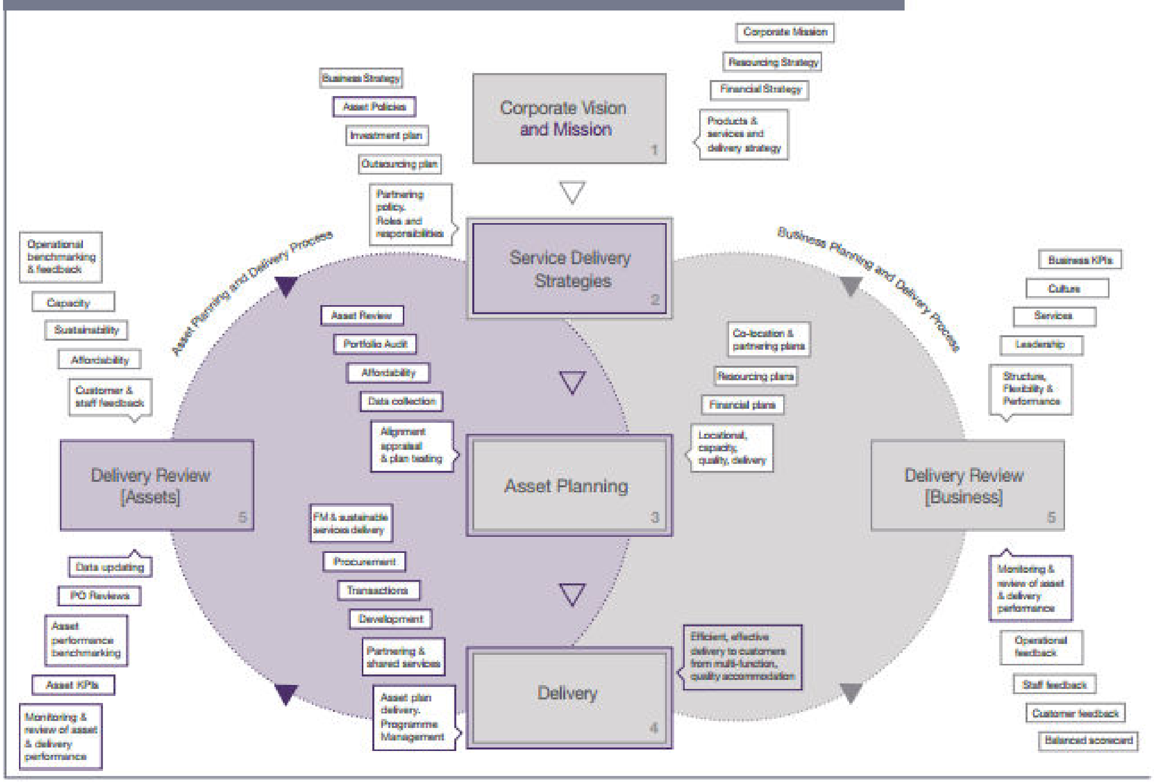


Figure 1.3: Business, asset planning and service delivery sequence



3 Diagrams Reference to RICS Public Sector Asset Management Framework 2nd Edition – to be confirmed on Copyright for inclusion or to include framework base on OJ pg.19

In delivering the Asset Management Strategy we need to understand the following:

- **What is the need for assets?** What assets do services need in order to deliver effectively? What must they have as a minimum – and what would they like to have?

- **How do we add value?** This is looking at the way we can be innovative with the use of the assets to add value to the delivery of the service i.e. through collaborative workspaces – working together and increasing communication / this can also be adding value to the assets themselves i.e. through development/ regeneration;

- **What is the current situation?** What is the current portfolio and how does this currently deliver?

- **What is the Vision? –** what would be the portfolio of choice (taking into account factors such as finance etc)

- **How do we get there?** What is the plan to transform the estate?

Using the Framework – Building the Asset Management Strategy

P&R NOTE:
This section applies the framework to outline the strategy specific to Kent. This section includes:

- Outlines of service delivery strategies and needs / bringing these together to for a consolidated plan; this also includes the corporate need and conflicting requirements i.e. capital requirement (Business Need);
- Highlights areas for adding value (co-location etc);
- Outlines and figures of the current estate / plans;
- Shows the vision for the portfolio – what it should do in its 'best' form for the future;
- The change/ delivery side is outlines in the next section.

To complete these sections we have:

- Run workshops
- Engaged with services
- Reviewed corporate plans and strategies
- Reviewed service business plans and strategies
- Reviewed the portfolio key statistics
- Reviewed internal capabilities

The following shows some example statistics and plans – the detail will be included in the final draft (due April) once all reviews have been completed and a concise picture can be given – this will be sent to the next P&R committee.

Note:
Service Strategies are currently being developed as part of the transformation programme. The plan will outline a framework and then look to update service strategies as they develop (on an annual basis).

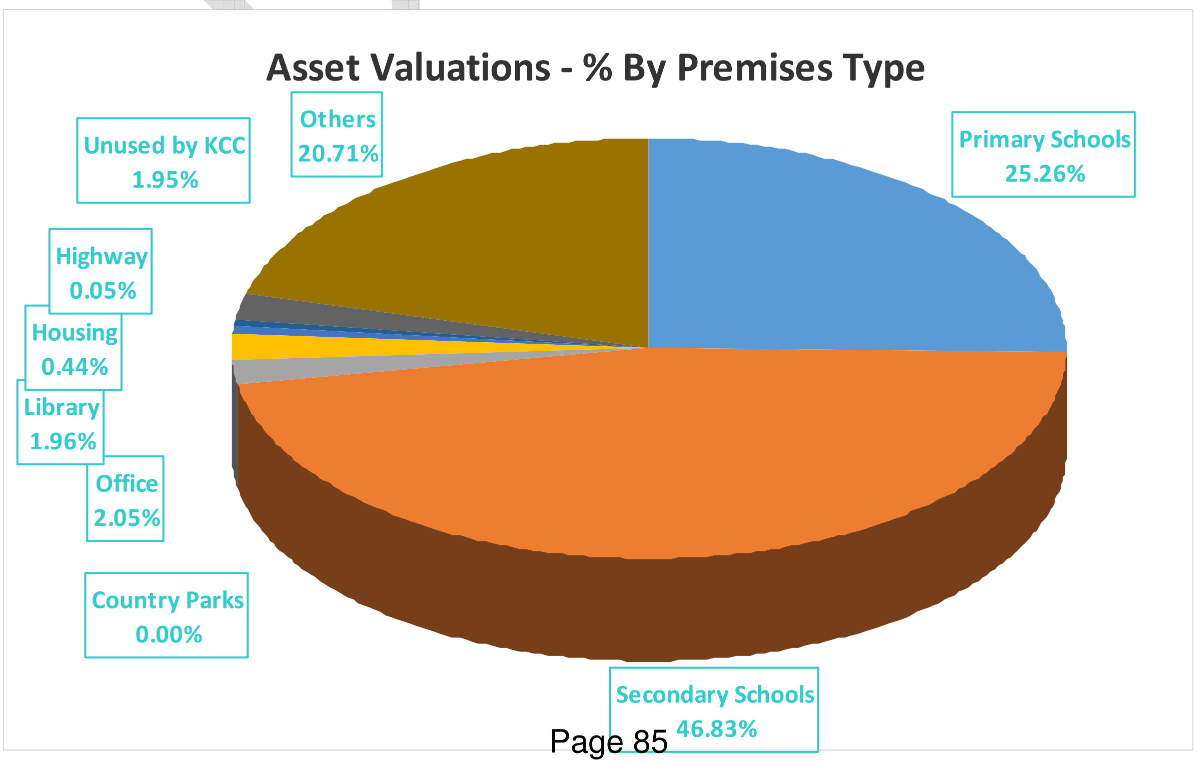
The Asset strategy will look at a more flexible approach for some areas of service delivery where there is the potential for services to change at short notice.

The portfolio is made up of 1,782 properties with a total value of £1.92Bn. This is broken down into the following groups (‘Other’ Refers to properties that cannot be categorised under the CIPFA descriptions – these will be described further in the final document):

Total Value: £1.92Bn

- Schools: £1.4Bn
- Offices: £39.4m
- Libraries: £37.6m
- Housing: £8.4m
- Parks: £0.03m
- Waste disposal sites: £14.4m
- Highways: £0.89m
- Surplus unused: £37.4m
- Other: £397.4m

Graphics for value distribution



KCC Property Asset Distribution Across Kent [others to show schools / offices / libraries etc to show clusters]

Where do we need to be? A vision for asset management in Kent

P&R NOTE:
This section will conclude the framework work and draw conclusions on the vision for the KCC Asset Management Strategy and where the portfolio needs to be and what we need to achieve over the next 5 years.

The section includes:

- Vision Statement for KCC Property Asset Management;
- Vision Statements from each of the P&IS Teams ;
- Key Strategic Themes for Asset Management through which all work in P&IS can relate (down to the individuals objectives);
- Outline what P&IS will do meet the vision (commitment statements);
- Graphic Illustrating how the themes meet the KCC Organisational Vision for Kent

Example of Asset Management Themes:

Managing Our Estate Differently
[Examples of possible commitments]

- We will develop property options to enable service transformation
- We will deliver asset collaboration solutions to share space and running costs with our partners, in order to deliver services in a more integrated way
- We will create property solutions that support and empower our staff to deliver new ways of working

Managing Our Estate Effectively
[Examples of possible commitments]

- We will target limited resources to best effect, ensuring best value in the sue of our assets and resources;
- We will deliver a lean, consistent approach to Total Facilities Management across the estate

Keeping Our Estate Safe, Warm and Dry
[Examples of Possible commitments]

- We will protect occupants and users by ensuring that we have safe, warm and dry properties through the appropriate modernisation and maintenance of assets

Maximising Regeneration and Growth

[Examples of potential commitments]

- We will work with our partners to deliver transformational capital projects that promote growth and regeneration in Kent's communities
- We will creatively use our assets to drive new housing supply that meets our strategic housing objectives
- We will support Kent business by providing the best opportunities for Kent suppliers and apprenticeships in our property contracts

Protecting the Environment for the Future Generations

[Examples of potential commitments]

- We will embed the principles if ISO 140001 in the management of property assets;
- We will reduce the Carbon Footprint of the portfolio by X, in line with Central Government requirements;
- We will ensure we benefit from any incentives available in the implementation of new 'green' technologies.

PART D – Achieving the Vision – Doing Things Differently

P&R NOTE:
This section will run through the core 'Strategic Themes' ; Define them, identify the key drivers for them and the ultimate goal / vision for each theme.

Current initiatives linked to each theme will be included as examples.

An outline is given below along with an example diagram to link themes, workstreams and action plans (please note Environment is to be added to this – wording may change as this is developed further through discussions in P&IS and services)

The detailed sections will be available in the draft plan (end March)

Given the drivers for change set out in Part A, we understand that in order to achieve our vision, the way we manage our estate and our approach to strategic asset management needs to adapt and evolve. This part of the strategy sets out the 4 key themes for **'Doing Things differently'** – the themes outline the practical detail for how we will achieve this change.

Theme 1:	Theme 2:	Theme 3:	Theme 4:
Managing Our Estate Differently	Managing Our Estate Effectively	Keeping Our Estate Safe, Warm & Dry	Maximising Regeneration & Growth

Action Plans
To keep the strategy live and relevant it will be refreshed on an annual basis. Each theme is supported by an Action Plan (link) with detailed workstreams, actions and performance measures, which are reviewed annually.

As with any new policy or strategy, it will be important to regularly review how our assets are performing to help determine whether the strategy should be refreshed or changed. In this way the strategy will remain a 'living document'.

Detailed Property Policies & Procedures
The themes are underpinned by a suite of detailed online policies and procedures (link), which can be found on KNet. They are regularly updated to keep pace with changes in national policy, legislative requirements and business needs. They set out a clear set of practical guidelines for our staff and contractors on specific topics.

"Doing Things Differently"

KCC's Asset Management Strategy – at a glance

Theme 1: Managing Our Estate Differently

Exploring how property assets can help to enable **creative options for service transformation**.

Working on asset reviews per district – to ensure **key services are in the right place to meet local need**.

Testing property suitability against key criteria to **ensure our estate is fit for the future**.

Delivering **asset collaboration** with public, voluntary & community sector partners.

Transforming our back office estate to **support new ways of working** for a more flexible workforce to drive cultural change.

Where possible, supporting options to **use our estate for the wider benefit of Kent's communities**.

Action/Delivery Plan

- New Ways of Working/New Work Spaces Programme
- Property & Infrastructure Support - Our Offer
- Property Options Tooklit
- Community Asset Transfer Policy

Theme 2: Managing Our Estate Effectively

Targeting limited resources to maximum effect by **delivering £10m property revenue savings** to help protect frontline services.

Delivering our disposal policy - driving capital receipts through **asset rationalisation**.

Continuing **leasehold rationalisation** across the board.

Delivering a new lean **Total Facilities Management** approach across the estate.

Ensuring **green investment** in retained properties and providing targets for individual buildings to reduce running costs

Delivering our capital programme with **smart procurement** and project management techniques

Action/Delivery Plan

- Capital Programme
- Disposals & Aquisitions Policy
- Facilities Management Category Strategy
- Sustainability & Energy Policy

Theme 3: Keeping Our Estate Safe, Warm & Dry

Ensuring that we have **warm, dry and safe properties** – protecting occupants and users

Raising awareness of health and safety requirements across the authority (including our legal responsibilities on asbestos, legionella etc)

Delivering the appropriate **modernisation and maintenance of assets** through our Capital Programme

Ensuring we deliver the right assets for growing communities by delivering new enlarged schools under the **Basic Need programme**

Action/Delivery Plan

- Basic Need Programme
- Site Management & Contractors Procedures
- Accessibility and Health & Safety Procedures
- Maintenance Procedures

Theme 4: Maximising Regeneration & Growth

Ensuring our Capital Programme delivers **transformational schemes** that will promote growth and regeneration in Kent's communities

Creative use of assets to drive **new housing supply**.

Working with partners to assist in **regeneration** projects and programmes across Kent

Working in **partnership with private sector** on key projects

Offering the **best opportunities for local Kent suppliers and apprenticeships** in property contracts

Action/Delivery Plan

Putting it into practice

The strategy is underpinned by a series of more detailed online documents which help to explain clearly and simply how we will put the four '*Doing Things Differently*' Themes into practice

Theme 1: Managing Our Property Assets Differently **[Innovation]**

Service transformation

Asset collaboration

- **Partnership Working**
- **Asset Reviews**

New ways of working

- **Change Management**
- **Working Smarter**
- **A Changing Work Environment**

Community Asset Management

- **Community Asset Transfer Policy**
- **Community Right to Buy**
- **Supporting Communities**

Theme 2: Driving Best Value from the Portfolio [Managing Our Estate Effectively] [Best value – efficient – delivery]

Effective Asset Management

- Data management
- Programme Management of Initiatives and Themes
- Key Financial Management (top level)
- Annual Business Planning

Effective Portfolio Management

- ***Asset Rationalisation***
    - **Freehold Disposals**
    - **Leasehold Rationalization**
    - **Acquisitions**
    - **Property Investment Management (Property Enterprise Fund (PEF))**

Total Facilities Management

Smarter Ways of Working

Smart Procurement

Financial Management

Theme 3: Keeping Our Buildings Safe, Warm & Dry **[Compliant – effective Maintenance/FM)**

Maintenance and Modernisation of Assets

Health & Safety

Basic Need Programme

Theme 4: Maximising Regeneration & Growth **[investment – development]**

- Outline Initiatives ***[Live Margate / Link to Kier Kent Initiative / Unlocking Kent's Potential]***

Targeting Capital investment

- **Funding opportunities**
- **Regeneration**

New Housing Supply

- **Innovative Projects with the Private Sector**
- **Partnership Working**

Supporting Kent Business

Theme 5: Protecting the Environment

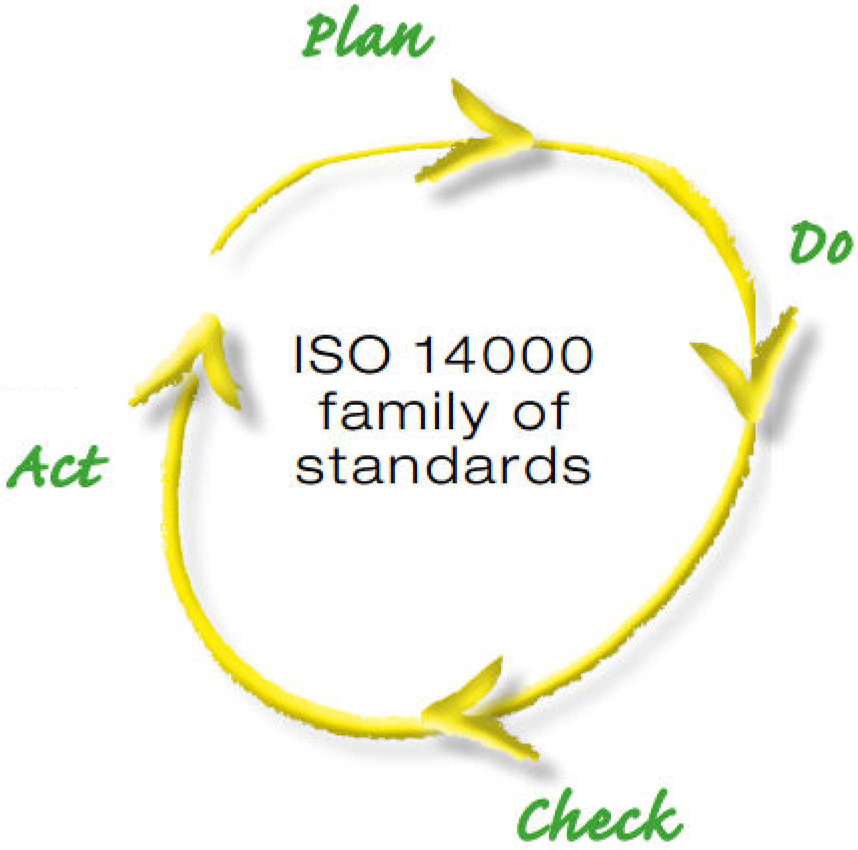
- Outline Initiatives ***[reduced carbon footprint – ISO 14001]***

What are we going to do?

- Implement an Environmental system of Plan; Do; Check; Act in all projects, in line with ISO 14001 principles;
- We will formulate policies to ensure environmental aspects are covered in all projects and maintenance;
- We will ensure that the principles of ISO 14001 are included in our processes so finding and implementing sustainable solutions are part of what we do

How will we achieve this?

- Targeting green investment in retained properties to maximise their efficiency and sustainability
- Reducing the running costs of individual buildings by improving energy and water efficiency
- Reducing the backlog and future burden of maintenance by investing in sustainable construction



PART D – Putting It Into Practice

P&R NOTE:
This section will outline how we will put into practise the key themes over the period of the strategy. It will have links to the annual business plans and help guide future plans so they are in line with the core themes.

The plan will also highlight policies and processes that need to be in place to enable effective delivery of the strategy. Links will take reader to the specific policies and this will be added to where policies are due to be completed.

There will be an outline programme for delivery – this will give an ordered and programmed delivery of the strategy and try to balance interrelationships between initiatives – this will be a working part of the document;

Finally the section will link the Key workstreams for 2013 to the strategy and give an outline of what is happening as we move into the 2013 strategy and where these apply / any changes required to current initiatives (none currently identified in P&IS)

To deliver in these austere times we need to be sure we are as efficient and effective as ever. This means focussing on the following:

- **Priorities:**
  Workstreams and initiatives are prioritised and promoted both within P&IS and organisationally;

- **Programmes:**
  Managing the actions and work-streams, understanding the interdependencies and ensuring they share the same vision and do not have conflicting goals (i.e. sell a building to meet the Capital Receipts goal which could have been effectively used to combine services in under Collaborative working)

- **People**: These are difficult times and there are considerable challenges ahead. During such times it can be easy to be so focussed on the goal that we forget that ultimately this is about people and providing the best services we can and making the best of what is a testing position. We must ensure that we maintain our ***Values and Behaviours*** and respect others whilst we deliver our one sustainable plan for Kent.

Action/Implementation Plans

[This will outline the overall plan, workstreams and prioritise work programmes – this will then link to the one year Asset Management and business plan]

Detailed Policies & Procedures

[outline of current policies and procedures in place and what we need to do to help move the plan forward – links to documents – this will also need to be added to as we progress]

Performance Management

P&R NOTE:
We need to monitor where we are on the current Strategy, if we are behind, if it is working, and if it remains on course. This section outlines key measures so we can chart our course.

The outline below is an idea of what measures will be included – these will be monitored throughout the year and Strategy Updates will be released annually.

It is essential with any journey that the organisation, including staff, members and the public, are able to see where we are and be sure that we are heading consistently in the right direction.

The key here is to make sure we are taking a balanced and sustainable approach – cutting corners now could lead to increased problems in the future so it is essential that we get our approach right for the future generations of Kent. For example, we could save money in the short term by using/fitting cheaper components; however the lifecycle of the component can be much shorter increasing costs over the life of the property and so not giving value in the long term (i.e. short-termism).

We also need to make sure we have a sustainable approach to the capital investment we have in the property portfolio. There is a delicate balance to be had between extracting capital value now to relieve the current economic pressures and support the current work we do, or to ensure we take a long term view, extracting some value now to support essential work and extracting best value from the investment in the estate producing long term revenue income.

The key KPI themes are based on the following principles:

- **Financial** – can we fund the journey and is it sustainable;
- **Time** – are we taking the best route; how long will it take and if we are delayed do we know the impact?
- **Quality** – Are we getting best value? Are we cutting corners? Are we delivering?

The Key themes will be measured by the following metrics:

- Financial;
    - Portfolio Asset Value (Open Market values)
    - Capital Receipts to target (£100m);
        - % Capital receipts to Capital projects;
        - % Capital Projects funding reliant on Capital receipts;
        - % to investment projects (invest to save/create income);
    - Revenue Costs to target (£10m pa);
    - Rent Costs
    - Liabilities (such as backlog maintenance)
    - Return on Investment (Non-statutory Capital projects)
    - Cost of Capital (internal return i.e. cost of leasing operational estate as compared to opportunity cost of capital through ownership)
    - Budget / forecast to Actual variance
    - Backlog maintenance costs

- Timescales;
    - Project delivery – projection to actual;
    - Workstream – Projection to delivery;

- Quality
    - Reactive failures/ maintenance in property estate
    - Internal customer survey rating
    - External customer survey
    - Investment returns (benchmarked to generic property funds and other asset classes)

The monitoring will split the Schools Estate measures as there is less opportunity in this section of the estate and we need to ensure that the real position is not obscured by the size and particular nature of the estate. With many schools moving across to Academy status it is envisaged that this estate will reduce significantly in size during the period of this strategy. Work will still progress and any opportunities identified through vacant/ underutilised property will be highlighted.

[monitoring dashboard (Map and destination) to be outlined – this will be integrated into the Oracle system during roll-out]

CASE STUDIES:

- **Live Margate;**
- **New Workspaces;**
- **Kier & Kent;**
- **Environmental Project [ISO140001 – Green Deal / Bio-mass)**
- **Partnership working / Co-collaboration**
- **Asset review – example of where have invested and made return (King's Hill)**
- **FM**
- **Capital Projects Delivery**
- **Good Estate Management (lease profiling / beneficial negotiation)**

Comments:

Diagrams are to be altered/ put in place and referenced/copyright where required;

Pictures and design to be completed at end;

Data review and more statistics will be completed

By:	John Simmonds, Cabinet Member for Finance and Business Support Andy Wood, Corporate Director of Finance and Procurement
To:	Cabinet Committee – Policy and Resources, 15th March 2013
Subject:	Procurement Update and Plans for 2013/14
Classification:	Unrestricted

Summary: This report provides information for Members of the Policy & Resources Cabinet Committee on the progress that has been made in improving procurement and the plans for 2013/14.

Introduction

1. In January 2012 Procurement presented to POSC the plans for the improvement of procurement for the Council, this report updates on the progress made so far and outlines future plans.

2. The strategy to deliver better procurement consists of four streams:

- Improving procurement resource and centralising the team
- Reviewing and implementing clear processes for procurement
- Setting clear Governance, including setting strategies for all categories of procurement
- Implementing IT systems to support improved procurement

3. Outcomes to be delivered from Bold steps Priority number 1
   Improve how we procure and commission services
   Which then breaks down into three key target areas

- **Deliver value for KCC by reducing cost or improving results for the same cost**

- **Manage risk through developing clear processes and appropriate governance (not being risk averse but risk aware)**

- **Help the Kent Economy Grow through helping local business to realise their full potential**

Update

Resources

4. We have now recruited to a slightly amended structure as we were unable to recruit as many senior positions as we wanted but we have replaced these with trainees, which will help build a strong team for the future

5. The good and bad news is that because of our approach of helping Directorates demand has increased which means the new team is already stretched.

6. The structure is as appendix A.

Processes

7. Clear processes for procurement are now available on the updated procurement page of the intranet, Category Strategies and Procurement Plans are being used for all key spend areas and procurements.

8. We have commenced training in the agreed processes to ensure all Directorates are aware of how to carry out a successful procurement with the support of the central team.

9. Updating Spending the Councils Money has commenced to make it a more useable document.

Governance

10. The Procurement Board has now been up and running since February 2012 and has met on a monthly basis, this has been successful in getting Cabinet Member and Senior Officer involvement in agreeing a procurement route before it commences and delivering a challenge to the process. The terms of reference for the group, is attached (Appendix B).

11. A key outstanding issue is agreeing a Delegated Authorities Matrix for procurement decisions for across the Council, work continues on this and hopefully this may be achieved after the election.

Systems

12. Our contracts register is now available on line and can be viewed on the new Kent Business Portal (www.kentbusinessportal.org) we will also shortly be publishing a list of grants which will go on our Kent.gov web site.

13. We have introduced e-auctions to KCC and have run a number which have returned significant savings, a good recent example being Independent Mental Capacity Advocacy Service, which saved £90k/annum.

14. i-Proc our electronic requisitioning and ordering system has been slower to roll out than we would have hoped, Appendix C shows the quite rapid increase in users and order quantities and values, but this needs to be substantially more.

15. The i-Proc system had a number of areas that had not been implemented to give procurement the tools we needed to roll out to more complicated areas of spend or to utilise some of the automated features of the system, we are now very near having these in place (April 2013).

16. We are also now implementing i-Supplier which we have had for 6 years but not utilised, this gives us the ability to let new suppliers manage and set up their own details (with controls) and also gives the supplier the ability to flip an order we have sent them electronically into an invoice that will automatically match and pay.

17. We have tendered for the supply of an e-invoicing system which will handle electronic import of invoices and scan paper invoices, contract is due to be awarded in March 2013 and implementation will take a least 12 weeks.

Outcomes

We have classified these under the Bold Steps Priority 1 headings.

Delivering Value

18. A target of £20 million savings over the current medium term financial plan (2012 to 2015) was agreed as the procurement saving target.

19. All savings made are done working with Services, some may have been achieved without procurement support, however the majority listed we believe have either been enhanced by procurement support or would not have happened at all, total savings recorded to February 2013 are nearly £11milion (Appendix D – Savings)

Managing Risk

20. The improvements to processes and systems all help manage risk by introducing clear rules and transparency.

21. The planning of procurement and the use of documented procurement plans makes sure risks are addressed, but just because there is a risk does not mean we should not do something, we should access the risk compared to the opportunity, the Procurement Board is key in making decisions over risk.

22. The procurement team (Strategic Sourcing and Procurement) and Legal Services have agreed a Protocol, to ensure all parties understand the roles of the two groups (Appendix E Procurement Protocol)

Supporting Kent Business

23. All procurement plans address the need to support Kent business and we believe that in 2012/13 we will achieve our target of 60% first and second tier suppliers being Kent based, the second tier is difficult to measure and we will work on ways of measuring this more accurately.

24. We have gone live with the new Kent Business Portal where we and some of our Districts and the Kent Fire Brigade, will advertise our opportunities, this

Portal will also allow large suppliers to advertise sub-contract opportunities, we have 1,740 registered suppliers 1,200 of which are Kent based.

25. We are about to commence working with the University of Kent and Medway Council to develop training for our Kent SMEs to help them tender for Public Sector Contracts.

26. The outsourcing of the Youth Service using a Dynamic Purchasing System, showed how with innovative thinking we can support Services to achieve their goals and support the VCS sector as well.

27. The new Social Value Act unfortunately is not as helpful as we may have hoped or has been publicised by various sources, we have a duty to consider social value when we are looking at a proposed procurement, but we still must fully comply with The Public Contracts Regulations, which do not allow us to discriminate in favour of local or small providers.

Future Plans

28. We are now on track as a strong procurement team now called Strategic Sourcing and Procurement (SSP) to continue to deliver the Strategy set out improving the basics of procurement and we will continue to do this.

29. Appendix F lists the expected procurement activity Strategic Sourcing and Procurement will be involved in during the next financial year, this list is likely to change and grow as we move through the year.

30. Collaboration, SSP will increase involvement with other Councils to ensure the Council gets best value and learn from others without jeopardising Kent business, examples of this are the SE7 waste project, Pensions software.

31. We will continue to work with Directorates to deliver innovative procurement solutions that achieve the Councils goals without breaking the law.

32. We will review EU and English Law to ensure we are making the most of any new developments, working with our legal colleagues.

Recommendations

The Policy and Resources Cabinet Committee are asked:

To note the improvements achieved in Procurement;
To support the continued change that will be necessary to deliver better control of procurement;
To support plans for the next year.

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By: Amanda Beer, Corporate Director Human Resources
Roger Gough, Cabinet Member for Business Strategy, Performance & Health Reform

To: Policy & Resources Cabinet Committee

Date: 15 March 2013

Subject: Lean Review of Human Resources

Classification: **unrestricted**

SUMMARY: At the 8 January 2013 Policy & Resources Committee members asked for further details about the lean style review of HR undertaken by Improvement and Efficiency Social Enterprise (iESE). This paper provides background to the review, a summary of its outcomes and details of the actions taken as a result.

1. Introduction

1.1 Prior to the ERP programme, HR had already delivered a major programme of implementing employee and manager self-service and has to date successfully introduced on-line total contribution pay, travel expenses, sickness recording, updating personal information such as change bank details, and facilities to print and view payslips and P60's. These developments have delivered significant back-office savings.

1.2 There will be further roll-out of HR self-service including the ability for staff to carry out on-line changes to employee assignments, changes to supervisor, annual leave requests and acting up and secondments. There will also be some developments to the Total Contribution Pay automated process (already put in place by HR before the ERP programme started).

1.3 Due to the work that had already been completed to develop the use of the Oracle system in HR, as part of the ERP, the KCC HR Divisional Management Team appointed iESE in March 2012 to undertake a Lean style Review of the HR function following a tender exercise. iESE is a 'not for profit' local government owned company. Led and governed by councils, it is held to account by councilors drawn from its membership.

1.4 Specifically, the requirement was to work with the HR Divisional Management Team to:

- Recommend / prioritise areas and processes to conduct a lean review and identify areas where further financial savings might be achieved, in order to meet aggressive savings targets across all of KCC.
- Help to produce an implementation plan to achieve savings.
- Validate findings of the HR Divisional Management Team process review.
- Design a plan to implement proposals and findings.

1.5 In particular, the Management Team wanted iESE to help identify savings that could be realised as quickly as possible. The review has revealed savings in excess of £500k, which made a contribution to the £1.4m reduction in the HR budget in the current financial year and will also help meet next year's savings requirement.

1.6 The review focused on those areas that could generate sizeable cashable efficiencies, but it also looked at areas where it was considered there may be longer term gains, either through financial efficiencies or in a changed method of delivery.

1.7 The review identified and validated 'quick win' savings and further medium term efficiencies. It also looked at some areas where service delivery to customers could be reviewed and while not quantified, this too could generate further savings.

1.8 Some HR functions were out of scope, as they had recently been reviewed or were at the time of the review under restructure. In addition, significant parts of HR had already undertaken process reviews that had generated savings. In these areas, iESE undertook a brief validation exercise to see whether there was any further scope for savings or to consolidate delivery. The specific areas covered by the review were:

- Learning and Development
- Health and Safety
- Schools Personnel Service Operations
- Recruitment team
- HR Connect
- Business Systems team
- Total Reward and Well Being
- Teachers Pensions

1.9 For each area an indication of where and how the savings might be derived was given together with, where applicable, recommendations. The assumptions were underpinned with a considerable amount of data and analysis. Whilst the methodology is the intellectual property of iESE, all of the information was provided to KCC to assist with implementation.

2. Learning and Development

2.1 The major focus for the review was Learning and Development. The review took place at the point that the three main teams providing L&D support (Corporate, Adult's social care and Children's social care) had been centralised into HR and were in the process of consolidation into one team. The nature of their work had shifted and the teams needed bringing together and the roles re-prioritising, especially with the development of the Organisational Development function. This, combined with the size of the function, meant that there was clearly significant potential for efficiency in L&D and thus formed a substantial task for iESE, with the development of an outline business case to take the function forward forming a separate report.

2.2 As part of the review, iESE conducted a combination of workload analysis; workshop with managers; numerous interviews with team members (and managers); detailed business analysis including the income generation model; a validation of the E-Learning ITT; benchmarking with other organisations, including other local authorities' L&D offering; and discussions with private providers.

2.3 Key findings from the review included:

- Some areas were over resourced and not properly aligned to support the future business needs or to maximize efficiency within the team(s)
- There were too many tiers of management and a flatter structure should be introduced
- There was a mixed model between design and delivery and commissioning,
- There was strong evidence that a sizeable proportion of the total training offer could be undertaken via E-Learning. This included Adults and Children's social care, although this had not be incorporated as part of the pending E-Learning ITT for L&D
- The quality and availability of Management information was generally poor.

2.4. Recommendations

The recommendations from iESE were:

2.4.1 Proceed with bringing teams together, conduct a restructure and identify early opportunities for rationalisation (while meeting urgent resource needs within Children's and Adults resulting from Ofsted). This should include formally adopting a commissioning based service model.

2.4.2 Carefully review all income generation activity. Ensure all training offerings reflect the training strategy.

2.4.3 Consolidate and re-focus the Council's L&D sales and marketing capability. Suggest allocating responsibility for such activities to a more dedicated number of resources. These individuals should be suitably skilled (with training if required) to undertake sales and marketing activities, with a clear strategy and attainable targets.

2.4.4 Ensure that the E-learning ITT allows the opportunity for inclusion of social care training and that this is pro-actively taken forward. This should include a soft market testing exercise with potential suppliers of adults and children E-learning and further discussion with other local authorities.

2.4.5 Put systems in place to ensure comprehensive data capture to ensure maximum return on investment for training.

2.5 Efficiency Savings

2.5.1 iESE confirmed that a restructure of L&D into a Training function would generate efficiency savings. They also anticipated that there would be additional savings against the delivery of training through a move to e-learning delivery and a re-focus on essential training outcomes.

2.6 Actions and outcomes since the review.

2.6.1 The revised L&D function is now operational. Recommendations 2, 3 and 5 were accepted and are being implemented. Recommendations 1 and 4 were accepted in large part. However consultation with key managers and stakeholders in FSC concluded that the business risk of moving a significant part of the training offer for social care teams to e-learning and commissioning the rest from external training providers was too great. The decision was made to move to the current model for service delivery and review once this had been in place for at least a year. This would allow for an informed review of the success of e-learning in other parts of the business and for a more in depth study of the availability and, critically, the quality of external training provision on key aspects of social work training and practice.

3. Health and Safety

3.1 Following on from a number of discussions with the H&S Manager and workload analysis of members of the existing team, iESE concluded that the newly centralised H&S team needed to be re-focused and re-structured.

3.2 Key findings included:

- The team was wrongly resourced and graded to support the business needs
- There were an excessive number of line management and supervisory tiers within the team
- Senior members of the team were undertaking an excessive amount of administration
- The support team was not used to its full potential and that there was an uneven distribution of work across the team.
- Some of the processes undertaken within the team appear to be sub-optimal.

3.3 Recommendation and Efficiency Savings

3.3.1 It was recommended that the team was restructured and that this would lead to efficiency savings.

3.4 Actions and outcomes since the review.

3.4.1 The restructure of the team was completed and 2 posts were removed from the structure.

4. Recruitment

4.1 KCC had previously undertaken some process mapping in preparation for procuring a new recruitment software solution. Currently the process is heavily paper based and the expectation is that by increasing the level of automated workflow, the existing processes will be significantly streamlined, thus allowing for a sizable increase in capacity within the team.

4.2 Following a robust Lean challenge session by iESE with members of the recruitment team, iESE calculated the existing levels of ‘waste’ associated with the “As Is” processes.

4.3 Although the in house process mapping was robust, iESE suggested a greater level of customer involvement regarding both the process mapping exercise and consultation for the specification of the proposed solution.

4.4. Actions and outcomes since the review.

4.4.1 A business case for the new recruitment management system was complied and agreed by the Budget Programme Board and the tender process is now underway.

5 <u>SPS Operations</u>

5.1 iESE undertook a short but intense review of the core processes currently underpinning staff contracts. The four main processes are:

- New starters
- Variations
- Maternity absence
- Terminations

5.2 Each process was analysed in terms of the approximate amount of time (and subsequently cost) with regards to general processing time; dealing with queries and failures; and quality assurance. The supporting data consisted of a combination of both factual and anecdotal information (largely for the number of queries/failures, as this is not formally tracked).
Given that the current processes were completed manually (and that they could be completed electronically), it was reasonable to conclude that virtually all the processing time dedicated to this activity is wasteful i.e. non value adding. If a robust automated system was in place, the time spent dealing with queries/failures could be averted, plus the need for quality assurance could, theoretically, be also become redundant.

The move to greater automation is underway with the full involvement and support of schools.

6. <u>HR Connect</u>

6.1 Following the recent in house review of the HR Connect team, iESE were asked to conduct a 'light touch' look at the service to provide external validation of recent changes to the team. Overall, we concluded that the introduction of the '2 tier' response process made sense and should help create both capacity and resilience across the team. It also allowed the service to react well to potential expansion plans in the future and offered a degree of career progression for the more junior front line staff members. The only area of concern highlighted was the level of managerial resources. Although it was explained that they had a hands on, operational role, iESE would always strongly recommend removing any unnecessary managerial layers.

6.2. Recommendations

6.2.1 Given the very recent structural changes made to the HR Connect team, it was recommended that this was reviewed in 3-6 months time so assess whether the additional managerial resource is required. This review was undertaken and further changes made to the structure of the team.

7 <u>Business Systems and Reward Teams</u>

7.1 Both of these teams are relatively small in size and, with the remit to look for short term cashable efficiencies, iESE did not consider there was significant gain in either area in the short term. However, in the medium term some of the functions these areas provide may form part of the key to transforming the delivery model for HR in KCC.

8. <u>Teachers Pensions</u>

8.1 iESE undertook a Lean process review of the major workflows in the Teachers Pensions function. Overall, the Teachers Pension team is small and the function is statutory. The review concluded that the team undertake a considerable amount of re-work, which is caused by the receipt of incorrect or insufficient information. Within the section, this amount of re-work has become the 'norm'. The team are working to their maximum capacity to meet the demands, but there is no evidence of performance measurement.

8.2 Until the incorrect information received from schools can be eliminated at source there will still need to be re-work needed. This is something that should be considered in the longer term. As a shorter term action it should be considered if a number of pension's functions should be brigaded together or alternatively moved into another area. It is not envisaged that this would lead to financial efficiencies, but may deliver additional resilience and the ability to flex resources.

8.3 Actions and outcomes since the review.

8.3.1 A review of the teachers pensions activity will take place in the next financial year.

9. <u>Conclusion</u>

9.1 The lean style review was a very useful exercise for the HR Division and both validated and challenged the work being done to drive out efficiency savings and improve business process in the Division. It also allowed members of the HR team to be trained in Lean review techniques and this has proved very valuable.

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By: Roger Gough, Cabinet Member for Business Strategy, Performance and Health Reform

David Cockburn, Head of Paid Service, Corporate Director – Business Strategy & Support

To: Policy and Resources - Cabinet Committee

Subject: Information and Communication Technology Enhancements

Summary: This report advises Members of current technology provision, investment or upgrades programmes and further proposed changes to the council's technical architecture to support the transformation and efficiency programmes shaping future operations.

1. Introduction

This report explains how ICT services are currently provided across the KCC estate; the current major change/improvements that are already planned or underway and finally the potential changes to the technology landscape that should be considered in response to the council's emerging plans for transformation and the shift in technology use by residents, businesses, members and staff.

2. Background – Current Technology Landscape

2.1 Personal Computers

2.1.1 KCC provides for the large majority of its staff a dedicated computing device or access to a shared device. These are typically either a desktop or laptop personal computer. The device is installed with a complete range of software necessary for individuals to perform their job functions. The software is physically installed on the device, a so called 'fat client' install. The devices provide the necessary local compute capacity for applications such as Excel, Word as well as access to network and business systems.

2.1.2 Devices are not owned but leased for a period of 3 years and at the end of the lease are refreshed with new current models. This ensures that devices remain up to date and to not present a constraint to the introduction of new hardware or software that might support service improvement and provides a fixed refresh cycle for both financial and technology planning.

2.2 File storage

2.2.1 The majority of our data stored outside of case management systems, E.g. Word, Excel, PDF , PowerPoint documents etc. is stored on shared drives/folders. This information is not catalogued or indexed, nor is any information about business ownership or expiry dates held for the files. Most of this information is stale in that it has not been referenced or updated in the last 6 months. A recent archive exercise resulted in approximately 81 million items being moved to our online archive service. Physically all of this data is in central storage devices in our data centres in Sessions House and Medway.

2.2.2 The amount of additional space needed to support user generated material continues to grow; extra space has recently been purchased for shared files stores, archive stores and backup facilities to meet the continuing upward spiral in demand. It is likely that this trend will continue unless patterns for the retention of material are redefined. Access to this information is not available outside KCC offices except via:

- Access to Kent (A2K) a mobile solution that allows KCC equipment to use an internet connection to create a secure link to KCC systems comparable to that available from within KCC offices

- Secure Socket Layer (SSL) a means of supporting secure access from non KCC equipment.

Increased hardware and support costs are associated with both of these solutions.

2.3 Mobility

2.3.1 In general the view has been that mobility is achieved providing laptops for staff. KCC has rough parity between the number of desktops 4733 and laptops 5378. Laptops can access the KCC network and all the services provided therein using the A2K connection facility. This has proved a tremendous success but it is not intuitive to use and is expensive in terms of license costs.

2.3.2 Laptops represent significant cost uplift in comparison to desktop provision; the device is more expensive, higher levels of service calls are associated with laptop devices and usage, and they are marginally more prone to failure than desktop devices. Laptops represent an ever present security problem in that they often contain sensitive information. Even though these devices are encrypted the Information Commissioner normally takes a harsh view in relation to lost devices containing sensitive data.

2.3.3 For non-laptop users access to a small range of KCC services via a web based service, SSL, is provided. The service is limited and expensive to provision and take-up is generally low.

2.3.4 Finally almost all staff can access standard KCC mail services via Outlook Webb Access, (OWA). This has proved very popular, particularly in times of adverse weather conditions. However it provides access to email only. The latest version of OWA which we have yet to deploy is significantly more functional than earlier versions.

2.4 **Email**

2.4.1 An email account is provided for most KCC staff. Access to this is either via the Outlook program on a desktop/laptop or via OWA into our on premise Exchange 2010 service which holds the mailboxes. Mailboxes vary in size according to user need, from the small (250mb) to the large (5gb+). It has been identified that mailboxes have previously been used to divert KCC material to personal mail accounts by staff trying to be more productive/mobile. This practice is prohibited as it is unsecure as personal account or services such as Yahoo, Outlook or Google are frequently subject to attack and the council is not able to effectively discharge its data protection and information governance responsibilities once the data ceases to be internal.

2.5 **Network Segmentation**

2.5.1 In order to produce a better experience for users 14 of our larger sites have servers that handle key user data on a local basis. These sites also act as the local provision sites for a large number of smaller offices close to the larger sites.

2.5.2 Typically the servers contain the local profile information for staff configuration settings, a local authentication service, a local site for distributing upgrades and security updates (patching), application system loading and the printing service. The reasoning is that for a large number of users this provides access to these services at faster speeds than if these all had to be provided from the corporate data centre located in Sessions House, Maidstone and Gun Wharf, Medway. Despite this logon speeds can still prove problematic with our current architecture.

2.6 **Telephony**

2.6.1 Almost all offices have local telephony provision via local BT lines connected to that office. Each office has a local PABX device or standalone lines. KCC have a large number of mobile devices, 3051 Blackberries and another 3318 mobile phones.

3 Investment Strategy and Upgrade Programme

3.1 **Unified Communications**

3.1.1 This program is delivering a step change for our telephony and non-email communications environment. Telephony is being moved from an analogue basis to a modern digital platform (Voice Over Data or VOIP) and will come from a highly resilient central facility co-located in Sessions House and Medway. Local PABX devices and BT lines will be removed, new handsets will be deployed to all desks and all telephone numbers will be replaced with new numbers from the 0300 range to ensure lowest possible tariffs for our callers.

3.1.2 This service will provide full integration of mobile devices into the voice provision allowing a ‘follow’ me service. Voice mail will be provided for all staff as will access to Instant Messaging and easy access to voice conferencing and new services such as video, conference white boards etc. Production rollout for this service is currently timetabled to begin in June 2013. Both the customer services strategy and discussions around new ways of working have identified this as a key enabling technology. The associated financial savings on infrastructure are already reflected in the Medium Term Financial Plan and represent a considerable proportion of the savings being delivered by ICT.

3.2 **SharePoint as electronic filing cabinet**

3.2.1 In support of the Customer Services strategy replacing current use of shared folders has been identified as a priority. Based on our ability to access SharePoint licences under our enterprise agreement with Microsoft, this tool will be used to develop a basic document management service for the Council. No workflows or associated business processing is within the scope of this provision. It will provide the ability so save documents for teams, provide basic information such as expiry dates and document sensitivity but that is all. It is envisaged that shared calendars and team areas will be provided as part of this deployment, however advanced collaboration features and my sites are not in scope for this deployment. The potential benefits of a more extensive implementation are considered in section 4.5 below.

3.3 **Windows 7/Office 2010 Rollout**

3.3.1 As part of the on-going rolling program of technology refresh, Windows 7 and Office 2010 is to be deployed rather than Windows XP and Office 2003. This is largely driven by Microsoft planning to end support for our existing products, including essential security updates. Although there are improvements in the software to be deployed, the council in common with many other organisations has struggled to identify a compelling business case for upgrading, with benefits realisation from a revenue perspective being particularly challenging.

3.3.2 For the present the program will continue to deliver high specification devices to provide local processing at the user desktop/laptop. The likely introduction of new ways of working to support further organisations efficiencies has prompted extensive review of this aspect of our architecture and this is outlined in section 4.3 Below.

3.3.3 The Access to Kent (A2K) service will be changed to use new facilities available in the latest Windows server release allowing KCC to move away from the current standalone security product, with its expensive licenses, to a facility provided by the Windows 7 operating system called DirectAccess. This product is more functional and provides a seamless logon experience for the user, allied with better security and control.

3.4 **Server Virtualisation**

3.4.1 The on-going program to rationalise the server estate will continue. On the Windows side as servers come to the end of their supported life span they will be virtualised and hosted on the central VMWare server farm, to date this strategy has reduced our server population by a total of 300 devices. It is expected that this process will be largely complete by end of 2014. For servers providing Oracle based services a program is underway to rationalise the 70+ servers to 4, it is expected that migration will commence in April 2013 with a completion sometime in mid-2014.

3.5 **Members ICT**

3.5.1 Members ICT requirements are periodically reviewed to update provision in advance of elections. For the current term a more flexible approach was adopted where rather than a mandated solution, members were offered a range of technology options. This allowed members to select technology based on the profile of equipment that best suited their individual needs.

3.5.2 With the pace of change in technology new devices have emerged since ICT for members was last updated, most notably tablet devices. Following decision by the Selection and Member Services Committee the menu of equipment from May 2013 will comprise:

- A Tablet device (iPad)
- Or a Laptop computer (HP)
- Or a smartphone

3.5.3 As there are already arrangements in place for members to securely connect personally owned equipment, where this is convenient, this will allow for choice and flexibility to suit individuals circumstances. Advice and support will be available during member induction in May to facilitate equipment selection.

A member ICT focus group has been undertaking trials of iPads which have been extremely promising. When combined with the Modern.Gov application paperless meetings become a viable option. If the council were to consider this option for the future, a considerable saving might be realised from current expenditure on printed materials.

4 Enhancement

4.1 The following proposed changes to technical architecture reflect the requirements of the introduction of greater mobility and new ways of working.

4.2 **Thin Client**

4.2.1 Thin Client computing essentially moves the point of processing from the end user device to a central server. It is generally considered to offer a more flexible and agile mechanism to rollout new business systems and reduce future upgrade costs.

Getting a thin client project underway involves a considerable commitment to ensure applications will run in this environment.

4.2.2 The principal advantage of a thin client solution is the ability to do away with the compute device at the desktop and replace it with a cheaper, more robust and longer lasting device. A user can also normally access the service via any device capable of displaying an internet browser; this introduces the ability to allow our services to be used from a wide variety of locations and on devices both inside and outside of the corporate network. Thin Client would also be a key technology to allow use of personally owned devices securely, overcoming the issue highlighted in section 2.4, as data is held centrally and not on the local device.

4.3 **User Devices**

4.3.1 The thin client approach would remove our existing dependency on the local user device and the software it requires. If adopted a disciplined and focused approach to the allocation of equipment will be required. It is essential that this reflects the requirements of the role which should be the sole criteria for determining the allocation of equipment.

4.3.2 The proposed architecture represents a radical change to the way KCC deploys end user devices, partitions the network, and how security is achieved. The key points to note are as follows:

- All delivery of the KCC corporate desktop environment will be via the thin client/virtual desktop environment. This implies a major investment in data centre servers with a commensurate long term reduction in spend at the user device level.

- The firewalls will be focused to defend the data centres rather than the whole KCC network. This will allow freer access by non KCC devices to office networks to connect to the internet and also KCC services. KCC devices will be rigorously defended through patching and other mechanisms to ensure they are not compromised.

- Use of personally owned devices or equipment of partner agencies will be fully accommodated by ubiquitous wireless provision across all offices of any size. It is not intended to provision wireless at every office but any over say 50 seats would be fully wireless enabled.

The before and after design are presented in appendices A and B

4.4 **SharePoint collaboration**

4.4.1 A further more sophisticated implementation of SharePoint is being designed subject to a formal business case and benefits realisation plan. This implementation would see the workflows and document handling implicit in existing business processes implemented as automated processes within SharePoint. The development would be targeted at migrating as many business processes as possible to make the system attractive to business users by matching existing/re-engineered processes from individual business units, rather than providing a basic document holding facility.

4.5 Wireless Networks

4.5.1 All buildings need to be equipped with high grade wireless networks. These will be used to provide connectivity for both KCC and non KCC devices both to the internet and also KCC systems for authenticated users. An efficient mechanism to allow non KCC devices access to the network will be required. The current GUEST and Membernet authentication mechanisms are too cumbersome to be used by potentially large numbers of staff, and hence a new means to enable this connectivity must be provided. The existing mechanism supporting wireless networks cannot easily be expanded to handle the likely numbers of access points required in this usage model and a replacement solution is proposed.

4.6 Mobile Device Management (MDM)

4.6.1 MDM will be required for any mobile device that could potentially hold KCC data. Whilst the thin client design outlined above considerably reduces the footprint on user devices accessing our data nether the less there will be some mobile devices that hold KCC data. These devices will need to have a degree of control, this will vary from managing a complete device, full MDM, to managing KCC specific areas on mobile devices such as tablets and smart phones.

4.7 Security –two factor authentication

4.7.1 The move to allow access from a wider range of devices to KCC services implies that a much higher level of user authentication will be required to ensure that data remains appropriately protected. A rollout of two factor hardware tokens is currently underway for all laptop users. It is proposed that this will be extended to all KCC ICT users, removing the distinction between fixed and mobile access because in the new model all access will be deemed to be remote.

4.8 Tier 1 Site Servers

4.8.1 As described in section 2.5 above many larger sites have servers that are geared to improving the user experience when logging in and printing. Whilst it may be possible to merely “lift and shift” these back to Sessions House, we would need some re-engineering of the network to replace local provision with additional network capacity which is becoming a more cost effective solution due to decreasing cost of network provision.

4.9 Scanning and indexing for paper documents.

4.9.1 To support mobility a solution that converts both existing paper to electronic files and also a mechanism to convert newly received paper documents will be required. This normally consists of a scanning device and associated indexing mechanism. The scanning of existing material can be a major undertaking but many organisations scan some and archive the rest on a get when needed basis. However new material will need to be turned into electronic files and distributed on receipt. The distribution mechanism can be incorporated with the SharePoint usage described in 4.5.1 above but the scanning and indexing will require a structured approach. Existing MFDs and photocopiers can often provide the scanning mechanism but the indexing and document distribution will need to be incorporated into the business process.

4.10 **Storage**

4.10.1 The removal of paper storage in offices, replacing it with electronic storage for documents and scans implies that significant extra space will be required in our disk storage arrays. At present no details are available of likely volumes but for the purposes of this exercise ICT would recommend expanding the file storage area and ancillary services by about 50%.

4.11 **Follow me printing**

4.11.1 Most users have local printers defined, e.g. the printers close to where they sit. If a user sits in a variety of locations then a mechanism will be required to automatically choose the most appropriate printer by function and distance at the time to printing. Alternatively all prints can be held in a central queue and the user calls up their documents when standing at a printer.

4.12 **Remote patching/Remote Maintenance**

4.12.1 Currently our patching and maintenance services for laptops are dependent on the laptop being on the KCC network. In a situation where large numbers of devices do not connect directly to our network for significant periods of time then an alternative patch/anti-virus mechanism needs to setup. The proposed way forward is use an online service that ensures that corporate standards are enforced on remote devices whenever they attach to the internet.

5 Business Case and Benefits Realisation

5.1 The enhancement to the council's technical architecture proposed in section 4, reflect the requirements of the future needs of the council, informed by the transformation and efficiency programmes designed to support the council's strategic objectives and current budget pressures. Associated investment in technology infrastructure is being considered within the scope of those programmes. The major elements described such as 'thin client' will require initial capital expenditure but once implemented incur lower support and refresh costs and it is expected that the business case will put forward an invest to save argument.

5.1 There are no direct ICT savings to be derived from the use of SharePoint as the basis of an electronic document management system. The business case for this element of the proposed technical architecture will need to base benefits realisation on service and productivity gains. This work is being undertaken by a cross directorate working group.

6. Recommendation

6.1 Members are asked to note the contents of this report.

Contact details

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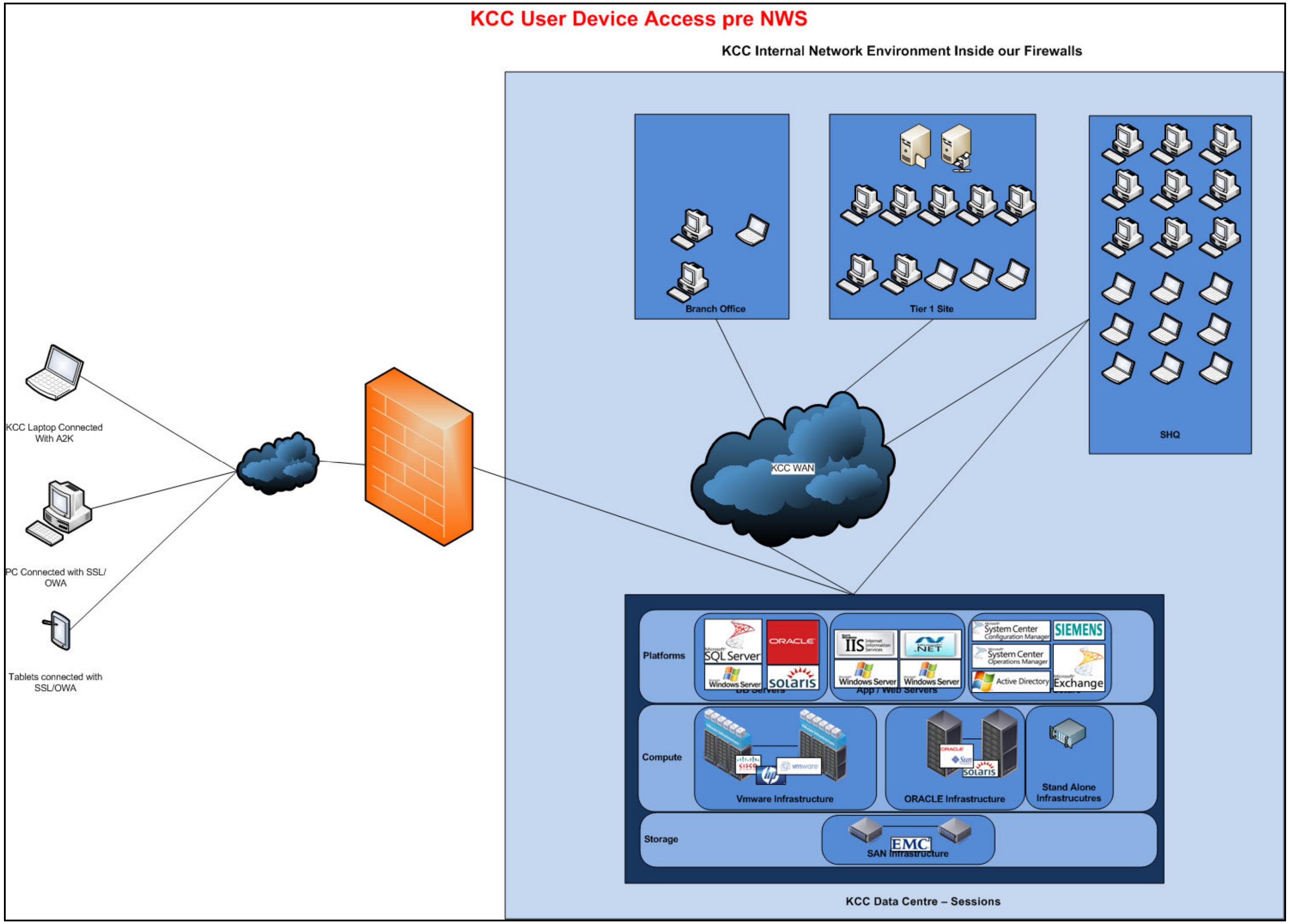
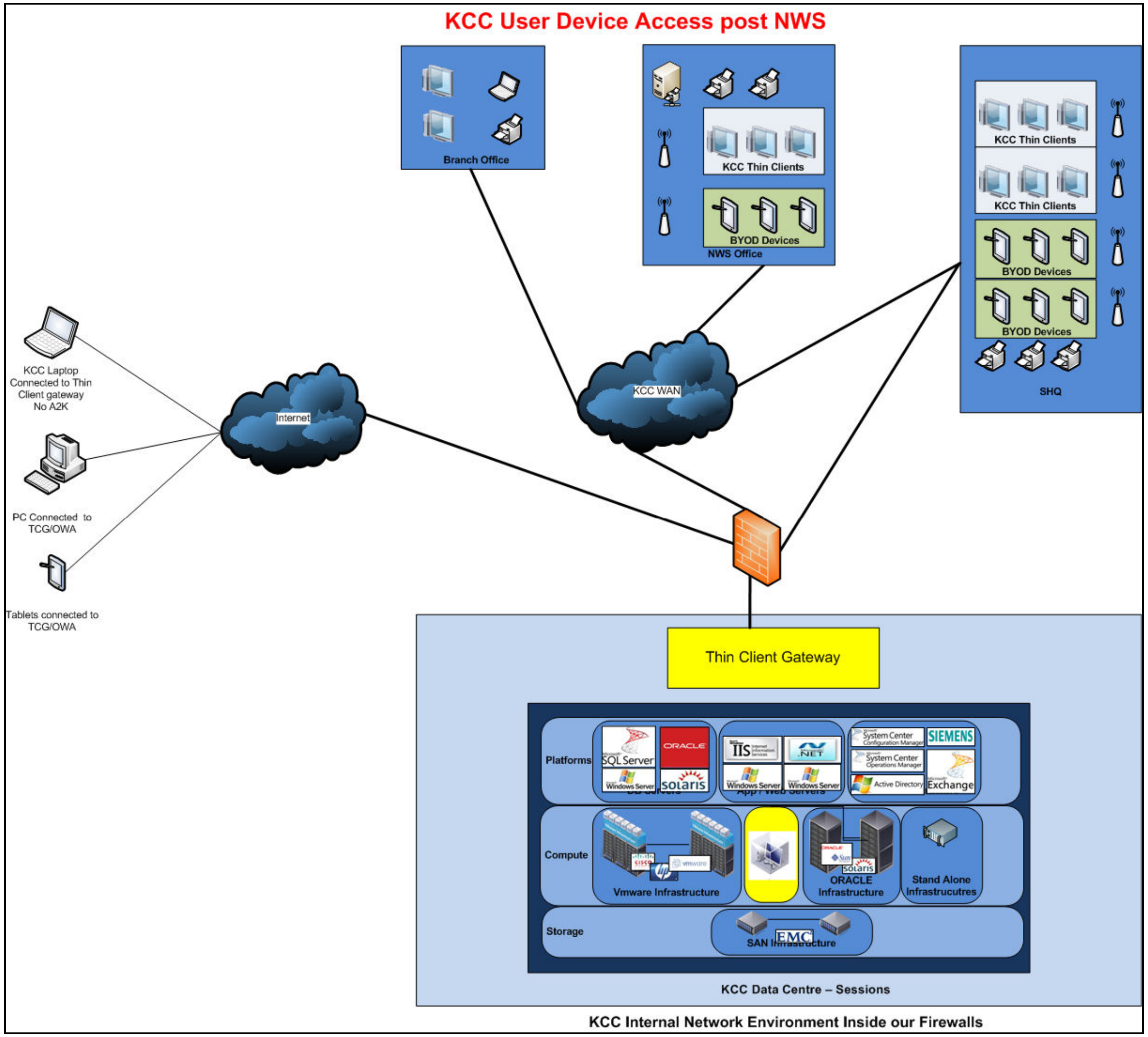

KCC User Device Access pre NWS
KCC Internal Network Environment Inside our Firewalls
Branch Office
Tier 1 Site
SHQ
KCC WAN
KCC Laptop Connected With A2K
PC Connected with SSL/ OWA
Tablets connected with SSL/OWA
Platforms
SQL Server
ORACLE
Windows Server
solaris
DB Servers
IIS
.NET
App / Web Servers
System Center Configuration Manager
System Center Operations Manager
SIEMENS
Active Directory
Exchange
Compute
vmware
Vmware Infrastructure
ORACLE Infrastructure
Stand Alone Infrastrucutres
Storage
EMC
SAN Infrastructure
KCC Data Centre – Sessions

Appendix A

Appendix B


KCC User Device Access post NWS
Branch Office
KCC Thin Clients
BYOD Devices
NWS Office
KCC Thin Clients
KCC Thin Clients
BYOD Devices
BYOD Devices
SHQ
KCC Laptop Connected to Thin Client gateway No A2K
PC Connected to TCG/OWA
Tablets connected to TCG/OWA
Internet
KCC WAN
Thin Client Gateway
Platforms
SQL Server
ORACLE
Windows Server
solaris
IIS
.NET
Windows Server
Windows Server
System Center Configuration Manager
System Center Operations Manager
SIEMENS
Active Directory
Exchange
Compute
Vmware Infrastructure
ORACLE Infrastructure
Stand Alone Infrastrucutres
Storage
EMC
SAN Infrastructure
KCC Data Centre – Sessions
KCC Internal Network Environment Inside our Firewalls

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