

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Council Chamber, Sessions House, County Hall, Maidstone on Monday, 15 September 2014.

PRESENT: Mr D L Brazier, Mr G Cooke, Mr M C Dance, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr P J Oakford and Mr J D Simmonds, MBE

UNRESTRICTED ITEMS

74. Apologies

(Item 2)

Apologies were received from:

- Mr Paul Carter CBE, Leader Kent County Council (Chairman). Deputy Leader & Cabinet Member Mr John Simmonds MBE took the Chair in his absence.
- Mr Bryan Sweetland, Cabinet Member for Commercial and Traded Services
- Patrick Leeson, Corporate Director of Education Learning and Skills who was substituted by Sue Rogers, Director of Education, Quality and Standards.

Cabinet was also informed that Ms Susan Carey, Deputy Cabinet Member for Finance and Procurement was in attendance to talk to the Budget item in place of Mr Simmonds, Chairman for the meeting.

75. Declarations of Interest

(Item 3)

No declarations of interest were received.

76. Minutes of the Meeting held on 7 July 2014

(Item 4)

The minutes of the meeting held on 7 July 2014 were agreed as a correct record and signed by the Chairman accordingly.

77. Financial Monitoring Report - Quarter 1

(Item 5 – Report of the Cabinet Member for Finance and Procurement, Mr John Simmonds OBE and Corporate Director for Finance and Procurement, Andy Wood)

Cabinet received a report setting out the budget monitoring position for June 2014 and seeking agreement to necessary re-alignments and amendments to the Revenue and Capital Budgets respectively.

Miss Carey, Deputy Cabinet Member for Finance and Procurement introduced the item for Cabinet. In particular she referred to the following:

Revenue Budget

- i. That although it was not unusual to report an overspend at this point in the financial year, the current forecast was cause for some concern. Even after deductions predicted for management action work would still be needed if a balanced budget were to be reported at the end of the financial year.
- ii. That in 2013-14 the Council had been able to record an underspend which was allocated to the 2014-15 budget and that this was unlikely to be possible in 2014-15 as the cumulative effect of savings imposed by budget cuts was being realised.
- iii. The current forecast overspend, before management action, was £12.4million. It was expected, but not assured, that following scheduled management action the overspend would be reduced to £5.3million. This was unacceptable and further management action would be needed in order to reduce that figure further.
- iv. The main areas of overspend reported were currently within Adult Social Care and Children's Social Care. The overspends had been largely attributed to savings originally included in the budget now being considered to be unachievable. These targets would be carefully assessed to identify areas of improvement. In particular those areas of work which had once received ring fenced funding and where the service had continued to be provided even though the funding had ceased would be investigated.
- v. That the Asylum position reported reflected the most recent offer from the Home Office and took into account the cessation of the Gateway Grant.
- vi. Other areas highlighted within the report included SEN Home to School transport which had a predicted overspend of £2million.
- vii. That the report did include some positive news, despite the overall overspend, the Growth Environment and Transport Directorate currently reported a predicted underspend of £1.5million but that as this was also a demand lead budget care must be taken; recent months had seen an increase in waste tonnage thought to be a result of the weather conditions and improved economic activity of families in Kent. In addition the academic year had only just started and take up of the Young Persons Travel Pass could not yet be assessed. Only when these figures were understood could it be ascertained whether the savings in that budget area could be met.
- viii. Public Health had a predicted underspend of £ 0.9million but in order to protect those monies received for their intended purpose it would not be used to plug budget holes elsewhere but would instead be allocated to a public health reserve for use in future years.
- ix. That a Quarter 1 shortfall in the dividend expected from Commercial Services was reported but it was hoped that performance would improve to a point where contributions could be made as predicted.
- x. That better savings than expected had been reported from the part light street light project. Although this had been a controversial project, it had been shown that not only would it help to reduce carbon emissions and light pollution but also make the predicted savings and more. These savings had to be made in areas that helped to protect other highly valued services of the Council.

Miss Carey continued; she explained the key factors in the Capital Budget

- i. That capital borrowing must not be allowed to exceed a certain proportion of the revenue budget and therefore as the Revenue budget had been restricted so the Capital spending must also be reduced. This would put

pressure on resources to achieve those capital projects for which the council had planned.

- ii. That the current figure reported as required to deliver the council's capital projects was approximately £406m, this included a predicted £33million overspend. This predicted overspend was largely attributable to the demand for school places in the County. The Basic Need budget for building and expanding schools was currently £12million below the required total and although nearly £4million was expected to be realised from developer contributions £8million would need to be resourced elsewhere. Furthermore although the immediate work related to the creation of Primary School places, in the long term secondary school places would also need to be addressed.
- iii. That the Westwood Relief Road was currently reporting an overspend. This was disappointing as KCC was the accountable body for the project and had, in accepting the funding, agreed to cover any overspend. The overspend had occurred as a result of finding expensive fibre optics and utility equipment under the site following the commencement of works. The additional cost to the project was estimated at £2.5million.

Miss Carey was pleased to report that KCC had been successful in obtaining £98million of Local Growth Funds and business cases were currently being written to secure the match funding required for identified projects.

In conclusion Miss Carey reminded members of the challenging financial position that the authority faced and the exceptionally hard work that would be required to make the savings that had been committed to in this financial year and beyond when further savings would be needed.

Andy Wood, Corporate Director of Finance and Procurement spoke to the item he reminded members of the following important points:

- i. That the figures of approximately £12million predicted overspend, reduced to approximately £5million after management action should not be considered as a foregone conclusion. The management actions to save approximately £7million were set out in appendix 3 of the report and it was clear that they would take much work to deliver.
- ii. That an assessment of the amount of cash going out of the system was a useful indicator in planning a successful budget. In the quarter 1 monitoring figures for 2014-15 cash was going out at a similar rate to 2013-14 but on a smaller total budget. However, the trend for July looked to be slightly improved.
- iii. That another positive development that would contribute to the savings needed was the well negotiated waste contracts recently entered by KCC.
- iv. That further work would be needed following the challenging management actions to be undertaken in order to also mitigate the £5million predicted overspend. Last year a stop on spending had managed to save approximately £1.5-2million and similar action would be looked at carefully in the near future.

Mr Simmonds commented on work undertaken in Essex where the numbers of

looked after children had been reduced from similar numbers to those currently reported at KCC to under 1000 by preventative measures. Mr Oakford, Cabinet Member for Specialist Children’s Services commented to explain that the work had been investigated, and had saved Essex CC £54 million over 3 years. Preventative services were also being improved at KCC in order to achieve a similar end and, while the council was seeing small improvements in numbers of children entering the system, it would take time to materialise into savings.

Following further comments from the Chairman the Cabinet Member for Education and Health Reform, Mr Roger Gough spoke to the item. He explained to Members that pressures had materialised as a result of various factors, including increased construction costs and additional projects being required. This year the council had delivered the number of places that it had set out to but with increased migration in to the county higher than predicted pressures on school places remained. This year to September 2015 further large scale projects would be undertaken, including several new schools and the expansion of many other existing schools. He also reminded members that these pressures would soon be seen within the secondary sector and that over time the pressures remained significant.

It was RESOLVED that:

Budget Monitoring Report – Quarter 1 Cabinet 15 September 2014	
1.	That the report, including the latest monitoring position on both the revenue and capital budgets, be noted
2.	That the realignment of revenue budgets as detailed in sections 1.2 to 1.3 and table 1a of each of the annex reports be agreed.
3.	That the changes to the capital programme as detailed in the actions column in table 2 of the annex reports and summarised in Appendix 4, be agreed.
Reasons	
1.	In order that the monitoring duties of Cabinet in relation to the financial position of the Council are undertaken properly and recorded as such.
2&3	In order that necessary changes to the revenue and capita budgets, for reasons explained in the report, can be implemented.
Alternative options considered and rejected	None
Dispensations received	None

78. Performance Monitoring Report - Quarter 1
(Item 6 – Report of the Leader & Cabinet Member for Business Strategy, Audit and Transformation)
Cabinet received a report setting out performance against agreed targets for key performance indicators for Quarter 1 of 2014-15.

Richard Fitzgerald, Performance Manager introduced the report to Cabinet, in particular he referred to the following:

- i. That the report was largely positive showing that 23 of the Key Performance Indicators report had shown a positive direction of travel with only 12 falling and reporting 62.5% as 'Green' meaning that they were achieving or surpassing targets.
- ii. That the report also detailed activity indicators, corporate risks and organisational development information.
- iii. Issues of particular note were as follows:
 - a. Customer Services
 - i. Digital take up figures were shown for the first time and included key transactions completed on line by residents.
 - ii. Caller satisfaction with the Contact Point remained high despite some recent difficulties reaching performance targets related to the number of calls answered. In relation to call answering, new staff had now been recruited and the trend for quarter 2 was expected to be much improved.
 - b. Growth Environment and Transport
 - i. The activity figures showed signs of economic recovery in the County.
 - ii. There as good outflow of Regional Growth Fund loan approvals to support local businesses
 - iii. Highways had recorded high levels of 'work in progress' at the end of last year, largely as result of flooding and this had been reduced significantly in the quarter to June.
 - iv. One red was recorded in relation to carbon emissions but this was for valid reasons related to changes in working practices.
 - c. Education and Young People's Services
 - i. There had been continued improvement in the number of schools and Early Years settings rated 'good' or 'outstanding' by Ofsted.
 - ii. Collation of pupil attainment results at county level were at a draft stage and would be presented to Cabinet in due course.
 - iii. NEET figures had increased over the quarter but this was a result of seasonal variation related to course dates.
 - iv. For 18-24 year olds Job Seekers Allowance claims were at the lowest level since 2008.
 - d. Preventative Services
 - i. The number of children supported by a multi-agency Team Around the Family was increasing and more of those cases were resulting in positive outcomes where children did not need to be referred to Specialist Children's Services
 - e. Safeguarding and Corporate Parenting
 - i. Within Corporate Parenting there was a high level of adoptions and a modest reduction in the number of children in care
 - ii. Recruiting and retaining qualified Social Workers remained problematic but work continued to appoint more newly qualified Social Workers and ongoing recruitment activity continued
 - f. Adult Social Care

- i. Challenging targets had been set as part of the Transformation Plan and good progress was being made toward them.
 - ii. The new Promoting Independence Reviews programme was being rolled out and was expected to reach target levels by quarter 3
- g. Public Health
 - i. NHS Health Checks was now reported as green after a long spell as red following transfer of Public Health duties in March 2013.

He concluded that the report was positive and demonstrated continued improvement in many areas. The Chairman thanked Mr Fitzgerald and opened the item for discussion.

The Cabinet Member for Economic Regeneration, Mr Mark Dance, spoke to the item. He reported in relation to the Regional Growth Fund that Expansion East Kent had seen embedded growth and continued to build and hold momentum. In North and West Kent, Tiger and Escalate currently reported as 'amber' but he assured members that the indicator would be 'green' for the next quarter as applications had been high over the summer. In fact he reported that an application to government for a further £10million had been submitted to top up both funds as a result of that success.

The Cabinet Member for Adult Social Care and Public Health, Mr Gibbens took the floor. He commented on the Public Health performance, in particular he thanked the Public Health team for the work that had been conducted on Health Checks in order that they now reported green. In addition he referred to the teenage pregnancy indicator and welcomed news that while teenage pregnancies were falling nationally, Kent was seeing a more dramatic fall. Finally he referred to the progress that had been made in reducing Health Inequalities, but reminded Cabinet that there was more work to be done and challenged all members of the council to undertake work to address the disparity of mortality rates across the County. He reported that Chris Bentley would be attending KCC to provide a briefing for Members in October and hoped that a good turnout would be achieved.

It was RESOLVED that the report be NOTED