



Summons to and
Agenda for a
Meeting on
**Thursday, 12th
September, 2019**
at **10.00 am**



DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Wednesday, 4 September 2019

To: All Members of the County Council

Please attend the meeting of the County Council in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 12 September 2019 at **10.00 am** to deal with the following business. **The meeting is scheduled to end by 4.30pm.**

Webcasting Notice

Please note: this meeting may be filmed for the live or subsequent broadcast via the Council's internet site or by any member of the public or press present.

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

Voting at County Council Meetings

Before a vote is taken the Chairman will announce that a vote is to be taken and the division bell shall be rung for 60 seconds unless the Chairman is satisfied that all Members are present in the Chamber.

20 seconds are allowed for electronic voting to take place and the Chairman will announce that the vote has closed and the result.

A G E N D A

1. Apologies for Absence
2. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
3. Minutes of the meeting held on 11 July 2019 and, if in order, to be **(Pages 7 - 14)** approved as a correct record
4. Chairman's Announcements
5. Questions

6. Report by Leader of the Council (Oral)
7. Brexit Preparedness - Kent County Council Update (Pages 15 - 36)
8. Reform of the South East Local Enterprise Partnership (SELEP) (Pages 37 - 62)
9. Treasury Management Annual Review 2018/19 (Pages 63 - 76)
10. Motion for Time Limited Debate

Removal of peak time restrictions to the Disabled Person's Bus Pass

Proposer: Ian Chittenden Second: Ida Linfield

Background information

At present, holders of the Disabled Person's Bus Pass in Kent are restricted to being able to travel between 9:30am and 11:00pm on weekdays (off-peak). However, in Wales, Scotland and some parts of England, such restrictions do not apply. Research by the charity Scope shows that those living with a disability face additional costs of £583 per month on average, and that disabled people are more than twice as likely to be unemployed. See note 1 below. By removing the current peak time restrictions within Kent, it would make it more affordable for people with disabilities to travel for work or medical appointments, while promoting use of public transport.

Motion

"The Council requests that the Head of Public Transport enter into negotiations with the bus operating companies with a view to removing the peak time restrictions under the terms and conditions of the English National Concessionary Travel Scheme (ENCTS) for both the Disabled Person's Bus Pass and Disabled Person + Companion Pass in Kent.

The Council supports removing restrictions on disabled travel and asks the Cabinet Member to put the necessary measures in place with effect from April 2020, subject to approval of the necessary budget implications at the County Council meeting in February and satisfactory outcomes from negotiations with bus operating companies." (See note 2 below.)

Footnotes:

1. Disability Price Tag policy report 2019:
<https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag/>
2. The annual cost to Kent CC would be dependent on take-up and negotiation with the bus operators. Based on the analysis of West Sussex CC and Surrey CC, this is estimated to range between £330k and £500k.

FOR INFORMATION ONLY - NOT FOR DEBATE

11. Corporate Parenting Panel - minutes for noting
Minutes of the meeting held on 29 May.

(Pages 77 - 86)

A handwritten signature in black ink, appearing to be 'B. Watts', with a large, stylized 'B' and a long, sweeping horizontal stroke at the end.

Benjamin Watts
General Counsel
03000 416814

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KENT COUNTY COUNCIL

MINUTES of a meeting of the Kent County Council held in the Sessions House on Thursday, 11 July 2019.

PRESENT:

Mrs A D Allen, MBE (Chairman)
Mr G K Gibbens (Vice-Chairman)

Mr M J Angell, Mr M A C Balfour, Mr P V Barrington-King, Mr P Bartlett, Mrs C Bell, Mrs P M Beresford, Mrs R Binks, Mr R H Bird, Mr T Bond, Mr A H T Bowles, Mr D L Brazier, Mr J Burden, Mr D Butler, Miss S J Carey, Mr P B Carter, CBE, Mrs S Chandler, Mr N J D Chard, Mr I S Chittenden, Mr J Clinch, Mrs P T Cole, Mr N J Collor, Ms K Constantine, Mr A Cook, Mr G Cooke, Mr P C Cooper, Mrs M E Crabtree, Mr D S Daley, Mr M C Dance, Miss E Dawson, Mr D Farrell, Mrs L Game, Mr R W Gough, Ms S Hamilton, Mr P M Hill, OBE, Mr A R Hills, Mrs S V Hohler, Mr S Holden, Mr P J Homewood, Mr E E C Hotson, Mrs L Hurst, Mr J A Kite, MBE, Mr S J G Koowaree, Mr P W A Lake, Mr B H Lewis, Ida Linfield, Mr R L H Long, TD, Mr R C Love, OBE, Mr G Lymer, Mr R A Marsh, Ms D Marsh, Mr J P McInroy, Mr P J Messenger, Mr D Murphy, Mr M J Northey, Mr P J Oakford, Mr J M Ozog, Mr R A Pascoe, Mr M D Payne, Mrs S Prendergast, Mr K Pugh, Miss C Rankin, Mr A M Ridgers, Mr C Simkins, Mrs P A V Stockell, Dr L Sullivan, Mr B J Sweetland, Mr I Thomas, Mr R J Thomas, Mr M Whiting, Mr M E Whybrow and Mr J Wright

IN ATTENDANCE: Mr K Abbott (Director of Education Planning and Access), Mr D Cockburn (Corporate Director Strategic & Corporate Services), Mrs B Cooper (Corporate Director of Growth, Environment and Transport), Mrs C Head (Head of Finance Operations), Mr A Scott-Clark (Director of Public Health), Richard Smith (Interim Portfolio Manager) and Mr B Watts (General Counsel)

UNRESTRICTED ITEMS

146. Apologies for Absence

The General Counsel reported apologies from Mr Hook, Mr Rayner, Mr Manion, Mr Booth, Mr Horwood, Mrs Dean and Mr Monk.

147. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda

(1) Dr Sullivan declared an interest, as her husband was employed by the County Council in the Early Help and Prevention Team.

(2) Mr Lewis declared an interest as his wife was employed by the County Council.

148. Minutes of the meeting held on 23 May 2019 and, if in order, to be approved as a correct record

RESOLVED that the minutes of the meeting held on 23 May 2019 be approved as a correct record.

149. Chairman's Announcements

Birthday Honours List

(1) The Chairman referred Members to the list of honours recipients from Kent following the recent announcement in The Queen's Birthday Honours List.

(2) The Chairman informed Members that Viscount De L'Isle, the Lord Lieutenant of Kent, had become a Commander of the Royal Victorian Order for services to The Sovereign, Mr Clive Emson, a former Kent Invicta Award recipient and Kent Ambassador, had received an MBE for services to vulnerable and disadvantaged young people in Kent, and Ms Jo James, Chief Executive of Kent Invicta Chamber of Commerce and Kent Ambassador, had received an OBE for Services to the economy in Kent.

(3) The Chairman, on behalf of the County Council, offered sincere congratulations to all of those Honours recipients.

Newly Appointed Deputy Lieutenants of Kent

(4) The Chairman referred Members to the list of newly appointed Deputy Lieutenants of Kent, published on 20 June 2019. Each of the seven new Deputy Lieutenants had been appointed for their positive contributions to the County and the Nation.

(5) The Chairman formally congratulated all those appointed, but in particular, Miss Jo Holmes, Head of the Civic Office and Deputy Clerk to the Lieutenancy at Kent County Council.

The Queen's Awards for Voluntary Service

(6) The Chairman drew Members attention to the Queen's Award for Voluntary Service which was the highest award given to volunteer groups across the UK. Any group of two or more people doing volunteering work could be nominated for the award, but the group should have been running for three years or more, with the majority of the group being volunteers. She encouraged Member's to look for nominees from their community and stated that further information would be e-mailed to Members and confirmed that the deadline for nominations was 13 September 2019. Further information was available from the Civic office.

Local Government Honours

(7) The Chairman announced that The Ministry of Housing, Communities and Local Government had invited Kent County Council's Members to make recommendations for the Birthday 2020 Honours. She stated that further information

would be e-mailed to Members and that completed forms should be returned to the Civic office by 16 August 2019.

Highway Tree Planting and Member Grants

(8) The Chairman announced that at 1:00pm, the Soft Landscape Team from Highways, Transportation & Waste would be holding a tree-planting event outside County Hall. The event celebrated the continued support of Kent resident, Sophie Scott, who had provided Highways, schools and other organisations with funding to plant urban and highway trees for over 20 years. At the event, Mr Payne, Deputy Cabinet Member for Planning, Highways, Transport and Waste, would be planting a ceremonial tree and Ms Scott would be presented with a second tree, which would be planted at a site of her choice in Canterbury.

(9) The Chairman stated that the Soft Landscape Team would be on hand during the lunch break to answer queries from Members about the best time to allocate their Member Grant funding to obtain the best nursery stock, and how highways trees were planted to minimise root disruption to pavements and roads.

(10) The Chairman invited Members to join her at the tree-planting event and to take the opportunity to speak to the Soft Landscape Team.

Local Government Association Challenge winner

(11) The Chairman announced that Rob Comber, Service Development Manager in the Children, Young People and Education directorate had won the national Local Government Association (LGA) Challenge at the LGA Conference in Bournemouth on Wednesday 3 July 2019. The challenge was in its tenth year and was part of the legacy of the late, great Lord Sandy Bruce-Lockhart, former Leader of Kent County Council and Chairman of the LGA. Rob was selected as the winner by a panel of judges and would receive the £10,000 Bruce Lockhart scholarship to develop his project, "Summer Slide", that aimed to tackle the educational impact of child poverty through summer schools.

(12) The Chairman congratulated Mr Comber on winning the Local Government Challenge.

Corporate Parent Challenge Champions 2019

(13) The Chairman announced that the Corporate Parent Challenge Champions 2019 event would take place on the afternoon of Thursday 25 July 2019 at Teston Country Park.

(14) The Chairman invited Members to the event to celebrate the achievements of Kent's young people.

Kent County Show – Award

(15) The Chairman congratulated Miss Carey and officers for the hard work and planning that they had undertaken at the Kent County Show which took place on 5th, 6th, 7th July at The Detling Showground, Maidstone. Kent County Council had taken second place out of 400 for 'best large trade stand'.

Low Energy Strategy and Kent Nature Partnership Biodiversity Strategy

(16) The Chairman stated that copies of the consultation on the Kent and Medway Energy and Low Emissions Strategy and the Kent Nature Partnership Biodiversity Strategy 2019 – 2044 were available outside of the Council Chamber

150. Questions

In accordance with Procedure Rule 1.17(4), 11 questions were asked and replies given. A record of all questions put and answers given at the meeting are available [online](#) with the papers for this meeting.

151. Report by Leader of the Council (Oral)

(1) The Leader updated the Council on events since the previous meeting.

(2) Mr Carter, the Leader of the Council, referred to the recent announcement by the Government of £4m toward the construction of a new medical school campus in Canterbury, with a further £4m in the following autumn subject to the anticipated cancellation or delays of current South East Local Enterprise Partnership (SELEP) projects. Mr Carter confirmed that the Canterbury medical school, which was a joint venture between the University of Kent and Canterbury Christ Church University, would take its first cohort of 100 medical students from September 2020.

(3) Mr Carter referred to the apprenticeship nursing programme that was offered by the Kent Community Health Foundation Trust and confirmed that Kent would gain an additional 50 qualified nurses each year through the programmes.

(4) Mr Carter outlined the proposed changes to the governance arrangements in relation to LEPs and the consequences of these changes for the future of Kent and Medway's membership of the South East LEP which would be affected by the scheduled changes.

(5) Mr Carter presented a series of slides which contained extracts from an open letter to the two candidates for the Leadership of the Conservative Party, which he had written on behalf of the Conservative Group of Leaders, as Members of the County Council Network. The letter set out significant social and funding issues facing local government. The responses from Mr Hunt and Mr Johnson were displayed.

(6) Mr Carter had expressed the view in a recent interview for Radio 4 that any new Ministers would have a lot of work to do not only in relation to Brexit, but also regarding the Fair Funding Review and various social issues affecting local government.

(7) Mr Bird, the Leader of the Opposition, welcomed the recent announcement by the Government of £4m to be invested into the new medical school in Kent and the positive impact that the new medical school would have on Kent's residents.

(8) Mr Bird outlined the advantages and disadvantages of LEPs, the future of LEPs and the importance of ensuring that the Kent and Medway Economic

Partnership continued to drive forward economic growth, whilst considering the ever-increasing population in Kent and Medway.

(9) Mr Bird expressed his views in relation to the responses that had been provided by the Conservative Party Leadership candidates to Mr Carter's open letter.

(10) Mr Bird referred to the process for policy making within the Liberal Democrat Party and shared information with Members which related to the Party's plans for the devolution of tax powers to local authorities, focusing more closely on primary care, social care and specialised care services and tackling inequalities within the education system through funding.

(11) Mr Farrell, Leader of the Labour Group, referred to the Conservative Party Leadership election and the need for significant investment in public services for this period of austerity. Mr Farrell highlighted the important role of Councillors across the country in addressing the challenges facing society and the need for central government to define new relationships with local councils.

(12) Mr Farrell welcomed the recent announcement by the Government of £4m to be invested into the new medical school in Kent and the positive impact that the new medical school would have in driving up standards in healthcare and encouraging the brightest Kent minds to stay within the county.

(13) Mr Farrell reiterated Mr Bird's comments in relation to LEPs and expressed the view that councils were best placed to drive strategic growth drawing upon the skills and expertise of the business sector.

(14) Mr Whybrow, Leader of the Independents Group, referred to the information contained within Mr Carter's open letter to Boris Johnson and Jeremy Hunt and emphasised the importance of local government receiving long term funding from central government. He stated that the lack of continuity at central government level had led to an inability to have long-term discussions with them on local government and this was a key issue.

(15) Mr Whybrow referred to a positive debate which had taken place at a recent Scrutiny Committee meeting on SEND funding and how it was linked to issues within the education system.

(16) Mr Whybrow emphasised the significant need for additional funding and power for local authorities to address the climate emergency.

(17) In replying to the other Leaders' comments, Mr Carter stated that public finances were in a much better state than they had been for some time. Mr Carter clarified that the £4m funding from NHS England for the medical school was capital funding. He referred to a recent discussion which took place at the Sustainability Transformation Partnership Programme Board relating to the potential for the health economy in Kent to find additional revenue funds for the new medical school in Kent.

(18) Mr Carter highlighted the need for the country's future Prime Minister to recognise the importance of the partnership between the business community and local government and restore the parity, at least 50:50 of how LEPs were constituted especially in light of the potential prosperity fund.

(19) Mr Carter referred to the importance of the responses received from the candidates for the Conservative Party Leadership which would enable them to be held to account. Also, there was recognition of the significant need for additional high needs funding within schools for children with special educational needs.

(20) He emphasised the recognition of the positive steps that needed to be taken by government in relation to post 16 skills and ensuring that all young people were given the opportunity to explore their skills, analyse their strengths and weaknesses and pursue a career by accessing the appropriate training.

152. Kent Youth County Council - Annual report

(1) Mrs Prendergast moved and Mr Gough seconded the following motion:

“County Council is asked to note the annual report and thanks the Members of the Youth Council for their work and their contribution to the debate.”

(2) The Chairman welcomed three Members of Kent Youth County Council, Eleanor Burnaby-Rouse, Alice McDonald and Alex McGovern to the meeting and invited them to give a presentation on their annual report and to answer questions from Members.

(3) Following the debate, the motion was agreed without a formal vote.

(4) RESOLVED that the annual report be noted and, the Members of the Youth Council be thanked for their work and contribution to the debate on this item.

153. Kent's Plan Bee - Kent County Council Pollinator Action Plan

(1) Mr Whiting moved and Mr Holden seconded the following motion:

“County Council is asked to agree adoption of Kent’s Plan Bee – the Kent County Council Pollinator Action Plan.”

(2) Following the debate, the motion was agreed without a formal vote.

(3) RESOLVED that the Kent’s Plan Bee – the Kent County Council Pollinator Action Plan, be adopted.

154. End of Year Performance Report 2018/19

(1) Miss Carey moved and Mr Kite seconded the following motion:

“County Council is asked to note the End of Year Performance Report 2018/19.”

(2) Following the debate, the motion was agreed without a formal vote.

(3) RESOLVED that the End of Year Performance Report 2018/19 be noted.

155. Motion for Time Limited Debate

Disabled Person's Bus Pass in Kent

(1) Mr Chittenden moved the following motion:

"The council commits to including an amendment to the terms and conditions of the English National Concessionary Travel Scheme (ENCTS) for Kent due to be published in November 2019, which will remove the peak time restrictions applicable to both the Disabled Person's Bus Pass and Disabled Person + Companion Pass, effective from April 2020."

(2) Ms Head (Head of Finance - Operations), on behalf of Mr Shipton (Acting Section 151 Officer), advised that although the motion for time limited debate had been submitted and accepted in accordance with section 1.21(1), Appendix 4 Part 1 of Kent County Council's Constitution, the motion failed the Section 151 test because there was no funding associated with the request.

(3) Based on the Section 151 Officer's advice, the Chairman decided not to consider the motion at this meeting.

(Miss Carey declared an interest as her mother in Law had a disabled person's bus pass, Mr Collor declared an interest as his sister had a disabled person's bus pass and Mr Gibbens declared an interest as he had a disabled nephew who lived outside of Kent)

156. Corporate Parenting Panel - minutes for noting

RESOLVED that the minutes of the meeting of the Corporate Parenting Panel on 27th March 2019 be noted.

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From: Paul Carter, Leader

To: County Council, 12 September 2019

Subject: **Brexit Preparedness – Kent County Council Update**

Summary: This report updates Members on the work Kent County Council (KCC) is undertaking, internally and with local and national public agencies through the Kent Resilience Forum, to prepare for Brexit. This update builds on the County Council reports from July 2018, December 2018 and March 2019.

Executive Summary:

The Government is committed to leaving the EU by 31 October. Kent's position as the gateway to Europe means that the UK's readiness for a no-deal scenario strongly relies on Kent's readiness. To this end, Kent County Council, working with its partners has taken responsible and timely actions to prepare for all eventualities, including a potential no-deal scenario. Kent has well-developed plans to ensure we minimise disruption to Kent's residents and businesses.

Kent's no-deal plans have been in place since March 2019. We were prepared, if required, ahead of the previous no-deal deadline (31 March and 12 April 2019). Through close collaborative working with the Department for Transport and Kent Resilience Forum, we have a well-thought through, sensible and practical plan, "Operation Brock", ready to go live at short notice. This will manage potential disruption and delay at the ports, enable Kent to hold up to 12,000 goods vehicles and, for the first time, keep all Kent roads open at all times. Should the 12,000 capacity be exceeded, the plan necessitates HGVs bound for mainland Europe to be held outside of the county. Kent is in a strong position to ensure the County Council can meet its statutory obligations, that Kent's public services continue, communities are kept moving, and businesses can continue to trade.

The new Prime Minister and Cabinet have taken a proactive and intensive approach to no-deal planning and we have welcomed the increased pace as we approach 31 October. This is evidenced by the new public information campaign 'Get Ready for Brexit' and the funding for recruitment and training of significant numbers of new Customs Officers. In addition, Government has provided funding for local authority preparations and Kent County Council has recently received substantial funding from both the Ministry for Housing, Communities and Local Government and from the Department for Transport. This has enabled the Kent highways to carry out crucial improvements to Kent's local road network, particularly focused around the route corridors to Dover, Folkestone and Manston. The Kent Resilience Forum has also received additional funding from Government which recognise the importance of our County and our key trading hubs. The Government's committed funding is directly

helping to ensure Kent County Council and the county of Kent have the infrastructure and plans for a no-deal Brexit.

Government's determination to ensure businesses are well-prepared for the consequences of Brexit is evolving through a national programme of business readiness. The recently announced Business Readiness Fund will help exporters to prepare for, and capitalise on, new opportunities. Kent County Council is working with local businesses to strengthen the resilience of the sector and enable business to take advantage of exporting opportunities. Kent County Council will support the national campaigns through actively signposting businesses. Further details on this programme are expected from Government in the next few days.

We have made considerable progress on the outstanding issues in recent weeks and are much encouraged by the level of readiness in both Kent and our counterparts in France. We will continue to work closely with government over the next 8 weeks to focus national and local actions on the final arrangements that need to be put in place for a no-deal scenario. In addition, there are a number of outstanding issues still to be finalised by Government. These are:

- **Confirm locations of all Customs Stations/border readiness checking areas both in and outside of Kent.** (Further detail in Paras 4.6 to 4.8)
- **Finalise customs procedures and border control practices and provide the necessary advice and guidance to all the component parts of the freight industry to enable all concerned to carry out the right processes and hold the necessary documents to facilitate fluidity through the ports, thereby avoiding delays.** (Further detail in Para. 4.3)
- **Government to grant enforcement powers to Kent Police, Highways England, Kent Highways to support the Operation Brock compliance, enforcement and implementation to avoid congestion.** (Further detail in Paras 3.5 to 3.10)
- **Confirm priority freight arrangements (particularly medical supplies).** (Further detail in Para. 3.11)
- **Confirm extension to permits for UK hauliers to operate in the EU and vice versa for foreign lorries entering the UK.** (Further detail in Para 3.13)
- **Confirm extension of cabotage arrangements.** (Further detail in Para. 3.14)
- **Further develop the Government website to provide all of the essentially needed information for both residents and businesses.**

KCC has played a pivotal role in bringing Government departments, national agencies and local partners together to support Kent's communities and businesses to prepare for Brexit. Kent is well-represented on national, regional and local boards and the Leader continues to raise outstanding issues of importance on behalf of Kent County Council and the county directly with Government Ministers through the MHCLG Brexit Delivery Board and the Brock Roundtable, chaired by Chris Heaton-Harris, Minister of State at the Department for Transport. We have further

strengthened our constructive relationships with other local authorities, Local Resilience Forums, Kent's public agencies and partners in the Hauts-de-France region to develop and share our plans. We will continue to pro-actively work with Government to develop and co-ordinate our implementation planning for Brexit to ensure our plans are effectively delivered if called upon.

Kent County Council continues to be as prepared as possible for Brexit through working together with our partners and continue to work closely with Government and Whitehall in the coming weeks. We are looking to address the remaining 'mission-critical' issues ahead of the planned Exit from the EU on 31 October 2019.

Recommendation(s):

County Council is asked to:

- (1) **Note** the increased national preparations for a no-deal Brexit scenario.
- (2) **Note** Kent County Council's further preparations for a potential no-deal Brexit scenario.
- (3) **Note** Kent County Council's requests for Government action to resolve the outstanding issues as highlighted in the paper.
- (4) **Confirm** Kent County Council's Lead Brexit Officer as Barbara Cooper – Corporate Director, Growth, Environment and Transport.

1. Introduction

- 1.1 County Council Members have previously received a significant number of reports on Kent County Council's no-deal Brexit preparedness. A list of previous reports is provided in Section 9 which are all available on kent.gov. Importantly, as the Government announces resolutions to the outstanding issues raised, it may be necessary to provide a supplementary paper in advance of the County Council meeting with the latest position.
- 1.2 The appendix provides copies of correspondence between, the Leader of Kent County Council and various Ministers concerning issues of significance (many of which have now been resolved).
- 1.3 Recognising Local Government has a vital role in preparations, the Secretary of State has asked all local authorities to designate a Brexit Lead Officer. KCC's lead is Barbara Cooper – Corporate Director, Growth, Environment and Transport. It is important to note that the areas of responsibility for the position are all activities which KCC had previously been taking forward.
- 1.4 Whilst KCC and local partners continue to be as prepared as possible for Brexit, there still remain a number of outstanding issues highlighted in the Executive Summary and copy correspondence to Ministers which we call on Government to resolve in the next few weeks.

2. Local Resilience

Review of March/April 2019 Preparedness

- 2.1 In preparation for the Brexit deadlines of 29 March 2019 and 12 April 2019, the Kent Resilience Forum (KRF) entered an operational phase in both late March and early April. In May 2019, the KRF held a Multi-Agency debrief to learn from the March and April planning and operational phases, which gave partners the opportunity to identify areas of good practice and areas for improvement.
- 2.2 Activities since April have included: the delivery of further command and control training for partners with a role in plans; the update and testing of Kent's freight and passenger traffic management plans (KRF Operation Fennel plan); direct engagement with government departments to ensure that updated information is shared effectively; the development of work to understand and plan for the potential impact of plans on local communities; and work with government departments to integrate the customs checking processes for businesses and hauliers within the traffic management plans.

Latest planning activity

- 2.3 The revised Brexit deadline brings a number of different seasonal challenges, including an increased risk of severe weather, existing winter pressure on health and social care settings, and the use of warehouse capacity for Christmas trade by the retail sector. These are reflected, alongside the latest government planning assumptions of the worst disruption to the short straits crossing lasting up to three months, in our revised Multi-Agency contingency plans and arrangements. KCC asks Government to ensure KCC and the KRF are continually updated on all planning assumptions and emerging scenarios to support Kent's preparedness work.
- 2.4 KCC has further strengthened its relationships with other Local Authorities and Local Resilience Forums within the South East region. These include regular meetings with the South East 7 (SE7) partners to discuss how neighbouring authorities can support Kent, if required, through providing trained emergency planning officers who can continue critical emergency planning work while KCC officers are engaged in response to Brexit.
- 2.5 KCC has also worked with the Government's Border Delivery Group, Kent Police and colleagues in the Hauts-de-France region to share traffic management plans and operational contact details, which will help to develop a shared understanding of the situation on both sides of the border after the EU exit deadline. KCC requests detailed outputs from any tests in both the UK and France, to understand fully the implications for the borders systems and processes that have been developed for all exit scenarios including no-deal.

- 2.6 The KRF are currently undertaking contingency planning to address potential community impacts arising from traffic congestion. This activity is informed by Brexit Community Impact Assessments completed by Kent District Councils and traffic risk assessment data. Outputs will be peer reviewed by 'challengers' including KCC Adult Social Care and Health colleagues and the Police Silver Commander. Once finalised this work will inform the priorities for the Tactical Co-ordinating Group in a range of scenarios and shape future partner communications and responses.
- 2.7 The KRF multi-agency traffic management plans for freight and passengers will be tested in Exercise Lundy 2 on 11 September. This exercise will focus on the impact of the plan on Kent's communities, business and responding organisations. This will be an opportunity for agencies to work together to ensure that their own organisational plans are fit for purpose to support the prolonged response to severe congestion.
- 2.8 The KRF operational phase arrangements for a no-deal Brexit will begin on a daily basis from 21 October. KCC has ensured appropriate facilities are available to support colleagues from the Resilience and Emergency Planning Service, Kent Resilience Team, and other multi-agency partners to work collectively on the response and recovery implications. Kent County Council's Brexit command and control rota and other procedures will stand up from 21 October if required.

Communications

- 2.9 The 'Kent Resilience Forum Brexit Communications Group' has developed a multi-agency communications strategy for the Kent Brexit planning and operational phases. This group is formed of representatives from the lead agencies involved in Operation Fennel and works closely with other organisations and government departments.
- 2.10 The aim of the communications strategy is to share information on any potential disruption on the strategic road network and at Kent ports. This will provide the latest national and local information to Kent's communities, businesses and hauliers travelling through the county to help keep Kent moving.
- 2.11 A 'Wider Communications Group' is also in place and comprises around 40 communications teams across all areas of Kent. In the event of any disruption in the county this group will convey intelligence on community impact and ensure effective and consistent messaging.

3. County Infrastructure

- 3.1 KCC is the statutory Highways Authority and is responsible for maintaining all roads within its administrative boundary. Motorways and trunk roads are managed by Highways England (HE).
- 3.2 Crucial to the UK's readiness is Kent's ability to deal effectively with possible congestion at the Port of Dover and/or Eurotunnel. As the 13 December 2018 and March 2019 County Council papers detailed, Kent has a defined 'Freight Traffic Management Plan', nationally recognised as Operation Brock, which is ready to 'go live' at short notice to maintain freight fluidity along the main corridor routes in Kent, in the event of a no-deal Brexit. As previously described, Operation Brock involves the use of the M20, Manston airport and local roads and, ultimately, the closure of the M26 as an action of last resort. The plans will manage potential disruption and delay at the ports, enable Kent to hold up to 12,000 goods vehicles and, for the first time, keep all Kent roads open at all times (with the exception of the M26 as a last resort if required). Should the 12,000 capacity be exceeded it will be necessary for HGVs bound for Europe to be detained outside of Kent county.
- 3.3 The Operation Fennel plans were completed in January 2019 and, following submission of the Final Emergency Plan to the Department for Transport (DfT), the Operation Fennel Strategic Group received "full support" from the former Secretary of State for Transport. The potential impact upon passenger traffic (Operation Perch) has now been integrated with Operation Brock in the overarching traffic management plan (Operation Fennel), which includes driver welfare issues. We are progressing further modelling of traffic flows, reviewing passenger welfare plans, and developing further plans for compliance and enforcement.
- 3.4 KCC has been authorised to undertake further work in preparation for Brexit including improving junctions to allow non-compliant vehicles to be "turned around" and to strengthen the drainage system at Manston Airport. Further work includes additional winter resilience to the key local highway Brock routes, dedicated highway maintenance response teams and moving the Highway Management Centre to full 24/7 operation.

Traffic Compliance

- 3.5 KCC has been working closely with Department for Transport (DfT), Highways England (HE) and Kent Police – who chair the multi-agency Strategic Co-ordination of Operation Fennel, to ensure that the relevant Kent traffic authorities have the necessary powers to direct freight vehicles to the appropriate temporary holding areas. DfT has also recently consulted on secondary legislation for powers via Statutory Instrument (SIs) to enforce driver compliance.

- 3.6 Subject to the necessary legislation being agreed on traffic enforcement powers, a checkpoint process will apply to facilitate freight fluidity on Kent's road network.
- 3.7 There will be checkpoints on key Kent roads, specifically within M20 Brock (junctions 8-9). Traffic officers (Highways England (HE) Traffic Officers and Driver and Vehicle Standards Agency (DVSA) Enforcement Officers), KCC and the Police will work together at the checkpoints. Highways England have a 'call-off' arrangement for highways officers to be drawn into Kent from around the country at short notice and similarly Kent Police have an agreement with other police forces for additional resources to be drawn from around the country. DVSA resources are also being strengthened.
- 3.8 Traffic officers will have the power to stop and ask drivers of heavy commercial vehicles to produce any documents relating to the vehicle's journey and goods that are being exported. Traffic officers will be able to direct traffic to only use certain roads including the KCC road network, and be able to levy a fine of up to £300 for non-compliance.
- 3.9 HGV drivers will be issued with a permit at specific locations to allow them to proceed to designated checkpoints to aid traffic flow. Local Haulier Permit arrangements are in place, which will enable Kent hauliers to travel to the ports without being required to join the rear of the freight queues to exit the UK.
- 3.10 If a driver does not possess a valid permit, they could be legally turned around and escorted by the Police and/or Traffic Officer to a predetermined holding area. At the holding area, the driver will be able to arrange for the correct documentation to enable a permit to be supplied. This process will be supported by local communications providing key information to hauliers.
- 3.10 As outlined in KCC's response to the secondary legislation consultation, DfT should consider extending the powers of enforcement and direction to key Kent County Council Highways Officers and explore the extension of traffic management tools such as yellow box enforcement to relieve critical junction pinch points. This additional tool will help to keep Kent moving from day 1.

Priority freight

- 3.11 Government are currently procuring additional freight capacity which is to be available from 31 October. Routing priority freight through alternative ports (including airports) in the South East would be appropriate and practical, particularly given the high demand on Kent's infrastructure. KCC requires assurance that Government has procured additional freight capacity and that prioritisation, with advance notification to freight, will be undertaken outside of Kent.

Manston and Thanet District Council

- 3.12 The use of the Manston site in Thanet is a key element of Operation Brock's traffic management plans. KCC would like confirmation of Government's updated customs/border arrangements to be applied at Manston. KCC also recommends that the Department for Transport (DFT) and the Ministry of Housing, Communities and Local Government (MHCLG) work closely with Thanet District Council to mitigate the impact of having 6000 lorries parked at Manston and should consider providing specific funding.

Rules and regulations

- 3.13 Under a no-deal Brexit, UK operators would require a permit to operate in the EU and vice versa for foreign lorries coming into the UK. Approximately 80% of lorries crossing the Dover straits in both directions are foreign owned. Just before the 29 March deadline the timelines for having permits in place was extended until the end of December 2019. KCC recommends that this should be extended for at least a further six months with our European counterparts.
- 3.14 Cabotage (the transport of goods or passengers between two places in the same country by a transport operator from another country) currently provides an opportunity for non-UK registered hauliers delivering goods into the UK to carry out return journey contracts within the UK. Whilst this helps address the demand to transport goods throughout the UK, it also helps to reduce the number of HGV vehicles on the UK's roads. It is understood that Government has made provision to allow EU hauliers to continue trading in the UK in line with current rules, including the right to perform cabotage operations. KCC requests confirmation from Government of the extended cabotage arrangements for EU hauliers beyond 31 October 2019.

4. Business Readiness

Business support

- 4.1 KCC is supporting businesses to prepare for the event of a no-deal Brexit and is asking Kent councils to promote ways in which businesses can trade with the EU. The County Council website signposts a range of information for businesses (<https://www.kent.gov.uk/business/trading-standards/trading-standards-business-advice/brexit-and-your-business>). In addition, both the South East Local Enterprise Partnership (SELEP) (<https://www.southeastlep.com/brexit>) and the Kent and Medway Growth Hub (<http://www.kentinvietchamber.co.uk/brexit-hub/>) detail information on Brexit.
- 4.2 KCC will continue to work with Kent's businesses to prepare those wishing to grow following Brexit and to strengthen the resilience of the sector. KCC Economic Development works with partners including Locate in Kent, Visit Kent, Produced in Kent, Kent and Medway Economic Partnership, Chambers

of Commerce, Freight Transport Association, Road Transport Association and, who provide bespoke support packages for businesses. In addition to access to finance through our successful Kent & Medway Business Funds, our work with partners includes the Kent International Business programme to consolidate the support offer to businesses in Kent for exporting and the business advice provided through the Kent & Medway Growth Hub. The Department for Business, Energy and Industrial Strategy (BEIS) have asked the regional Chief Executives network and the local lead officer network established by MHCLG, to share information about potential economic shocks and increased business demand for services already incurred or from additional activity aimed at local businesses, especially SMEs.

Trader readiness

- 4.3 The latest planning assumptions for the 'short straits' are that a significant number of traders are not yet border ready for 31 October and clarity is sought from Government to define the processes for general border readiness checks. The Border Delivery Group is coordinating a nationally driven communications and coordination campaign aimed at industry, hauliers and traders. KCC will support these campaigns by actively signposting them to local businesses. The Government has publicised a new web link to help businesses prepare for Brexit: gov.uk/brexit.
- 4.4 On 7 October KCC is hosting a Whitehall & Industry Group (WIG) event at County Hall for national and local businesses, to promote the ways in which they can prepare for EU exit and specifically those who trade with the EU or transit through the EU to trade with other countries. Speakers include representatives from HM Revenue and Customs (HMRC) and DfT as well as businesses who have prepared for EU Exit and can share good practice.
- 4.5 In the event of a no-deal Brexit on 31 October 2019, the Government is estimating a forecast of between 7,500 and 8,500 freight movements a day through the Dover to Calais short straits (imports and exports).
- 4.6 Sites for 'Offices of Departure' and 'Offices of Destination' will exist for the traders who have registered for Common Transit Convention (CTC) checks. The CTC was agreed in December 2018 and allows goods to move between the United Kingdom and Europe without paying import duties, until goods arrive at their destination.
- 4.7 The intention is that CTC checks can be carried out at the Office of Departure (i.e. where the goods originate). In Kent there are currently two locations where existing customs checks are undertaken; Dover Western Docks and STOP24 (adjacent to M20 Junction 11). These two sites have limited capacity and therefore additional sites are required for CTC checks. Most operators will need to pick up the necessary customs clearance forms from Customs

Stations prior to arriving at the port. It is therefore essential that HMRC provide appropriately located sites for the right paperwork to be obtained across the country. To ensure that this works, KCC urgently requires information on the likely numbers of freight (inbound and outbound) as this will impact on traffic modelling and ultimately flows in Kent.

- 4.8 KCC has consistently argued that that Customs Stations for border readiness should be situated predominantly outside of Kent, to minimise disruption on the Kent road network and avoid the risk of freight in transit arriving at Kent ports without suitable customs paperwork, being turned away and drivers then having to search for the Customs Stations in Kent. However, we accept it will be necessary to have a number of sites in Kent to address the needs of Kent based hauliers. The government is currently consulting on Special Development Orders' for sites at Ashford Truckstop and car park D at Ebbsfleet International railway station. We have raised concerns that customs stations should be predominantly located outside of Kent and that the selection of Ebbsfleet is less than ideal, bearing in mind the current congestion levels. Opportunities may also exist for temporary Customs Stations/Services to be set up across the motorway network outside of Kent. This would enable the checks on the border readiness of freight. Confirmation is sought on the locations in Kent, or outside of Kent, which would allow border readiness checks to be undertaken.
- 4.9 Whilst KCC's focus has been on border readiness checks for HGVs, we also need to ensure locations are available and capable of addressing the demand to exchange driver licences and for Motor Insurance Green Cards, which may be required for all UK drivers to drive in Europe.
- 4.10 To support business readiness Government should consider providing flexibility on the costs of new customs / travel arrangements. This could include waiving or deferring costs businesses may face such as the cost for International Driving Permits. We would hope Government is in a position to make an announcement on any flexibilities soon.

Trading Standards

- 4.11 KCC's Trading Standards team inspect goods crossing the UK border in Kent, and their new Ports Team based near the Port of Dover, comprising of five Port Import Compliance officers, was in place in March 2019. This was in response to a predicted increase in referrals. In the first quarter of 2019/20 the team dealt with a similar number of referrals to that of the entire 2018 period.
- 4.12 There are currently three points of entry into the UK located in Kent: the Port of Dover, Eurotunnel, and the 'Fast Parcel Hub' in Dartford. In future, there could be additional points of entry, including development of port capacity at Sheerness, expansion of the container terminal at Dover and a potential

increase in rail freight with inspection at Ebbsfleet. These could increase the work of Kent Trading Standards and Kent Scientific Services.

- 4.13 The EU Regulation on Accreditation and Market Surveillance (RAMS) provides the framework for both market surveillance and the control of products entering the EU from third countries. This has been transposed into UK by Statutory Instrument, which is intended to continue the coverage of the EU legislation including the relationship between UK Border Force and Trading Standards.

Kent Scientific Services (KSS)

- 4.14 Post Brexit checks on high-risk food and animal feed destined for the UK but landing first in other EU countries (Transit Goods), may not be checked for safety by the EU. The Food Standards Agency has given limited approval for a small group of high-risk foods to be checked at the Eastern Docks. These goods will be checked by Dover District Council as the Port Health Authority with scientific testing provided by KSS. The level of samples being sent to KSS from Dover is likely to be slightly higher than is the case now. There is no approval for high-risk animal feed importation and Trading Standards would have to intervene at the Port to destroy any such feed which is landed, but the anticipated volumes for this are low.
- 4.15 A no-deal scenario could disrupt KSS supply of chemicals and consumables manufactured, or part-manufactured, in the EU. To mitigate this, the service purchased, in the lead up to 29 March 2019, the supplies they require to account for a six-month contingency scenario. This level of stock is being maintained for the foreseeable future.
- 4.16 As part of the national infrastructure for food safety, any transit goods that cannot come via Dover will be directed to one of the existing Designated Points of Entry (DPE). In the southeast these include London Port, Felixstowe and Southampton. KSS, who service those ports, could see an uplift in work where checks would previously have been carried out at another EU point of entry, such as Hamburg or Rotterdam. KSS have planned for this scenario so that food supply chains are not disrupted by border controls.

5. Business Continuity Planning

Resilience and Emergency Planning

- 5.1 KCC's Business Continuity Planning (BCP) for a no-deal Brexit is being co-ordinated by the Resilience and Emergency Planning Service (REPS) within the Growth, Environment and Transport Directorate, and through the Directorate Resilience Group structures. The Resilience and Emergency Planning Service are overseeing BCP plans, ensuring plans are continually updated, and the latest BCP position will be reviewed at each Directorate

Resilience Group which are meeting monthly ahead of 31 October. Assurance of BCPs lies principally with the completing service, but support in exercising and testing BCPs is available and well publicised.

- 5.2 The Corporate Business Impact Analysis has been developed, with an 'Interdependencies' Sub-Group which will assist with oversight to ensure a more effective oversight of interdependencies across the organisation. This will be updated in line with the review of BCPs.
- 5.3 Several Brexit related emergency planning exercises have taken place since March 2019 and a further exercise is scheduled for September 2019. The exercises comprised a 'no-deal' EU exit themed emergency planning response and recovery exercise, testing command and control structures and response personnel. Exercise Phoebe, taking place in September, will test Strategic Commissioning's Business Continuity response to a range of scenarios, including a Brexit specific aspect.
- 5.4 KCC Directorates and partners are currently liaising on winter preparedness planning, including ensuring promotion and appropriate uptake of influenza vaccinations by key staff and contractors. They are also co-ordinating with Highways England on contingencies for any impacts from severe weather on the highway network during the Brexit planning assumptions period.
- 5.5 A complement of 31 Emergency Response Team personnel has now been recruited, as well as 38 Tactical Managers, who play a key role as part of KCC's Resilience and Emergency Planning in addition to their substantive posts. Several training courses are scheduled to take place ahead of 31 October 2019 including: KCC Decision Loggist Training, Emergency Planning College Tactical Training and KCC Tactical Manager Training. The Kent Resilience Forum is also holding Tactical Command Training courses aimed at Tactical Managers and Strategic Command Training courses aimed at Duty Directors and Recovery Directors.

Directorate Preparedness

- 5.6 Service level Business Continuity Plans are being maintained to ensure our services are able to meet their statutory responsibilities and identify dependencies on corporate services.
- 5.7 **Commissioning and Supply Chains:** KCC's Service Directorates and Strategic Commissioning division are working with partners, providers and across our sectors to develop a detailed understanding of potential no-deal impacts and prepare for any new arrangements which may be required. Specific plans have been progressed around engagement with providers, business continuity and communications with service users. KCC is working closely with suppliers to identify risks to service provision in the event of a no-

deal scenario and ensure providers are prepared with up-to-date business continuity plans in place so that services continue for our clients, with emphasis on our most vulnerable residents. Where required a flexible approach to contractual arrangement will be taken to ensure continued delivery of services.

- 5.8 **Kent Schools:** Kent County Council has provided briefings, guidance and a 'Brexit FAQs for Schools' on the potential impacts of a no-deal Brexit. It is anticipated the guidance will be updated early in the new academic year and re-circulated to schools following Department for Education updated national guidance. The Autumn Term district briefings for Headteachers and School Governors will also be used to reinforce messages and emphasise the importance of ongoing preparation. KCC met with the Department for Education in July 2019 to discuss preparations, including the provision of essential supplies to schools. A considerable number of Kent schools buy meals services through a framework operated on the Council's behalf by its property services company, Gen² Property Ltd. The main providers on this framework have all provided reassurance that they have considered the risks associated with Brexit and have arrangements in place to minimise disruption to their supply chains. The Fair Access service continues to work with the Transport Integration Unit and Special Schools to ensure adequate transport provision for Special Educational Needs pupils.
- 5.9 **Data Handling:** KCC has undertaken a review of its data handling practice to identify the extent of use of EU data centres. Discussions have been held with Microsoft regarding our Office 365 and Azure Cloud contracts to provide assurance on the inclusion of contractual clauses as recommended by the Information Commissioner's Office (ICO). Work has also been undertaken to review our other contracts which may include data housed within the EU. Kent County Council will consider taking appropriate action if required, including considering changes to contracts or the movement of data and associated systems to UK data centres and/or alternative suppliers where required. However, if required this is likely to be as a result of any changes to data handling standards over the medium to long term rather than present immediate issues as a result of a no-deal exit from the EU on 31 October 2019. KCC has also worked closely with Cantium Business Solutions to develop the County Council's Business Continuity arrangements around ICT resilience.
- 5.10 **KCC Communications:** The Communications Team anticipate increased demand and activity in three key areas: media, resident and business communications; website and social media updates; and an increase in contact centre call demand to both day and out of hours operations. An external facing communications management plan was established in February 2019. This includes a prominent page on Kent.gov which gives clear

messages for residents and businesses to support their own preparations. This will be regularly updated with links to relevant Government information as it is released and KCC service delivery changes and will be supported by media releases and social media posts in order to reach residents. In addition, a central Brexit email address has been set up for KCC Directorates to advise KCC Communications of service delivery changes. Options to enhance call centre capacity have been assessed with our supplier and these include temporarily relocating some service lines to premises in other counties and bolstering home working solutions within Kent. For staff communication and engagement, a full and comprehensive internal communications plan has been developed and is regularly updated, encompassing scheduled and additional messages as required for all colleagues, with supplementary information specific to managers. The engagement team are ready to provide flexible ad hoc messaging as required and will liaise closely with Human Resources / Organisational Development in case further guidance is required for managers.

6. Costs and Funding for KCC Brexit Planning

Government Funding

- 6.1 In January 2019 MHCLG announced a £56.5m package of funding for local government to help support their preparations for the original 29 March Brexit deadline. These allocations were reported to Council as part of the budget report in February and Brexit update paper in March. KCC's allocation is £87,500 in each of 2018-19 and 2019-20 (the same as every upper tier authority) and £76,087 for KRF. DfT allocated £28.8m towards additional highways expenditure on the local road network as outlined in paragraph 3.4.
- 6.2 On 4 August the Rt Hon Robert Jenrick MP announced an additional £10m would be made available in 2019-20 to support preparations for the 31 October deadline and to support the Brexit Lead Officer (see paragraph 1.3). This was most welcome and in addition to £10m already identified for 2019-20 in the original January package and held unallocated. It has subsequently been confirmed that the amounts for individual authorities from this additional allocation will be the same amount per authority as the 2019-20 allocations in the original announcement i.e. £87,500 for upper tier, £17,484 for lower tier, £104,984 for single tier, and £90,909 for combined authorities. The subsequent announcement also reconfirmed that the Secretary of State recognises that there are some areas which could face more acute pressures and further funding for these areas has been confirmed with an additional £2.6m for Kent and Medway area overall including £1m specifically for KCC.
- 6.3 Department for Transport have also made two further funding announcements. On 30 August, DfT announced £30m to be spent on

upgrades to port infrastructure, road and rail lines and to build resilience, with specific allocations to be confirmed. On 3 September, DfT announced further funding of £20m for Operation Brock arrangements including standing up Manston airport as a lorry holding facility, the implementation of border readiness checks and increased resources to ensure drivers comply with Operation Brock.

- 6.4 On 16 August MHCLG announced that it was allocating £217,300 to Kent Resilience Forum. £4m had been allocated across 38 LRFs with Kent receiving the greatest share, to reflect the level of work that is required within the resilience community to respond to the potential demands of EU Exit. Plans for spending the funding will be put to the KRF Executive Group.

KCC Spending

- 6.5 We have been capturing additional spending on Brexit preparations. This additional spending amounted to £458,350 in 2018-19. This does not include spending against the DfT grant. This expenditure included Brexit co-ordinator/project officer, standby rota, expansion of Emergency Centre, additional trading standards posts, additional IT equipment and licences, and enhanced contact centre capacity outlined in this report.
- 6.6 The additional Brexit costs were included in the 2018-19 final outturn reported to Cabinet on 24 June, and effectively reduced the balance available to set aside in the earmarked reserve to support future year's budgets. It is worth noting that rollover included £70k to fund the cost of strengthening the Council's tactical manager rota and emergency response in 2019-20 (see paragraph 5.5).
- 6.7 To date in quarter 1 of 2019-20 we have incurred a further £598,594 of identified additional costs for Brexit preparations representing ongoing costs of activities identified in 2018-19 including additional costs of extending the IT support for business-critical systems. We are forecasting that ongoing activity will result in further spending of £1,191k throughout the remainder of the year.
- 6.8 KCC will continue to take action where required to ensure KCC and Kent are prepared for a no-deal scenario. This is with the expectation that Government will fully reimburse any costs incurred. As identified in the March report we will be seeking assurances from government that all additional costs are fully funded so that there is no impact on Kent Taxpayer. If costs are not fully reimbursed these would have to met from the Council's reserves weakening our financial resilience. Weakening our resilience at this time when the government has deferred the 3-year Spending Review until 2020, and we will only receive a one-year settlement for 2020-21 will severely impact on our ability to make sound medium term financial plans.

7. Post-Brexit Cross-border Working and Funding

- 7.1 The Government has previously guaranteed that the Treasury would underwrite payments to UK recipients of EU funding in the event of a no-deal Brexit. The guarantees announced cover payments due to any EU structural and investment projects in Kent up until 2023. KCC would welcome a restatement by Government of its guarantees and any further clarification about how ongoing cross-border projects may be able to run to completion. We also seek clarification that in the 2020-2021 Spending Review Government will make provision for meeting these guarantees.
- 7.2 KCC has strong relationships at a political and service level in the near cross-channel neighbourhood and has longstanding memoranda of understanding with French and Belgian local authorities. As part of work to prepare for Brexit, the Leader and the Cabinet Member for Economic Development have met KCC's formal partners from West Flanders (Belgium); the Hauts-de-France region and the Pas de Calais Council (France). These meetings have underlined our partners' desire to strengthen relationships and work together to keep our border fluid, support our economies and tackle the grand challenges that we share.
- 7.3 KCC has received encouragement from within the UK diplomatic service to formalise this interregional work and the British Ambassador to France supports this work, and KCC is exploring how to develop a new approach to partnerships in the cross-border area. Officers are currently gathering views from across the County Council Directorates and are liaising with counterparts in the neighbouring EU authorities. This is with a view to developing proposals that could be brought to the relevant Cabinet Committees in due course. KCC highlights the value of cross-border projects and asks the Government to recognise the potential for future bilateral work post Brexit.
- 7.4 Following the EU referendum, the Local Government Association (LGA) called for a viable domestic successor to EU structural funding which would address the potential £8.4 billion UK-wide funding gap for local government. The Government has subsequently committed to creating a UK Shared Prosperity Fund. BEIS are currently undertaking work to better understand the level of EU funding and its geography to ensure the Shared Prosperity Fund maximises productivity and economic growth.

8. Recommendation(s)

Recommendation(s):

County Council is asked to:

- (1) **Note** the increased national preparations for a no-deal Brexit scenario.
- (2) **Note** Kent County Council's further preparations for a potential no-deal Brexit scenario.
- (3) **Note** Kent County Council's requests for Government action to resolve the outstanding issues as highlighted in the paper.
- (4) **Confirm** Kent County Council's Lead Brexit Officer as Barbara Cooper – Corporate Director, Growth, Environment and Transport.

9. Background Documents

- Brexit Preparedness - Kent County Council Position to County Council (July 2018)
- Business Preparedness for Brexit update to Growth, Economic Development and Communities Cabinet Committee (July 2018)
- Trading Standards update to Growth, Economic Development and Communities Cabinet Committee (September 2018)
- Brexit Preparedness - Kent County Council Update to County Council (December 2018)
- Preparations by HM Government and the European Commission for a No-Deal Brexit to Growth, Economic Development and Communities Cabinet Committee (January 2019)
- Corporate Risk Register in relation to Brexit to Policy and Resources Cabinet Committee (January 2019)
- Supporting Kent Exporters to Growth, Economic Development and Communities Cabinet Committee (March 2019)
- Brexit Preparedness - Kent County Council Update (March 2019)
- Risk Management: Growth, Environment and Transport Directorate to Growth, Economic Development and Communities Cabinet Committee (March 2019)
- Brexit: Strategic and Corporate Services Business Continuity Arrangements to the Policy and Resources Cabinet Committee (March 2019)

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Appendix - Summary of issues raised with Ministers

Abstracts from letter from the Leader of Kent County Council to Rt Hon Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government, dated 6 August 2019

- **Kent's preparedness for delays at the Port of Calais, Dover/Folkestone**
Working in partnership with the Department for Transport (DfT) and the Kent Resilience Forum, I now believe that we have a sensible strategy known as "Operation Brock" that is ready to "Go Live" at short notice which will manage disruption and delay at the ports. The new plan will, for the first time, keep all Kent roads open at all times. (For information, the previous "Operation Stack" strategy depended upon the closure of the M20, causing massive disruption across Kent – in some cases lasting for many weeks.) The detailed Operation Brock infographic is attached, which sets out the various phases which enable Kent to hold up to 12,000 goods vehicles at any one time. Should the 12,000 capacity be exceeded it will be necessary for goods vehicles to be detained outside of Kent county. The manpower issues are also well catered for, I understand that Highways England have a call off arrangement for highways officers to be drawn into Kent from around the country at short notice and similarly Kent Police have an agreement with other police forces for additional manpower to be drawn from around the country.
- **Extended traffic management powers to help facilitate Operation Brock**
Urgent consideration should be given to exploring the extension of traffic management powers to enforce and direct HGVs heading to the ports, giving Kent Police, Kent County Council Highways Officers and Highways England Traffic Officers the necessary powers of direction. These additional powers will help to marshal traffic from day 1 and will help ensure the success of Operation Brock. History has shown that without significant enforcement powers, HGVs take every available shortcut to the port and cause chaos across East Kent (particularly on smaller inappropriate rural roads).
- **Priority freight including medicine supplies**
You will be aware that the DfT are currently going through the procurement process to replace the previously commissioned additional capacity placed with DFDS and Brittany Ferries via Portsmouth to Le Havre. I understand this agreement has now expired. There is a suggestion that priority freight may end up being channelled through Folkestone and Dover which in my view is very high risk and by no means optimal. If there are delays at Calais/Dover/Folkestone, priority freight could get held up in the disruption and to my mind alternative ports in the South East seem to be more sensible and practical.
- **Licences for UK hauliers to operate in the EU and vice versa for foreign lorries entering the UK**
Under a No Deal Brexit, I understand that UK operators will require a permit to operate in the EU and vice versa for foreign lorries coming into the UK. Remember approximately 80% of lorries coming through the Dover straits are foreign owned with 40% being Polish registered. Just before the March 29th deadline the timelines for

having permits in place was extended until the end of December 2019. I believe this should be extended for at least a further six months with our European counterparts.

- **Cabotage**

Cabotage currently provides an opportunity for non-UK registered hauliers delivering goods into the UK to carry out return journey contracts within the UK. Whilst this helps address the demand to transport goods throughout the UK, it also helps to reduce the volume of vehicle through our ports. I would urge you to seek to extend the cabotage arrangements beyond 31st October. If not, there is a danger there could be too few HGVs to support the domestic UK economy.

- **The Common Transit Convention (CTC) agreement**

The CTC was agreed in December 2018 and allows goods to move between the United Kingdom and Europe without paying import duties – until goods arrive at their destination. The intention is that CTC checks can be carried out at the Office of Departure (i.e. where the goods originate). However, private sector hauliers are reluctant to invest until the Brexit conditions are known. They are therefore dependent on picking up the necessary customs clearance forms from Customs Stations prior to arriving at the port. It is therefore essential that HMRC provide appropriately located sites for the right paperwork to be obtained across the country. This important issue has been brought up at many meetings in Westminster in recent months with little progress being made. It is our view in Kent that the Customs Stations for border readiness should be situated predominantly outside of Kent, however I am hearing that it is suggested three or four to be in Kent and only one so far identified outside of Kent. I would urge a serious review of this policy to diminish the risk of freight in transit arriving at our ports without suitable customs paperwork and being turned away and drivers then having to turnaround to search for the Customs Stations in Kent and creating more mayhem. We accept it will be necessary to have two or three sites in Kent to address the needs of Kent based hauliers.

Opportunities may exist for pop-up Customs Stations/Services to be set up across the major Motorway network outside of Kent. This would enable the checks on the border readiness of freight who have not signed up to the CTC.

The Treasury should also consider methods to reduce costs on hauliers and exporters who I am told will have to face processing charges per consignment arising from the CTC process.

- **Communications**

During the course of our meeting on Wednesday, the first point you made was about public communications. I could not agree more. I am picking up from the logistics/transport/haulage industry that importers and exporters feel poorly informed on what is essential for them to carry out to satisfy customs clearance, how duties are to be paid, the paperwork needed to import and export from and into the UK (including aviation) and more broadly how the systems will operate. I imagine there will need to be both an A and a B plan, dependant on whether our withdrawal from Europe is an acrimonious or amicable on the 31st October. However, the Communications Strategy needs to be comprehensive, intelligible and clear as

possible utilising all media channels. It is important to mention too that the Communications Strategy must apply to haulage and logistics operators in mainland European so that they have the same knowledge and understanding to be able to operate in the most effective way.

Email from the Leader of Kent County Council to Jesse Norman MP, the Financial Secretary to the Treasury, dated 23 August 2019

Subject: Brexit Preparedness

Importance: High

At our regular meetings we did discuss the need to work out exactly what paperwork was needed for fluidity in the Ports both inbound and outbound and the necessity for intelligent sited additional Customs Stations (well-staffed and with sufficient parking availability) to allow hauliers to pick up the correct paperwork on the main route network, preferably before entering Kent and in many cases the paperwork assembled before the goods leave their place of origin. It is somewhat disappointing that three additional customs stations I am told are to be established in Kent and only one additional station outside of the county.

When a robust system is designed, which needs to happen urgently, it would be good if the relevant agencies operating as part of the Kent Resilience Forum can road test the new system to make sure it is well thought through and practical. As we have discussed on many occasions, when this has been finalised, we need to communicate this far and wide to all those involved in import and export, hauliers and freight operators and more broadly the logistics industry, both in Europe and within the UK.

I strongly believe if that we get this right, we can minimise disruption, especially with the cooperation of the French Ports, which has been stated by Jean-Marc Puissesseau, Deputy Mayor of Calais and President of the Ports of Boulogne: *“C’est la bullshit. Nothing is going to happen the day after Brexit... Britain will be a third country, that’s all, and there is no reason why this should lead to any problems. If both sides do their homework, traffic will be completely fluid.”*

(Email set in the context of Jesse Norman having previously been the Minister of State for the Department for Transport)

From: Paul Carter, Leader
 Mark Dance, Cabinet Member for Economic Development
 Mike Whiting, Cabinet Member for Planning, Highways, Transport and Waste
 Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: Kent County Council

Date: 12 September 2019

Subject: Reform of the South East Local Enterprise Partnership (SELEP)

Classification: Unrestricted

Summary:

Kent County Council is a member of the South East Local Enterprise Partnership (SELEP). The Government has set out reforms that necessitate changes to SELEP's governance and membership by 31 March 2020.

The paper provides background context on LEPs, describes the current governance of SELEP and the reforms specified by the Government. It then sets out a series of actions that must be undertaken if SELEP is to become compliant.

Recommendation:

The County Council is asked to NOTE this report.

1. Introduction

- 1.1 The Government has set out reforms to Local Enterprise Partnerships, which must be implemented by 31 March 2020. Consultation took place only on geography. The remaining governance reforms outlined in the review were subsequently required of LEPs to access funding.
- 1.2 This report provides background on LEPs before turning to these reforms and the actions required to implement them. The reforms have understandably been not well-received by Local Government as they significantly reduce local government representation on LEP Boards.

2. Background

- 2.1 In May 2010, the then Government outlined plans to create Local Enterprise Partnerships (commonly called LEPs) in *'The Coalition: Our Programme for Government'*¹. LEPs replaced Regional Development Agencies.
- 2.2 LEPs bring together leaders from local authorities, businesses, universities, and further education colleges. LEPs are tasked with providing the vision and leadership to

¹ 'The Coalition: Our Programme for Government' (2010) is available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/78977/coalition_programme_for_government.pdf

drive sustainable economic growth and create the conditions to increase private sector jobs in their communities.

- 2.3 A quote from The Rt. Hon. Lord Heseltine in his report *‘No stone unturned in pursuit of growth’*², provides an indication of the thinking of Government during this period:

“Experience indicated that there are some things only government can do to drive growth in the economy. It must do those relentlessly and to the very highest standards set around the world. There are many areas where government should stand aside completely. But in the vast majority of cases we will only get the very best results for our economy if government, the business community and local leaders exploit their skills and resources in partnership.”

- 2.4 At their outset, LEPs were established as non-statutory bodies. Local areas were given discretion about the composition of LEPs, provided they are chaired by a business person and at least half their members are from the private sector.

3. The Geography of LEPs

- 3.1 The geographical boundaries of Local Enterprise Partnerships were to reflect functional economic market areas. In his letter³ of 29 June 2010, Rt. Hon Sir Vince Cable (then Secretary of State for Business Innovation and Skills) and Rt. Hon. Lord Eric Pickles (then Secretary of State for Communities and Local Government) invited local authority and business leaders to come forward with proposals for establishing LEPs.
- 3.2 Kent County Council, in collaboration with Medway Council, sent in a proposal to establish a LEP for Kent and Medway, as this geography best reflects the functional economic market area. The Government responded to this proposal by asking Kent and Medway to join a larger partnership with Essex County Council, Thurrock Council, Southend-on-Sea Council and East Sussex County Council. In return for entering into this larger partnership, the Rt. Hon. Lord Eric Pickles said, *“he would make it worth our while”*.
- 3.3 The South East Local Enterprise Partnership (commonly called SELEP) was consequently established in 2011, covering Essex, Thurrock, Southend-on-Sea, Kent, Medway and East Sussex. It was one of 39⁴ LEPs proposals agreed by the Government.

4. Current Governance Arrangements of SELEP

- 4.1 SELEP is currently constituted as an informal partnership. It comprises three separate SELEP boards/panels, with four federated boards underneath, as depicted in this diagram:

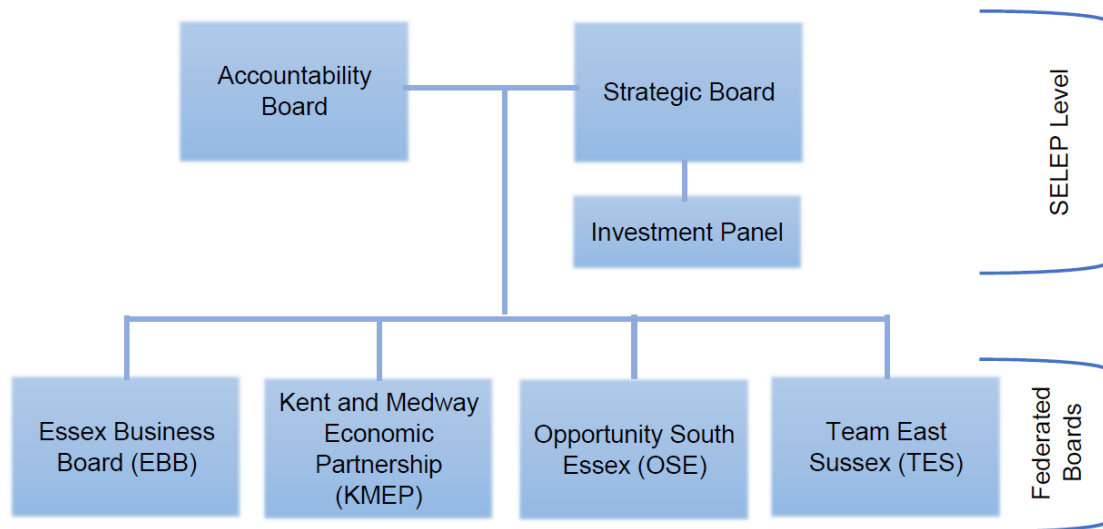
² ‘No stone unturned in pursuit of growth’ (2012) is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/34648/12-1213-no-stone-unturned-in-pursuit-of-growth.pdf

³ The letter is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32056/10-1026-final-letter-local-enterprise-partnerships.pdf

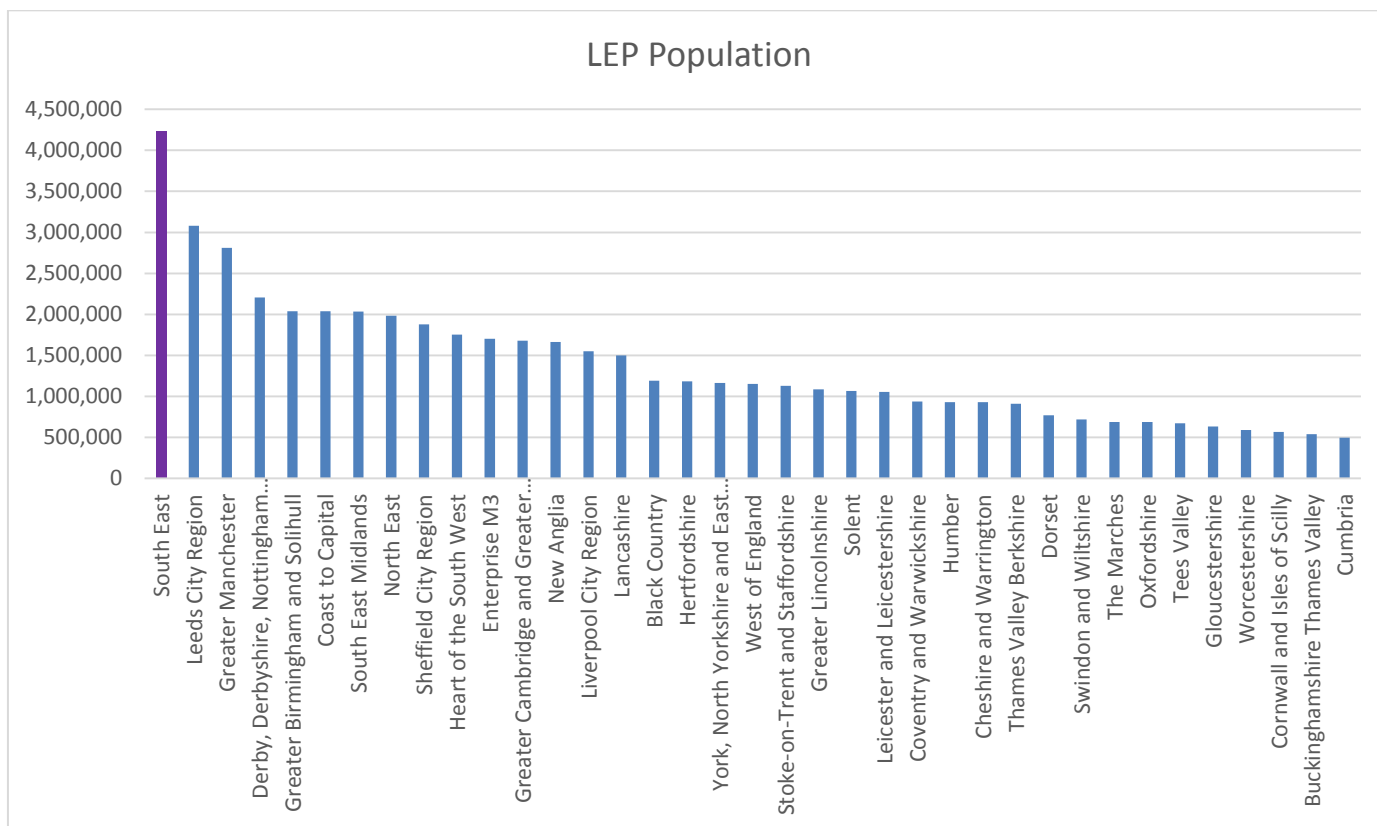
⁴ Two LEPs merged in 2016, meaning there are now 38 LEPs across the country.



- 4.2 The SELEP Strategic Board sets the vision for the Partnership. It is responsible for formulating and agreeing strategy (including investment strategies and thematic or sector-based strategies). It has an advocacy role to call on the Government and other local partners to invest in and prioritise our locality. One of the Strategic Board's responsibilities is agreeing which investment priorities should form a pipeline of projects for when future funding becomes available. It delegates this responsibility to the SELEP Investment Panel in respect of Local Growth Funding and Growing Places Funding.
- 4.3 Currently there are 28 members of the SELEP Strategic Board. 8 members represent Kent and Medway specifically; they include 4 business leaders, the leaders (or their delegate) of Kent County Council, Medway Council, and two district councils in Kent.
- 4.4 The SELEP Accountability Board provides the system of checks-and-balances. While the SELEP Investment Panel can propose which projects should receive funding, the money is only released to these projects after the SELEP Accountability Board has met to review each project's business case and voted in its favour. The SELEP Accountability Board, whose voting members are the 6 county and unitary council leaders, must be confident that the projects which SELEP invests in demonstrate high certainty of delivering good value for money in a specified timescale. No funding can be drawn down without their approval.
- 4.5 The SELEP Accountability Board operates under a Joint Committee Agreement, which was signed on the 13th November 2015 by each of the six county and unitary councils within the SELEP area. Unlike the Investment Panel, the Accountability Board is not a sub-committee of the SELEP Strategic Board.
- 4.6 A full description of the responsibilities and membership of the SELEP boards can be found in Appendix A.

5. Federated Boards of the South East Local Enterprise Partnership

5.1 The South East Local Enterprise Partnership (SELEP) is one of the largest LEPs in the country. Excluding London LEP (whose population is 8.9 million people), it is the largest LEP by population, as shown by this graph:



5.2 To facilitate informed discussion of local economic development priorities over such a large geographical area, the South East Local Enterprise Partnership established and operated under a federated board model. This is an essential and fundamental component of SELEP.

5.3 There are currently four federated boards operating in SELEP. These four boards are:

- Kent and Medway Economic Partnership (KMEP)
- Team East Sussex (TES)
- Opportunity South Essex (OSE)
- Essex Business Board (EBB)

5.4 The Kent and Medway Economic Partnership comprises 33 board members. These are:

- Leader (or their delegate) of Kent County Council – x1
- Leader (or their delegate) of Medway Council – x1
- Leaders (or their delegates) of the twelve district councils in Kent – x12
- A University Vice-Chancellor (this position is currently filled by Canterbury Christ Church University) – x1
- A Further Education College Principal (this position is currently filled by Mid-Kent College). – x1
- Business leaders from across Kent and Medway – x17. (These business leaders are selected by the Business Advisory Board – a business forum of 50

businesses, which is open to any business in Kent and Medway to apply to join).

6. Government's investment in SELEP's priorities

6.1 In recent years, the Government has made various funding streams available for LEPs to competitively bid to. These streams include:

- Local Growth Fund (LGF) – a capital grant fund
- Growing Places Fund (GPF) – a capital loan fund
- Skills Capital Fund (SCF) – a capital grant fund ring-fenced for further education projects

6.2 The table below shows the value of funding secured for infrastructure investment between 2015 and 2021:

	Local Growth Funding	Growing Places Fund	Skills Capital Fund
SELEP	£446,363,000	£54,526,042	£21,973,900
KMEP	£182,549,000	£23,006,042	£13,365,211
Kent	£140,830,000	£14,397,000	£13,166,711

6.3 In addition to these funding streams, LEPs set the strategic direction for the selection of projects to receive European Structural and Investment Funding (ESIF).

6.4 A UK Shared Prosperity Fund has been mooted as the potential replacement to Local Growth Funding and European Structural and Investment Funding following the impending exit from the European Union. A consultation was originally planned to take place in December 2018 on its remit and, at that time, civil servants had given indications that the UK Shared Prosperity Fund would be linked to the Local Industrial Strategies of the LEPs. Since this date, and the change in Prime Minister, it is unclear whether this new fund will be distributed via LEPs or not.

7. Cost of participating in the South East Local Enterprise Partnership

7.1 To date, the Government has made an annual '*general grant*' of £500k available to SELEP to part-fund the core costs of the SELEP Secretariat, which employs 15 members of staff (see Appendix B for details). However, an uncertainty at this time is both the value of and the conditions that will be attached to this core funding in future years.

7.2 The Government has previously indicated that local funding contributions to LEPs are considered important as a demonstration of commitment by partners. Consequently, an annual match-funding contribution of £200k has been received from local authority partners since SELEP's inception; the table below shows the contribution split by local authority:

Local Authority	Annual contribution to SELEP's core budget
East Sussex County Council	£26,180
Essex County Council	£71,760
Kent County Council	£72,500

Medway Council	£13,040
Southend-on-Sea Council	£8,400
Thurrock Council	£8,120
Total from local authorities	£200,000

- 7.3 In addition to the Government's 'general grant' and the contributions from the local authorities, SELEP earns interest on the LGF and GPF balances, which supplement its annual income.
- 7.4 In 2015/16, SELEP recognised that the six county and unitary councils had to put additional resource into place to support the local delivery of the Local Growth Fund and a one-off revenue contribution was made by SELEP to the councils to offset this outlay. Kent County Council received £24,857.
- 7.5 In 2018/19 and 2019/20, SELEP made available a '*local area support grant*' of £250,000 to be split among the six county and unitary councils (KCC received £54,375 in 18/19 and this will be received again in 19/20). This grant was given because of the new accountability and transparency requirements placed on councils and the local federated boards by the reforms included in the LEP Review and the Mary Ney DCLG Review. It is not known if the '*local area support grant*' will be made available in future years.

8. The LEP Review: Reform of Local Enterprise Partnerships

- 8.1 In July 2018, the Government published '*Strengthened Local Enterprise Partnerships*⁵'. This document outlines a series of reforms to the leadership, governance, accountability, financial reporting and geographical boundaries of LEPs. The Government felt these reforms are necessary to enable LEPs to play an increasingly active role in the national industrial strategy through the formulation and delivery of 'Local Industrial Strategies'.
- 8.2 It should be noted that the '*Strengthened Local Enterprise Partnerships*' paper consulted only on geography. The remaining governance reforms outlined in the review were subsequently required of LEPs to access funding.
- 8.3 This paper will now consider each of these reforms:

Reform: The role of LEPs

- 8.4 Originally LEPs were given a broad and relatively unspecified role 'to drive sustainable private sector-led growth and job creation'. The Government has now stated that the LEP role must focus on the following four activities:
- **Strategy:** Develop an evidence-based **Local Industrial Strategy** by early 2020 that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.

⁵ Strengthened LEPs is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf

- **Allocation of funds:** LEPs must identify and develop local investment opportunities; they must prioritise the award of local growth funding; and they must monitor and evaluate the impacts of their activities to improve productivity across the local economy.
- **Co-ordination:** They must use their convening power, for example by co-ordinating responses to economic shocks; and bringing together partners from the private, public and third sectors.
- **Advocacy:** They must collaborate with a wide range of local partners to act as an informed and independent voice for their area.

Reform: LEP Geography

- 8.5 On publishing ‘*Strengthened LEPs*’, the Government consulted on whether the geographical boundaries of any LEP should change to better reflect “functional economic areas”. The review stated: -

“Ask Local Enterprise Partnership Chairs and other local stakeholders to come forward with considered proposals by 28 September 2018 on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers. Government will respond to these proposals in the autumn and future capacity funding will be contingent on successfully achieving this”.

- 8.6 The issue was discussed at SELEP and KMEP board meetings. The decision made by Kent and Medway representatives at the KMEP board meetings⁶ was to support the retention of the current SELEP geography only if existing federal governance arrangements and local government representation could continue and the current SELEP Accountability Board arrangements be retained.
- 8.7 This view was echoed by the SELEP Strategic Board⁷, who voted in favour of retaining the current geography. The SELEP Chairman stated that:
“SELEP should resist the proposed changes to board membership and size in the strongest possible terms and maintain the current SELEP geography and governance arrangements that we have made to work.”

Reform: LEP leadership & composition

- 8.8 The Government’s reforms seek changes to LEPs’ board composition. From 2020/21, Local Government’s representation – currently at 50% - **will reduce to one third. Two-thirds of LEP board members should be from the private sector.** In addition, the main board of each LEP **must have no more than 20 members.** However, there is the option to co-opt up to five additional board members with specialised knowledge for the maximum of one year.

⁶ KMEP board minutes from the governance discussion in September 2018 and January 2019 are available at: http://kmep.org.uk/documents/KMEP_Board_Papers_-_18_October_2018.pdf and http://kmep.org.uk/documents/KMEP_Board_Papers_-_25_March_2019.pdf

⁷ SELEP board minutes from the governance discussion in September and October 2018 are available at <https://www.southeastlep.com/meetings/selep-strategic-board-meeting-28th-september-2018/> and <https://www.southeastlep.com/meetings/special-strategic-board-meeting-25th-october-2018/>

8.9 The Government wants LEP boards to represent the diverse communities and businesses that they serve. Consequently, LEPs must improve the **gender balance** and increase the representation of those with protected characteristics on boards. The Government wants women to make up at least 33% of LEP boards by 2020, rising to **50% by 2023**.

8.10 Other reforms and key comments include:

- A **Deputy Chair** for each LEP must be appointed.
- LEPs should consult widely and transparently with the business community before **appointing a new Chair**.
- LEPs must introduce **defined term limits for Chairs and Deputy Chairs** in line with best practice in the private sector.
- The LEP secretariat must be independent of local government.
- LEPs are encouraged to have more **diverse representation of sectors**, and should consider having entrepreneurial and growing start-ups representatives, as well as voluntary and community sector bodies.

8.11 To help the LEP board members fulfil their duties, the Government will offer them an **induction and training programme**.

Reform: LEP accountability & transparency

8.12 LEPs must operate to the highest standards of accountability, transparency and governance in the use of public funding. '*Strengthened LEPs*' includes the following reforms:

- LEPs must become companies with a **separate legal personality**. This will allow LEPs '*to enter into legal commitments to take on further responsibilities in the future*'.
- LEPs must identify a single **Accountable Body**. Its Section 151 Officer will be responsible for maintaining accountability and for the proper conduct of financial affairs in the LEP.
- LEPs must actively participate in relevant **local authority scrutiny** panel enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions.
- LEPs ought to arrange and properly promote **AGMs** that are open to the public and businesses, so they can understand and influence the economic plans for the area.
- LEPs **must set out exactly who is accountable** for spending decisions, appointments, and overall governance locally in its schemes of delegation and partnership agreements – giving clarity on the responsibilities of the Chair, Board, Director, and Accountable Body.
- The Government requires **robust evaluation of individual projects and interventions** before it invests public funds.

8.13 The Government has introduced a **new National Assurance Framework for LEPs**⁸ that details the Government's approach to intervention when there is non-compliance or underperformance by LEPs.

⁸ The new National Assurance framework is available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/768356/National_Local_Growth_Assurance_Framework.pdf

Reform: LEP performance & resources

- 8.14 The current performance management of LEPs is mainly conducted through the annual conversation between Government and the LEP Management Team (i.e. Chair, CEO, and S151 officer). In addition, the Government receives quarterly data monitoring reports from each LEP.
- 8.15 In future, there will be increased dialogue between the Government and LEPs. There will be a senior official sponsor for each LEP, and a Prime Minister-chaired Council with LEP Chairs. In addition, as well as the existing annual conversation (between Whitehall and each LEP's Management Team), the Government will introduce a new **mid-year review session** with each LEP. SELEP's first mid-year review session is scheduled for September 2019.
- 8.16 Each LEP will be responsible for producing an **annual delivery plan**⁹ and **end-of-year report**, the first of which had to be produced by **April 2019**.
- 8.17 The annual delivery plan and end-of-year report, coupled with an **annual economic outlook** commissioned by the Government, will be published and used to benchmark LEPs' performance and economic performance across the country.
- 8.18 The Review emphasises that the Government's primary ambition is for LEPs to act as a self-regulating sector, hence the final reform is for there to be **regular peer review** to assess and improve LEP performance, supported by the LEP Network.

Reforms: Timeframe for implementation

- 8.19 '*Strengthened LEPs*' sets out key dates for implementing the reforms which include:
- LEPs must have their new legal structure in place by **April 2019**. SELEP requested a one-year extension by the Government due to its larger size.
 - The Government wants women to make up at least 33% of LEP boards by **2020**.
 - The Government will agree all Local Industrial Strategies across England by **early 2020**.
 - The Government wants women to make up 50% of LEP boards **by 2023**.

9. Consequence of non-compliance with the reforms

- 9.1 Where the Government has concerns that its reforms are not being enacted by a LEP, it will proceed to use a spectrum of intervention options. The interventions used will depend on the specific circumstances related to the non-compliance or under-performance identified. The spectrum of intervention options include, but are not limited to:
- **Central Government (official) engagement:** The possible interventions that the Government may take include senior civil service officials observing LEP Board meetings, and observing recruitment or procurement processes.

⁹ The draft SELEP Delivery Plan is available at: <https://www.southeastlep.com/app/uploads/2019/03/Agenda-Item-5-Appendix-A-Draft-Delivery-Plan-1920.pdf>

- **Agreement of a formal action plan:** the Cities and Local Growth Unit will request the LEP to design and implement a formal action plan to address any concerns.
- **Improvement partners:** the Cities and Local Growth Unit may ask a high-performing LEP and/or the LEP Network to provide advice and support to LEPs with performance issues.
- **Risk-based deep dive:** Members of the National Oversight and Compliance Team will visit the LEP and will undertake an in-depth review of LEP accountability and transparency arrangements, allowing the team an opportunity to observe the culture and leadership arrangements within the LEP.
- **Withholding and/or withdrawing funding:** to ensure probity of public funds, funding may be partially or fully withheld until improvements in LEPs are made. The specific amount and type of funding withheld will depend on the circumstances of the LEP and the specific concerns which need to be addressed. The funding withheld could include Local Growth Funding.
- **Expression of loss of confidence:** where the Government has lost confidence in the ability of the LEP to deliver its objectives, Ministers will write to the LEP to express a loss of confidence in its leadership.

10. Next Steps: Implementing the reforms in the South East

- 10.1 SELEP is committed to implementing the Government's reforms by March 2020. At its meeting in June 2019, the SELEP Strategic Board endorsed a new local assurance framework¹⁰. This framework sets out how SELEP operates and makes SELEP compliant with the majority of the Government's new reforms. However, two key reforms still must be adopted. Namely, SELEP must become a legal entity and its board composition must be reformed.
- 10.2 The SELEP Strategic Board has already decided that SELEP should become a **company limited by guarantee** and should be a **nil return company** (to prevent VAT liabilities) by March 2020. It has made the commitment to reduce its Strategic Board membership to 20 members, plus 5 co-opted members by March 2020, but how its current membership is reduced from 28 members is yet to be agreed.
- 10.3 Consequently, the SELEP Strategic Board has established two working sub-groups to consider a) the future SELEP board composition and b) SELEP's legal personality.
- 10.4 Rodney Chambers (Cabinet Member at Medway Council) and Jo James (CEO of the Invicta Chamber of Commerce) sit on the future board composition sub-group to represent Kent and Medway.
- 10.5 Rodney Chambers and Douglas Horner (Kent Businessman) sit on the future legal personality sub-group to represent Kent and Medway.
- 10.6 Both sub-groups are expected to present their draft proposals to the SELEP Strategic Board on 4th October for consideration.

¹⁰ Local <https://www.southeastlep.com/good-governance/assurance-framework/>

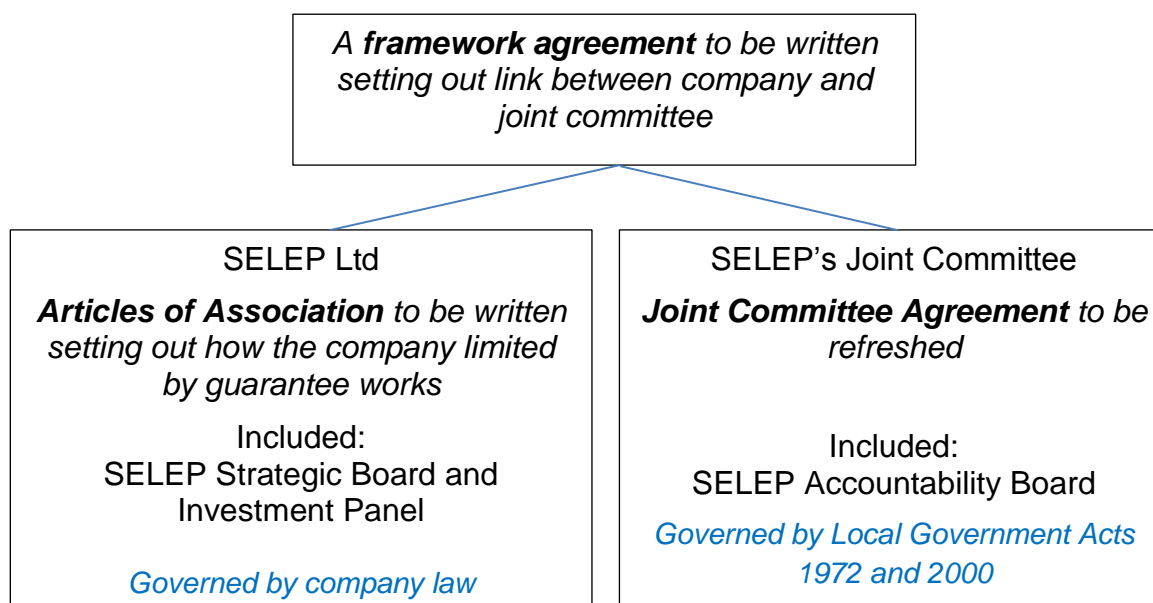
10.7 Until 4th October, no decisions will be made. However, the latest suggestions originating from the future board composition sub-group include asking the SELEP Strategic Board to agree:

- the principle that the 20 SELEP board members (excluding the Chairman and Deputy Chairman) should continue to be nominated by the federated boards, with the higher and further education representatives being co-opted members; and
- the principle that the number of SELEP Strategic Board members per federated board is proportional to each federated area's population, to enable fair geographical representation.

10.8 The latest suggestions originating from the future legal personality sub-group include asking the SELEP Strategic Board to agree on 4th October that:

- The SELEP Strategic Board and SELEP Investment Panel form the company limited by guarantee. To set up this company, articles of association must be written which comply with company law.
- The directors of the company will be the 20 individuals that will form the new SELEP Strategic Board.
- The membership of the company could be the SELEP directors and the federated board members.
- The SELEP Accountability Board is retained. As this board is governed by local government law, rather than company law, it must sit outside SELEP Ltd. The Joint Committee Agreement, signed on November 2015, will require minor changes to ensure it is fit-for-purpose.
- A Framework Agreement to be written to govern the relationship between the company and joint committee.

The diagram below highlights the three documents which must be agreed:



10.9 The Chief Monitoring Officer at Essex County Council, in collaboration with the SELEP Chief Operating Officer, are producing a draft framework agreement, articles of association and refreshed joint committee agreement for SELEP to consider on 4 October 2019 and 6 December 2019.

- 10.10 The meeting schedules of SELEP and the local federated board (KMEP) are shown below to indicate when the decisions regarding governance are due to be made:

<i>KMEP Board meeting date</i> <i>(Pre-examine SELEP board papers)</i>	<i>SELEP Strategic Board meeting date</i>
24 September 2019	4 October 2019
26 November 2019	6 December 2019
28 January 2020	31 January 2020
17 March 2020	20 March 2020

SELEP intends the 20 March 2020 to be the first meeting of the new company directors.

- 10.11 To ensure full compliance with the reforms, the KMEP terms of reference will be updated in autumn 2019. Also, an open, transparent and merit-based recruitment process will be undertaken in late autumn to recruit business leaders to the seventeen positions available on the Kent and Medway Economic Partnership for 2020/21.
- 10.12 County Councillors are asked to promote this opportunity to serve as a KMEP business leader at any business forums/private sector networking events. Companies can express their interest by inputting their details to: <http://kmep.org.uk/apply>

11. Next Steps: Kent County Council's engagement with SELEP

- 11.1 A paper is being taken to KCC's Growth, Economic Development and Communities Cabinet Committee (GEDCCC) on 28th November 2019. This paper will set out any decisions that SELEP Strategic Board make on 4th October regarding board composition and legal personality, and its implications for Kent.
- 11.2 Accompanying the GEDCCC paper will be a KCC key decision that will be shortly published on the forward plan. This proposed decision, to be taken by the Leader following a Cabinet discussion on 2nd December 2019, is anticipated to consider whether the Council wishes to reaffirm its participation in the South East LEP; seek agreement to enter into the revised Joint Committee Agreement under a SELEP framework agreement; and to agree representation by the Executive on SELEP and KMEP.

12. Risks and mitigations

- 12.1 The strategic risks and mitigations associated with the implementation of the LEP review are detailed in the SELEP risk register in Appendix C.
- 12.2 A key risk facing Kent's local authorities is that fewer democratically elected representatives will be SELEP directors. The ratio set by the government (that two-

thirds of SELEP directors must come from the private sector) will chiefly impact district council leader representation on the SELEP board.

- 12.3 There are 29 district councils from 3 county shires within the SELEP geography, and potentially there will be only 2 co-opted SELEP board positions available to them. The loss of district council leaders' local economic development, planning, housing, environmental and community knowledge will have a significant impact on the effectiveness of the LEP unless appropriate mitigation is in place to ensure their views are still heard.
- 12.4 This mitigation includes the continued use of the federated boards, where there is full representation by the Kent and Medway district council leaders. The new SELEP Articles of Association must be written to reflect its federated board structure.
- 12.5 If the board composition sub-group proposal is agreed on 4th October, the majority of the SELEP directors will be selected by the federated boards, helping to retain the connection between SELEP and the local authorities.
- 12.6 The retention of the SELEP Accountability Board, whose voting members are solely the local authorities, is another core mitigation to ensure democratic oversight and scrutiny on the use of public funds.
- 12.7 A second key risk is the recent change of Government may affect the policy and funding landscape. Significant resource is being directed by SELEP and its partners towards implementing the LEP reforms and producing a Local Industrial Strategy. It is unclear if the Local Industrial Strategy will be linked to the future UK Shared Prosperity Fund. Indeed, recent influential reports call on the new Government to phase out LEPs (see the conclusion for more details). Close contact will be maintained with civil servants to monitor the situation as it evolves and KCC officers will report any changes to the Executive so appropriate action can be taken.
- 12.8 Finally, there is a risk that all the LEP Review requirements are not implemented in line with Government's expectations, including the requirement for all changes to be executed by the end of the financial year. There are many changes to be made, some of which are very complex and have impacts on partner organisations. The nature of this type of fundamental change brings an inherent risk. If the LEP review requirements are not implemented, there is a high risk that government funding for 2020/21 (potentially including Local Growth Funding) will be withheld. This has consequences for the County Council, which has LGF-funded programmes of work underway, which run over multiple years. Additional staff have been recruited by SELEP this year to add resource and action plans are in place to minimise this risk.

13. Conclusion

- 13.1 With considerable support from Kent County Council, local businesses and local council partners across the SELEP geography, we have made the existing governance arrangements work by operating a federal structure of decision-making and prioritisation. Working together, we have received over £0.5billion investment from Government for the SELEP area, Kent (excluding Medway) benefiting from £168,393,711 of funding.

- 13.2** However, this has been made possible through strong local government representation. While there is a business majority on the main SELEP Board, voting members of the SELEP Accountability Board are the six county/unitary authorities, reflecting the funding, risk and accountability they take for the delivery of projects within their areas.
- 13.3** Under the new governance arrangements, it is being suggested by the SELEP officer team that the potential solution could be as follows. A two-thirds business representation on the SELEP Board, it is critical and proposed that the SELEP Accountability Board retains its role. In particular, with district leader representation reduced to just two members on the SELEP Strategic Board, the SELEP Accountability Board members must continue to reflect the prioritisation and decisions made at the Kent & Medway Economic Board (as the federal board for Kent & Medway) on which all district councils are represented.
- 13.4** At the same time, KCC must continue to monitor national policy to ensure it is positioned for maximum opportunity from any future changes to Local Growth policy. While there has been no official change to Government policy on LEPs, the new Prime Minister has been clear of his desire to “*give greater powers to council leaders and to communities*” [PM’s speech at Manchester Science and Industry Museum, July 2019]. At the same time, an influential think tank (Policy Exchange) has questioned the future of LEPs, stating “*LEPs should not be given any more responsibilities and should be phased out...their responsibilities...transferred to mayoral combined authorities or county councils (assuming they develop a more strategic role)*”¹¹
- 13.5** Potential opportunities include the Shared Prosperity Fund (currently to be routed through Combined Authorities and LEPs), Industrial Strategy, and new powers linked to the previously proposed Devolution Framework, or freedoms and flexibilities from any future place-based deals.

14. Recommendations

The County Council is asked to NOTE this report.

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¹¹ Modernising the United Kingdom: Unleashing the power of the Union – ideas for new leadership is available at: <https://policyexchange.org.uk/wp-content/uploads/2019/08/Modernising-the-UK.pdf>

Appendix A

SELEP Boards: current roles, responsibilities, and membership

The SELEP Strategic Board sets the strategic direction of the SELEP, providing clear strategic leadership and championing shared SELEP priorities. It is the main SELEP interface with Government, bringing together both private and public sectors to drive local growth and job creation, and to oversee all activity to deliver these aims.

Working collectively, SELEP Strategic Board members are responsible for:

- (a) setting the vision, strategic direction and priorities of the LEP overall;
- (b) ensuring the development, maintenance and delivery of evidence-based strategy. These strategies include, but are not limited to:
 - (i) the Economic Strategy Statement (ESS);
 - (ii) a Skills Strategy;
 - (iii) The Energy Strategy;
 - (iv) the European Structural Investment Funds (ESIF) strategy; and
 - (v) a Local Industrial Strategy;
- (c) developing a pipeline of projects for investment: a role it has delegated to the SELEP Investment Panel in respect of LGF;
- (d) considering and agreeing a position on major items of strategic importance;
- (e) publishing arrangements for developing, prioritising, appraising and approving projects with a view to ensuring that a wide range of delivery partners can be involved;
- (f) approving the annual Delivery Plan;
- (g) monitoring progress in completing the activities and key performance indicators (KPIs) set out in the Delivery Plan;
- (h) championing the LEP and the LEP area in all other forums;
- (i) supporting pan-LEP activity undertaken by the working groups;
- (j) working closely with Federated Boards to oversee Growth Hub, Enterprise Zone and City Deal activities;
- (k) endorsing local areas' efforts to advance projects for economic growth which may not be directly linked to the LEP;
- (l) ensuring that adequate capacity and expertise is maintained to deliver against the above (a-k).

The SELEP Strategic Board is made up of 28 members and currently at least half of the members are required to be from the private sector.

These 28 Members are currently as follows:

- Chairman from the Business Sector - x1
- Business representatives from Essex, Thurrock and Southend-on-Sea - x5
- Local government representatives from Essex, Thurrock and Southend-on-Sea - x5
- Business representatives from Kent and Medway - x4

- Local government representatives from Kent and Medway - x4
- Business representatives from East Sussex - x3
- Local government representatives from East Sussex - x3
- Higher education representative - x1
- Further education representative - x1
- Social enterprise business representative - x1

The SELEP Investment Panel is an advisory sub-committee of the SELEP Strategic Board.

The Investment Panel's role and responsibilities include:

- (a) Reviewing the initial list of projects sifted and prioritised locally by federated boards
- (b) Conducting a prioritisation process for those projects requiring capital investment based on the approach agreed by the Strategic Board, with regard for the outcome of the ITE assessment of projects and in accordance with the SELEP Assurance Framework;
- (c) Making recommendations for the provisional allocation of funding to projects prioritised by the Investment Panel. The final award of funding will be made by an Accountability Board decision; and
- (d) Considering priorities for future funding from Government in accordance with the priorities identified through the SELEP's Economic Strategy Statement (ESS), along with emerging SELEP and Government priorities.

Membership of the SELEP Investment Panel includes:

- (a) Chair of the SELEP Strategic Board
- (b) 6 County/Unitary Authority Representatives;
- (c) 6 Private Sector Business Representatives, including 2 from TES, 2 from KMEP and 2 from across EBB and OSE;
- (d) 1 Higher Education Representative; and
- (e) 1 Further Education Representative

The SELEP Accountability Board provides the accountability structure for decision-making and approval of funding within the overarching vision of the Strategic Board. No changes to the structure of the Accountability Board are proposed as a result of the LEP Review.

The Accountability Board operates under a Joint Committee Agreement, which was signed on the 13th November 2015 by each of the six County Council/ Unitary Authorities within the SELEP area.

The Accountability Board is responsible for the sign-off of all funding decisions, having regard to the Independent Technical Evaluator (ITE) recommendations. This includes any direct awards of funding from the Government, such as for Department for Transport retained schemes.

The responsibilities of the Accountability Board are summarised below:

- (a) Appraisals and approvals of capital grants and loans with regard to the ITE recommendations;
- (b) Monitoring project assessment, implementation and delivery;
- (c) Ensuring accountability from each of the federated areas relating to expenditure and programme delivery (through their responsible Section 151 Officer);
- (d) Approving project changes;
- (e) Quarterly performance reporting on an exception's basis to the Strategic Board;
- (f) Reporting on progress to Government;
- (g) Any other accountability or assurance function required by Government or recommended by the auditors or the S151 Officer of the Accountable Body;
- (h) Agreeing all new or revised processes in relation to the spend of grant funding;
- (i) Agreeing the annual budget of the Secretariat, plus any subsequent variations to that budget. Once agreed, the budget will be managed under the Financial Regulations of the Accountable Body and the associated Scheme of Delegation; and
- (j) Ensuring the implementation of the SELEP Assurance Framework

The SELEP Accountability Board membership is as follows:

Voting members

- (i) 1 member appointed from each of the 6 County Council/ Unitary Authorities.

Non-voting co-opted members

- (i) One Vice Chair of the Strategic Board, appointed by the Chair of the Strategic Board.
- (ii) (One member appointed by the Accountability Board on the nomination of the higher education sector
- (iii) One member appointed by the Accountability Board on the nomination of the further education sector

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Appendix B

Positions within the SELEP Secretariat in August 2019

- SELEP Chief Executive Officer
- SELEP Chief Operating Officer
- SELEP Capital Programme Manager
- SELEP Capital Programme Officers x 2
- SELEP Skills Manager
- SELEP **Business Engagement and Communications Manager**
- SELEP **Strategy and Intelligence Manager (Job-share by two individuals)**
- SELEP Programme Manager
- SELEP Governance Officer
- SELEP Growth Hub Manager
- SELEP Digital Skills Partnership Co-ordinator
- SELEP Business Development Manager
- SELEP Business Operations Assistant

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Appendix C - SELEP Risk Register (June 2019)

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines
1	LGF grant payment for 2019/20 isn't made because of either LEP Review non-compliance or APR Assessment. LGF Programme would have to stall. Potential possibility of legal	0	0	0	Risk to be removed - LGF payment for 2019/20 received		
2	Revenue grants for Core Funding and LIS/LEP Review support aren't made due to non-compliance. Reduced revenue budget to support Secretariat costs in 19/20 and reduced ability to begin work on LIS (see ref 3)	1	2	2	The bulk of funding has now been received but the additional capacity funding (£200K) is still outstanding. Pressure on CLGU to release details/timing of funding continues, but there is currently sufficient reserves to offset the impact should this funding not be received, although this will impact on future activities	SB	30/06/2019
3	LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	4	5	20	Action plan put into place. Priority given to implementation of recommendations above other tasks using current resource, still a large amount of work required in a limited time period	AB/SB	Various
4	Current Board unable to agree on preferred option for revised Board that complies with Board Size and Composition requirements in LEP Review - endangering future allocations of funding from Government	4	5	20	LEP Review work continues and independent review contract is being put into place	AB	31/03/2020
5	Proposed approach to incorporation not agreed with Board or Government. Substantive shift of transactions/staffing to move into new company with consequent implications on staffing and costs	0	0	0	Risk to be removed Board agreed approach to nil return company - see new risk number 27 below	SB	31/03/2020
6	Resignations from Board members if unhappy with new requirements/liabilities due to revised model	4	2	8	Model to be designed to not increase liability of Board Members and stakeholder management plan to be devised and put into place	AB	Ongoing
7	LGF Programme slips beyond agreed programme end date of 31/03/2021	5	2	10	Capital Programme Manager liaising with both CLoG and DfT to forewarn. If funding is available, impact should be limited but may impact on future funding allocations such as UKSPF	RM	Ongoing

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines
8	LIS isn't produced in line with Government requirements and or deadlines. Potentially impacts on future funding allocations and reputation of LEP	4	4	16	Increase volume on the potential impact of withholding revenue funding. Use short term contracts funded through interest receipts and reserves to support work	AB	31/03/2020
9	Increase in scope of work and requirements from Government overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	5	5	25	Additional staff taken on and support from partners taken up. SB and AB to develop plan to ensure stress levels are manageable and how high workloads can be managed. Non core tasks are dropped	AB/SB	Ongoing
10	End of Chair's term. Sourcing replacement adds additional load to Secretariat team and right candidate might be difficult to find	3	3	9	Work with LEP Network to identify good process. Have process planned in advance. Use Accountable Body where possible	AB	31/03/2020
11	UKSPF planning requirements - currently don't know how UKSPF will operate and what the impact could be on team. Possibility that funding to area will be very limited and might lose traction with partners	2	3	6	Continue to work with LEP Network to keep abreast of developments - Strong Town Centres Fund may be an indicator of where future funding is allocated and therefore a reduced availability to the South East	JS	Unknown
12	GPF projects do not repay or do not repay in timely manner, creating a gap in funding meaning future agreed but not completed projects are stalled	2	3	6	GPF repayments status updated to Board. Further rounds of GPF held back until further assurances made on repayments. Headroom held on fund to offset non-payment	RM	Ongoing
13	LGF Profiling gap in 2019/20 - funding is not available to support all projects in year	1	4	4	Slippages on in-flight projects and projects that are likely to drop out of programme reduce the risk, as does the postponement of decision on projects dropping out. However this does increase the risk at item 7	RM	31/03/2020
14	ECC choses to no longer be the Accountable Body for SELEP. Transfer to another willing Accountable Body would be timeconsuming, expensive and undermine governance requirements	2	4	8	Continue to work with the Accountable Body providing all assurances needed. Secretariat to comply with AB requirements and be frictionless as a minimum	AB/SB	Ongoing
15	Grants aren't properly administered/applied and are clawed back by Government	2	3	6	Back to back agreements in place with delivery partners to ensure clawback from them is possible. Grants administer by AB in line with their grant accounting procedures	SB	Ongoing

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines
16	Brexit - no deal impact on staff road/access etc	3	4	12	Impact on staff, meetings and general ability to travel in the area - limited scope to influence but contingency plans can be put into place - homeworking etc. Risk has reduced but may increase in the run up to the revised withdrawal date	AB/SB	31/10/2019
17	Increased expectations from Govt dept for information on impact of Brexit	4	3	12	Current requests have decreased following revised timeline. This may increase over the summer in the run up to revised withdrawal date	AB/SB	31/10/2019
18	Brexit - policy paralysis in Whitehall	5	2	10	Whitehall and Government are currently distracted by Brexit and this will continue until it is clear what the exiting arrangements are. If it is a no-deal situation then this may continue beyond exit date	AB/SB	31/10/2019
19	Achievement of Growth Deal outcomes	4	3	12	The outputs that were agreed in the LGF may not be deliverable due to changes to the economic environment on a national or sub-national basis. Whilst this is fairly likely, it is probably unlikely that there will be much impact as long as we can demonstrate the reasons for non-delivery	RM	Ongoing
20	Future funding levels change	4	4	16	Current funding levels are boosted by the interest being earned on LGF/GPF balances held. As those balances run down the interest paid will reduce. This may be mitigated by further funding being made available by Govt and/or UKSPF being held	AB/SB	31/03/2021
21	Economic shocks impacting on business engagement	3	3	9	Economic shocks whether from Brexit or otherwise could impact on our business representatives capacity and capability to engage with our agenda. In part this can be mitigated by more engagement with larger employers who have more capacity	ZG	Ongoing
22	Growth Hubs - the current model may hinder progress in changing the service shape of Growth Hubs to comply with Government policy requirements	4	4	16	Working to build a better relationship with Growth Hubs and increase Board visibility of the Growth Hubs and the requirements of Government. Ensuring Growth Hubs feature in the LIS as it develops	IB	Ongoing

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines
23	SELEP team are unable to appoint the required additional resource to support delivery of the LEP review requirements expected to be implemented by February 2020; this may impact on receipt of funding in future years	2	5	10	Funding has been included in the 2019/20 budget to support the development of the LIS and the implementation of other LEP review requirements, such as, incorporation of the SELEP.	AB / SB	31/03/2019
24	Level of reserves held is insufficient to cover any potential severance costs as a result of the increasing size of the SELEP Secretariat.	2	3	6	The level of reserves will be held under review by the Accountable Body in light of recent and proposed future changes to the Secretariat; where required a revised position will be presented to the Accountability Board for approval.	Accountable Body	Ongoing
25	Change in national government or change in policy direction requires wholesale changes to work plans and direction of travel during the year	4	5	20	At time of writing a Leadership change looks likely which may result in a change of policy direction in the near future. There is little SELEP can do to mitigate the risk but the Secretariat will keep in close contact with officials in Government to ensure any changing policies are flagged as soon as possible	AB/SB	Ongoing
26	SELEP geographic boundaries become untenable and the partnership breaks	1	5	5	Confirmation from Ministers that they consider SELEP geography to be set at this point means the likelihood of breakup is currently low.	AB	Ongoing
27	LEP Review - Incorporation, workstream unable to agree on recommended structure for the new company or unable to agree in the timeline available	3	5	15	The new workstream to lead the incorporation work is only just established. There is a risk that there is no consensus on what options should be presented to Board for decision on the structures of the new company, or that a consensus can't be reached in the short timelines. The potential impact of no agreement is an impact on funding in 2020/21. This risk will need to be managed by the Workstream Lead in conjunction with the Secretariat	SB	31/03/2020

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines
28	Newhaven Enterprise Zone: transfer of the responsibility of the EZ to SELEP in this year. Will require additional resource and currently many uncertainties as to the future model for delivery and how the transfer of responsibility will be made. This will include the transfer of LGF Funding. This could stall the progress on the EZ and potentially damage SELEP reputation	2	4	8	Conversations with interested parties such as C2C LEP, Lewes District Council, East Sussex County Council and the Accountable Body are ongoing. All partners are committed to limiting any impact on the operations of the EZ	AB	31/03/2020

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By: Peter Oakford, Deputy Leader and Cabinet Member for Finance and Traded Services
Dave Shipton, Head of Finance (Policy, Planning and Strategy)

To: County Council 12 September 2019

Subject: **TREASURY MANAGEMENT ANNUAL REVIEW 2018-19**

Classification: Unrestricted

Summary: To report a summary of Treasury Management activity in 2018-19

**FOR
INFORMATION**

INTRODUCTION

1. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). At KCC half yearly reports are made to Council and quarterly updates are provided to the Governance and Audit Committee. Members of the Treasury Management Advisory Group (TMAG) also receive monthly updates.
2. The Council's Treasury Management Strategy for 2018-19 was approved by full Council on 20 February 2018.
3. The Council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
 - a) Reports on the implications of treasury decisions and transactions;
 - b) Gives details of the outturn position on treasury management transactions in 2018-19;
 - c) Confirms compliance with its Treasury Management Strategy, Treasury Management Practices and Prudential Indicators.

EXTERNAL CONTEXT

Economic background

4. After falling to 0.2% in Q4 2018 quarter-on-quarter GDP increased by 0.5% in Q1 2019 and annual GDP growth rose to 1.8% mainly due to positive private and government consumption. Both the quarter's figure and the year-on-year figure met expectations.
5. UK Consumer Price Inflation (CPI) for March 2019 was up 1.9% year/year, unchanged from February 2019. The most recent labour market data for the three months to March 2019 showed the unemployment rate at 3.8%, the lowest since October to December

1974 while the employment rate of 76.1% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% while real wages were up 1.5% compared with a year earlier.

6. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since. While in the US the Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.
7. The ongoing uncertainty around the UK's departure from the EU continues to weigh on sterling and UK markets. Globally the first quarter of 2019 was overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets

8. After a significant fall in equity values in December markets have rallied since the beginning of 2019, and the FTSE 100 and FTSE All share indices were both around 10% higher at the end of March than at the end of 2018.
9. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate in August pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Credit background

10. Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. The big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank plc) completed the transfer of their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities and started trading as separate entities from 1 January 2019.
11. In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities. There were minimal other credit rating changes during the period.

12. The impact on KCC's counterparties and investments of the uncertain economic environment is being carefully monitored by officers and Arlingclose, the Council's treasury advisors.

LOCAL CONTEXT

15. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's strategy continues to be to maintain borrowing and investments below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low.
16. At 31 March 2019 the Council's useable reserves and working capital amounted to £620m. The Council used £165m of its available resources to fund capital spend rather than borrow from 3rd parties leaving £455m available for investment, an increase on 2018 of £153m.

BORROWING STRATEGY

17. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
18. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs and the Council's Treasury Advisor, Arlingclose has assisted it with this 'cost of carry' and breakeven analysis. The Council's strategy has enabled it to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
19. During the year the total value of KCC's long term debt fell by £36m to £906m and the average interest rate payable reduced by 0.16%. The year-end borrowing position and the year-on-year change are shown in the table below.

Borrowing Position

	31/3/2018 balance £m	2018-19 new loans £m	2018/19 repayment £m	31/03/2019 balance £m	Average rate %	Value waited average life (yrs)
Public Works Loan Board	472.28	40.00	-21.34	490.94	5.05%	16.77
Banks (LOBO)	150.00	0.00	-60.00	90.00	4.15%	44.96
Banks (Fixed Term)	320.32	11.44	-6.50	325.26	4.03%	35.77
Total borrowing	942.60	51.44	-87.84	906.21	4.59%	26.34

20. In October having assessed the risks and benefits including restructuring savings the Council successfully negotiated the prepayment of its 3 RBS LOBO loans with a principal value of £60m as follows:

Prepaid RBS LOBO loans

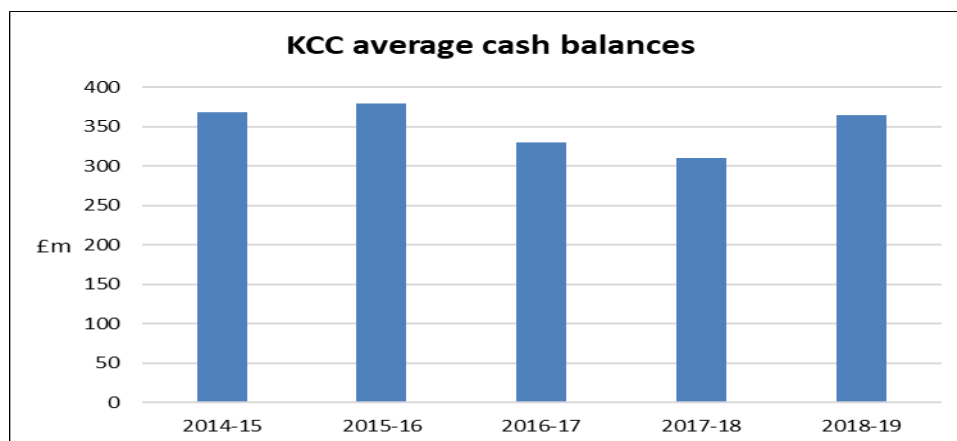
Start date	End date	Yrs to mty	Principal	Coupon	Disc rate	Premium	Redemption Amount
			£m	%	%	£m	£m
10/8/11	10/8/57	38.85	25.0	3.83	2.95	5.1	30.1
10/8/11	10/5/58	40.0	25.0	3.83	2.94	5.2	30.2
30/1/09	30/1/69	50.33	10.0	3.95	2.90	2.8	12.8
		41.19	60.0	3.85		13.1	73.1

21. Taking account of advice from Arlingclose the prepayment was financed using a combination of a £40m 15-year EIP (Equal Instalment of Principal) loan from the PWLB at 2.21%, and cash balances. As a result of this change the Council was able to reduce the average interest rate payable on its borrowing and reduce its long-term debt exposure.
22. This funding arrangement using cash balances was deemed to represent the best balance between risk and reward. The combination of lower interest rate payments on debt partially offset by loss of investment income/cost of short-term borrowing is expected to deliver a net revenue saving of £400k to £500k per annum.
23. KCC continues to hold £90m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the period.
24. A further £11.44m was drawn of the loans agreed specifically to fund improvements to Kent's street lighting under the government's energy efficiency loans programme while £6.5m of the Salix Finance Ltd loan principal advanced had been repaid as at 31 March 2019. At 31 March 2019 the Council had borrowed £38.5m of the total £40m funding agreed of which £28.7m has been an interest free loan provided by Salix Finance Ltd.

INVESTMENT ACTIVITY

25. KCC holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During 2018-19 the Council's average investment balance was £364m. Cash balances have risen during the year mainly as the result of the receipt of an additional £100m of capital grants and funds for highway repairs ahead of Brexit, offset by the net outflow in respect of the LOBOs prepayment of £33m. The following chart shows the Council's average cash balances over the last 5 years.

Average cash balances 2014 – 19



26. The value of KCC's investments increased during the year by £157m to £455m. At 31 March 2019 KCC had invested £150m in pooled funds, 33% of its total cash. The year-end investment position and the year-on-year change are shown in the table below.

Investment Counterparty	31-Mar-18	2018/2019	31-Mar-19		
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Banks and building societies	5.4	(3.0)	2.4	0.40	A
Money Market Funds	79.8	13.1	92.9	0.75	AA-
Local Authorities	9.0	56.0	65.0	0.97	AA-
UK Government	3.1	49.3	52.4	0.74	AA
Covered Bonds	64.5	25.9	90.4	1.18	AAA
Equity	2.1	0	2.1		
Internally managed cash	163.9	141.3	305.2	0.92	AA
Strategic Pooled Funds	113.7	36.1	149.8	4.46	
Cashplus / Short Bond Funds	20.0	(20.0)	-		
External Investments	133.7	16.1	149.8	4.46	
Total	297.6	157.4	455.0	2.25	

27. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
28. During 2018-19 in furtherance of these objectives as well as taking into account the increased cash balances available for investment, £56m was loaned to other local authorities and KCC purchased £49m of treasury bills. In addition the Council invested £26m in covered bonds and, while redeeming its investments in Cashplus and short bond

funds, added to its holdings in the CCLA LAMIT property fund and in the Schroders equity fund, and invested in 2 diversified income funds.

29. The progression of credit risk and return metrics for KCC's investments are shown in the extract from Arlingclose's quarterly investment benchmarking in the table below.

Investment Benchmarking

	Credit Score	Credit Rating	Bail-in Exposure	WAM (days)	Rate of Return
31.03.2018	3.15	AA	53%	216	2.29%
31.03.2019	3.02	AA	31%	381	2.25%
Similar LAs	4.07	AA-	55%	692	1.56%
All LAs	4.20	AA-	55%	29	1.45%

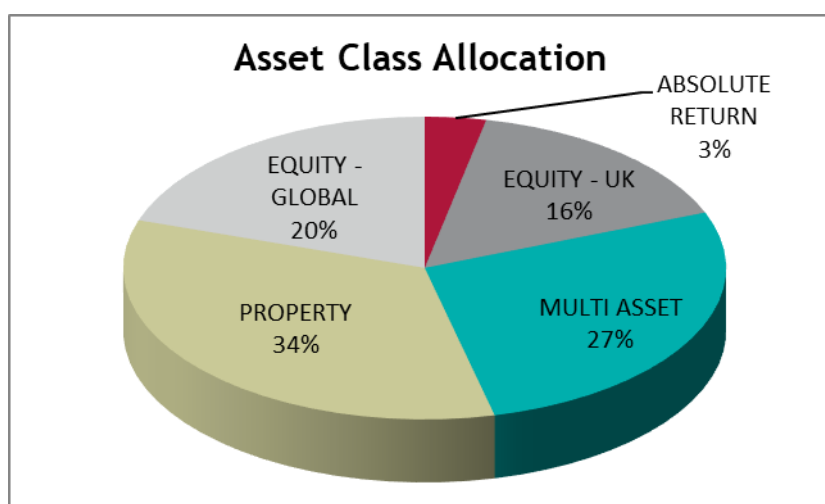
30. Details of the Council's investment position at 31 March 2019 are reported in Appendix 1.
31. KCC has invested £150m in externally managed pooled (bond, equity and property) funds. These are strategic long-term investments where the objectives are regular revenue income and long-term price stability with short-term security and liquidity being lesser considerations. These funds generated a total return of £7.7m, (5.21%) comprising a £6.6m (4.46%) income return which is used to support services in year, and £1.1m (0.76%) of unrealised capital growth.
32. Decisions to invest in these funds have been made taking account of advice from Arlingclose. Arlingclose monitor their performance and provide monthly updates for the Council. Because these funds have no defined maturity date but are available for withdrawal after a notice period their performance and continued suitability in meeting KCC's investment objectives are regularly reviewed.
33. These strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.
34. Details of the externally managed pooled funds are shown in the following table.

Externally Managed Investments

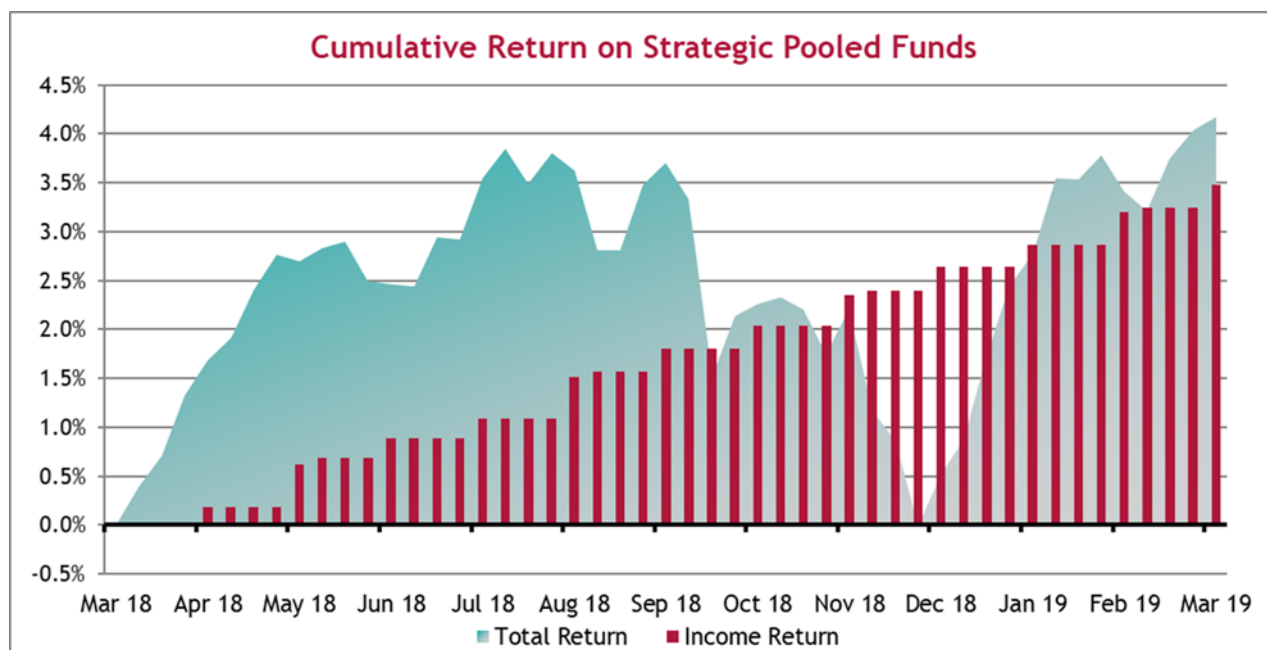
Investment Fund	Market Value at 31 Mar 2018 £m	2018-19 Movement £m	Market Value at 31 Mar 2019 £m	12 months return to 31 Mar 2019	
				Income	Total
CCLA - Diversified Income Fund		5.0	5.0	2.37%	2.77%
CCLA – LAMIT Property Fund	36.2	14.5	50.7	3.90%	2.98%
Fidelity Multi Asset Income Fund	24.7	0.7	25.4	3.93%	6.82%
Kames Diversified Monthly Income Fund		10.4	10.4	1.64%	5.36%
M&G Global Dividend Fund	9.9	0.7	10.6	4.40%	12.11%

Pyrford Global Total Return Sterling Fund	4.9	0.1	5.0	2.25%	3.12%
Schroder Income Maximiser Fund	19.5	4.1	23.6	8.22%	4.81%
Threadneedle Global Equity Income Fund	9.4	0.4	9.8	3.87%	7.99%
Threadneedle UK Equity Income Fund	9.2	0.1	9.3	5.00%	6.36%
Cashplus / short bond fund	20.0	-20.0		-	-
Total Externally Managed Investments	133.7	16.1	149.8	4.46%	5.21%

35. A breakdown of the external investments by asset class is as follows:



36. The following chart tracks the returns earned on the pooled funds over the 12 months to end March 2019.



37. Following consultation, MHCLG has implemented a statutory override relating to the introduction of the IFRS 9 Financial Instruments accounting standard from 2018/19. While requiring IFRS 9 to be adopted in full, the statutory override requires fair value

movements in pooled investment funds to be taken to a separate unusable reserve instead of the General Fund. The override will be in place for at least five years until 31 March 2023.

FINANCIAL OUTTURN

38. The Council's total investment income for the year was £8.2m, 2.25% on funds held. The above benchmark return reflects the investment in the pooled funds and spread of cash investments as detailed in the table at paragraph 26 above. KCC also received dividends on the equity held in Kent PFI Holding Co Ltd of £474,000.

COMPLIANCE WITH PRUDENTIAL INDICATORS

39. The Council confirms that it has complied with its Prudential Indicators for 2018-19, which were set as part of the Council's Treasury Management Strategy Statement. Details can be found in Appendix 2.

TREASURY ADVISOR

40. Following a full tendering process for treasury advisory services Arlingclose were reappointed for a 3-year period from 1 August 2016.

RECOMMENDATION

41. Members are asked to note the report.

Alison Mings
Treasury and Investments Manager
Ext: 03000 416488

Investments as at 31 March 2019

1. Internally Managed Investments

1.1 Term deposits, Call accounts and Money Market Funds

Instrument Type	Counterparty	Principal Amount £	Interest Rate	End Date
Call Account	NatWest	2,000,000	0.40%	n/a
Call Accounts		2,000,000		
Fixed Deposit	Flintshire County Council	5,000,000	0.90%	10/04/19
Fixed Deposit	Thurrock Borough Council	10,000,000	0.90%	31/05/19
Fixed Deposit	Blackpool Borough Council	10,000,000	0.95%	28/06/19
Fixed Deposit	Northumbria Police and Crime Commissioner	5,000,000	0.95%	04/07/19
Fixed Deposit	Plymouth City Council	10,000,000	1.00%	25/07/19
Fixed Deposit	Thurrock Borough Council	10,000,000	0.95%	30/08/19
Fixed Deposit	Falkirk Council	5,000,000	1.00%	05/09/19
Fixed Deposit	Highland Council	5,000,000	1.05%	23/10/19
Fixed Deposit	Highland Council	5,000,000	1.05%	06/01/20
Total Local Authority Deposits		65,000,000		
Treasury Bill	DMO	9,963,533	0.73%	31/05/19
Treasury Bill	DMO	9,963,732	0.73%	10/06/19
Treasury Bill	DMO	9,963,485	0.74%	08/07/19
Treasury Bill	DMO	9,962,495	0.76%	29/07/19
Treasury Bill	DMO	9,981,957	0.73%	29/04/19
Treasury Bill	DMO	2,528,429	0.76%	27/08/19
Total Govt Deposits		52,363,630		
Money Market Fund	Aberdeen Sterling Liquidity Fund	14,849,903	0.78%	n/a
Money Market Fund	Deutsche Managed Sterling Fund	14,952,121	0.76%	n/a
Money Market Fund	Federated (PR) Short-term GBP Prime Fund	17,801,495	0.78%	n/a
Money Market Fund	HSBC Global Liquidity Fund	14,980,930	0.71%	n/a
Money Market Fund	Insight Liquidity Funds PLC	775,066	0.71%	n/a
Money Market Fund	LGIM Sterling Liquidity Fund	14,518,342	0.75%	n/a
Money Market Fund	SSgA GBP Liquidity Fund	14,991,850	0.71%	n/a
Total Money Market Funds		92,869,707		
Equity and Loan Notes	Kent PFI (Holdings) Ltd	£2,135,741		n/a
Icelandic Recoveries outstanding	Heritable Bank Ltd	£366,905		n/a

1.2 Bond Portfolio

Bond Type	Issuer	Adjusted Principal £	Coupon Rate	Maturity Date
Floating Rate Covered Bond	Australia and New Zealand Banking group	3,000,000	1.39%	24/01/22
Floating Rate Covered Bond	Bank of Montreal	5,005,692	1.18%	17/04/23
Fixed Rate Covered Bond	Bank of Nova Scotia	4,990,619	0.88%	14/09/21
Fixed Rate Covered Bond	Bank of Scotland	4,703,496	1.71%	20/12/24
Floating Rate Covered Bond	Canadian Imperial Bank of Commerce	5,036,629	1.10%	10/01/22
Floating Rate Covered Bond	Coventry Building Society	3,002,075	1.08%	17/03/20
Floating Rate Covered Bond	Leeds Building Society	5,000,000	1.31%	01/10/19
Floating Rate Covered Bond	Lloyds	2,502,932	1.06%	27/03/23
Floating Rate Covered Bond	Lloyds	2,503,912	1.04%	27/03/23
Floating Rate Covered Bond	Lloyds	4,500,000	1.31%	14/01/22
Floating Rate Covered Bond	Lloyds	1,400,682	1.13%	18/07/19
Floating Rate Covered Bond	Lloyds	5,006,909	1.05%	27/03/23
Fixed Rate Covered Bond	National Australia Bank	3,001,889	1.10%	10/11/21
Fixed Rate Covered Bond	National Australia Bank	4,971,050	1.35%	10/11/21
Floating Rate Covered Bond	Nationwide Building Society	4,000,000	1.46%	10/01/24
Floating Rate Covered Bond	Nationwide Building Society	4,505,119	1.15%	12/04/23
Floating Rate Covered Bond	Nationwide Building Society	5,588,223	1.14%	12/04/23
Fixed Rate Covered Bond	Santander UK	3,397,332	0.65%	14/04/21
Floating Rate Covered Bond	Santander UK	3,752,281	1.11%	13/04/21
Floating Rate Covered Bond	Santander UK	5,003,249	1.08%	16/11/22
Floating Rate Covered Bond	Santander UK	5,008,721	1.04%	05/05/20
Floating Rate Covered Bond	Santander UK	2,003,372	1.40%	12/02/24
Floating Rate Covered Bond	TSB	2,504,200	1.54%	15/02/24
Total Bonds		90,388,382		

Total Internally managed investments	£305,124,366
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2. Externally Managed Investments

Investment Fund	Market Value at 31 March 2019 £
CCLA - Diversified Income Fund	5,020,086
CCLA – LAMIT Property Fund	50,691,932
Fidelity Multi Asset Income Fund	25,386,396
Kames Diversified Monthly Income Fund	10,372,034
M&G Global Dividend Fund	10,620,448
Pyrford Global Total Return Sterling Fund	4,931,918
Schroder Income Maximiser Fund	23,618,516
Threadneedle Global Equity Income Fund	9,795,431
Threadneedle UK Equity Income Fund	9,330,936
Total External Investments	149,767,697

3. Total Investments

Total Investments	£455,084,491
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2018-19 MONITORING OF PRUDENTIAL INDICATORS AS AT 31 March 2019**1. Estimate of Capital Expenditure (including PFI)**

Actuals 2017-18	£188.249m
Original estimate 2018-19	£295.449m
Outturn 2018-19	£189.762m

2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

	2017-18	2018-19	2018-19
	Actual	Original Estimate	Outturn
	£m	£m	£m
Capital Financing requirement	1,322.493	1,373.692	1,284.513
Annual increase/reduction in underlying need to borrow	-39.901	45.406	-37.980

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actuals 2017-18	12.96%
Original estimate 2018-19	12.01%
Outturn 2018-19	11.76%

4. Operational Boundary for External Debt

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management. The operational boundary for debt will not be exceeded in 2018-19.

a) Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator	Position as at 31.03.19
	£m	£m
Borrowing	1,003	906
Other Long Term Liabilities	271	255
	<u>1,274</u>	<u>1,161</u>

b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator	Position as at 31.03.19
	£m	£m
Borrowing	1,038	906

Other Long Term Liabilities	<u>271</u>	<u>255</u>
	1,309	1,161

5. Authorised Limit for External Debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the Council. The revised limits for 2018-19 are:

	Authorised limit for debt relating to KCC assets and activities	Position as at 31.03.19	Authorised limit for total debt managed by KCC	Position as at 31.03.19
	£m	£m	£m	£m
Borrowing	1,043	906	1,078	906
Other long term liabilities	<u>271</u>	<u>255</u>	<u>271</u>	<u>255</u>
	1,314	1,161	1,349	1,161

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Sector

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2018-19

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2018-19

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	Position as at 31.03.19
	%	%	%
Under 12 months	10	0	2.55%
12 months and within 24 months	10	0	3.67%
24 months and within 5 years	15	0	8.45%
5 years and within 10 years	15	0	8.60%
10 years and within 20 years	20	5	17.00%
20 years and within 30 years	25	5	18.16%
30 years and within 40 years	25	10	14.97%
40 years and within 50 years	30	10	26.61%
50 years and within 60 years	30	10	0.00%

9. Upper limit for principal sums invested for periods longer than 364 days

Indicator	£250m
Actual	£240.2m

KENT COUNTY COUNCIL

CORPORATE PARENTING PANEL

MINUTES of a meeting of the Corporate Parenting Panel held in Council Chamber - Sessions House on Wednesday, 29 May 2019.

PRESENT: Mrs A D Allen, MBE (Chairman), Ms J Bayford, Ms D Bride, Mr T Byrne, Mr I S Chittenden (Substitute for Ida Linfield), Mr G Cooke, Mr T Doran, Ms S Dunstan, Ms C Goodwin, Mr R Graves, Mr S Gray, Ms S Hamilton, Mrs S Hammond, Mr A Heather, Mr G Lymer, Mr M J Northey, Mrs S Prendergast, Ms N Sayer and Ms C Smith

ALSO PRESENT: Mr R W Gough, Ms R Hills, Ms J Carpenter, Ms S Newman and Ms A Wood, Alex, Amy, Ashley, Bradley, Brooke, Charlotte, Charmaine, Chris, Fatima, George, Joseph, Josh, Kaziah, Keagan, Kezzie, Laine, Martin, Rebecca, Reza, Rob, Ronnie, Ruby, Shaniya, Sharand, Tabatha, Tia and Tiblese.

IN ATTENDANCE: Mr M Dunkley CBE (Corporate Director for Children Young People and Education), Mrs S Skinner (Head of Adoption Service) and Miss T A Grayell (Democratic Services Officer)

UNRESTRICTED ITEMS

149. Introduction

(Item 1)

1. Before the start of the meeting, young people had met the Panel members and officers with whom they had been matched for shadowing and had taken part together in an ice-breaker challenge.
2. The Panel Chairman, Ann Allen, welcomed everyone to the meeting and announced that Kent's Corporate Parenting Panel was the first in the country to have a Takeover Day. She introduced Brad from the Young Adult Council who took over as Chairman for the rest of the meeting.
3. Everyone introduced themselves around the Council Chamber.

150. Membership

(Item 3)

It was noted that Justin Dumigan had resigned from the Panel, making the total number of vacancies three.

151. Apologies and substitutes

(Item 4)

Apologies for absence had been received from Stuart Griffiths, Ida Linfield and Sarah Vaux.

Ian Chittenden was present as a substitute for Ida.

152. Minutes of the meeting of the Panel held on 27 March 2019

(Item 5)

It was RESOLVED that the minutes of the meeting held on 27 March 2019 are correctly recorded and they be signed by the Chairman. There were no matters arising.

153. Chairman's Announcements

(Item 6)

Chelsea Goodwin (Apprentice Participation Worker, Virtual School Kent) announced three dates for Panel members' diaries:

- 25 July – Corporate Parenting Team Challenge Day at Teston Country Park, which Panel members were invited to attend;
- Annual VSK Awards Ceremonies in the evenings of 15 September and 16 October, of which, more details would be sent out shortly.

154. Verbal Update from Super Council, Our Children and Young People's Council and Young Adult Council

(Item 7)

1. The Chairman introduced members of the three Children in Care Councils, who, with Sophia Dunstan (Participation Support Assistant, Virtual School Kent) gave verbal updates on their work:

Super Council:

2. The Council had spent some time at its meetings discussing what its members wanted to do as part of the Takeover Day. Ronnie, Ruby, Kezzie and Rebecca spoke about how much they enjoyed attending the Super Council meetings and how it helped them to meet other children and young people in care and share their experiences and problems.

Our Children and Young People's Council (OCYPC):

3. The OCYPC had discussed the 'Language that Cares' document which had been put together by young people for the Fostering and Adoption Charity, TACT, and which suggested alternative words to those usually used by social work professionals.

4. The Council had also worked on a school project about young people's emotional mental health and wellbeing and what support young people wanted to be able to access at school. Some very good ideas had come out of this and were being worked on by the VSK team to make sure that young people's ideas were put into practice.

5. Keagan and Tabatha spoke about why they were members of the OCYPC, including having the opportunity to spend some time in an environment which was not like school, to talk about their views and feelings in a safe environment and have fun with other young people, and to help them understand about being in care.

Young Adult Council (YAC):

6. The membership of this was continuing to grow and the meetings were being attended by the UASC Peer Champions. Tia talked about why she attended the meetings, how she believed the YAC benefitted children and young people in care and why she wished she had known about the various Children in Care Councils earlier.

Cambridge University Study Day with sons and daughters of foster carers

7. On 16 April, an activity day took place in Tonbridge to look into the experiences of birth children in foster families, how prepared they felt and how they formed relationships with the children fostered by their families, and how they felt the County Council could support them. Amy spoke about how she enjoyed meeting the children fostered by their families and having younger siblings to play with. She thought there should be more foster carers for teenagers as her family received lots of requests to do this. Participants at the activity day had agreed on the importance of everyone in a foster family discussing and agreeing each placement, felt that they could be included in training new foster carers and could get to know the family's social worker. It had also been suggested that social workers could take fostered children out on an outing to give the children of foster families time to prepare for important school tests.

8. Joseph spoke about how he enjoyed his family fostering as they had a chance to meet new people and give them an opportunity. The biggest shock in fostering was people's back stories. He and his brother were always included in discussions about fostering and each time a child moved out they had a family discussion about what had gone well and what could be done differently. He and his brother would help fostered children with school issues and act as role models to them. An upsetting aspect of fostering was how long it could take for fostered children to have their belongings sent on from their previous placement.

9. The VSK participation team was looking into working with fostering colleagues to address the issues raised.

10. New corporate parenting information flyers were tabled at the meeting. These had been prepared with input from young people to help other young people to understand the role of corporate parents.

11. It was RESOLVED that the verbal updates be noted, with thanks.

155. Verbal Update by Cabinet Member

(Item 8)

1. The Cabinet Member for Children, Young People and Education, Roger Gough, gave a verbal update on the following issues:-

Foster Care Fortnight – this had taken place on 13 - 26 May. The fostering service was currently seeking to recruit 150 more foster carers and was using local media and social media to support this.

Council Tax Exemption for Care Leavers – this had been debated and supported by the County Council at its meeting on 23 May 2019. He had spoken about the Challenge Card on this subject which had previously been submitted by young people and the work they had done to promote this.

Unaccompanied Asylum-Seeking Children (UASC) Update – there were currently 267 UASC under 18 and 895 over-18 care leavers, making a total of 1,162. There had been 84 new arrivals so far in 2019, more than at the same point in 2018. The countries from which most young people had travelled were Iran, Iraq and Eritrea. The Panel had met the UASC Peer Champions team at its March meeting and had heard about their work. The County Council had lobbied the Government for years about the lack of financial support given to Kent to support its UASC population and had recently received a positive response, which was good.

2. It was RESOLVED that the verbal update be noted, with thanks.

156. Challenge Card update
(Item 9)

1. Caroline Smith (Assistant Director, Corporate Parenting) and Jo Carpenter (Participation and Engagement Manager, VSK) updated the Panel on the progress of the most recent Challenge Card, a Council Tax Exemption for Care Leavers.

2. Caroline explained that she had researched figures from district and borough councils and passed them initially to Roger Gough and Matt Dunkley (Corporate Director of Children, Young People and Education). These figures would be used to prepare reports to district councils and then the County Council to seek sign-up. Jo added that care leavers had been very pleased that the proposal had been taken so seriously.

3. Tia told the Panel about what it would mean to her as a young person at the start of her career to be exempt from paying Council Tax. It would leave her more money to run her car, have some leisure and take a holiday. Care Leavers sought a smooth transition into adulthood and to exempt them from paying Council Tax would make all the difference to them achieving this.

4. It was RESOLVED that the update on progress be welcomed.

157. Performance Scorecard for Children in Care
(Item 10)

1. Chris Nunn (Senior Management Information Officer) and Rob (Apprentice Participation Worker, Virtual School Kent) introduced the report and Rob set out what he had learned from working with the Management Information Unit to draw up the scorecard document. He drew attention to parts of the scorecard which would be of particular interest to young people:

- 64.4% of the care leavers that the County Council was in touch with were in education, employment or training. This figure was steady but was just below the target figure of 65%;
- 91.9% of the care leavers that the County Council was in touch with were housed in suitable accommodation, above the target rate of 90%; and
- 56.5% of children who had been in care for at least 18 months had had the same worker for the last 12 months. This was improving and was not far from the target of 60%.

2. Matt Dunkley suggested that, once a year, a version of the score card could be prepared in a clear, modern format for young people to understand. It was further suggested that this could be put to the officers as a formal challenge card. Martin, acting as Corporate Director, accepted this challenge.
3. It was RESOLVED that the performance data in the Children in Care scorecard be noted.

158. The Kent Adoption Service's Participation and Engagement Strategy (Item 11)

1. Charmaine and George presented the report on behalf of the post-adoption service and outlined the participation events which already took place. They set out the many benefits to young people of them attending events.
2. They then shared with the Panel a film of a young woman in care, K, who was reading out a letter she had sent to Edward Timpson, setting out her experience of the adoption process. She set out the support she would like to have had from teachers at her school and what advice she would give to other young people going through the adoption process. Panel members praised the frank way in which she had set out her points and the courage she had shown in reading out the letter on film to share it with others.
3. Asked if it would be possible to produce a version of the film which could be shared publicly, covering all the same points but without identifying the young woman, Sarah Skinner (Head of Adoption Service) advised that K had agreed that the current version be shared with the VSK and used in teacher training but not shared publicly. Tony Doran (Head Teacher, Virtual School Kent) added that he was looking into whether or not it would be possible to produce a publishable version, and how this could be done, and also how the current version could be used in training adoptive parents and post-adoption staff. He undertook to report back on this to a future meeting of the Panel.
4. It was RESOLVED that the information set out in the report about the range of services provided be noted.

159. Review of Sufficiency, Placements and Commissioning Strategy, 2019 - 2022 (Item 12)

1. Christy Holden, Senior Commissioning Manager, and Reece Graves, Senior Apprentice Participation Worker, introduced the report and Reece highlighted the parts of the Strategy which had been identified by young people as being most important to them.
2. It was RESOLVED that the information set out in the report be noted and that the Kent County Council Sufficiency Strategy, 2019 – 2022, be endorsed.

160. Transition to the 18+ service and the role of the Personal Advisor

(Item 14)

1. The Chairman introduced the first of the agenda items to be added by the Young Adult Council, which set out the number and range of issues with which young people leaving care had to contend. Caroline Smith was asked to stand at the front of the Chamber and have balloons batted across to her, each with a subject written on it – for example, study, travel, budgeting, cooking, etc – to represent the range of issues which needed to be juggled by care leavers. As more balloons were added, it became impossible to keep all of them aloft and help from other attendees had to be requested. This illustrated that care leavers needed help to manage all of these issues effectively.

2. Charlotte set out some of the challenges faced by care leavers, including finding out about tenancy agreements, living alone for the first time and the anxiety that could bring, managing bills, and signing up with doctors, dentists and opticians, etc. To have good support with these things was important, so the Personal Advisor role was vital, and Fatima, Alex and Charlotte set out the attributes a good Personal Advisor should have. Chris talked about his Personal Advisor and how she supported him, including listening to him and respecting his views, caring about his aims and wishes, being tough when she needed to be and helping him to understand things.

3. Charlotte set out three questions which the YAC wanted to ask the Corporate Parenting Panel:

a) We see the Personal Advisor as playing an important role in our futures – we would like to meet them and get to know them earlier which would help young people build stronger relationships with them. It would also help young people to understand pathway planning and be surer of their future steps. Could the age at which young people meet their future Personal Advisor be lowered?

4. Paul Startup (Service Manager, Quality Assurance and Safeguarding) responded by explaining that the 18+ team had been reviewing the transition process to make it better and had changed their practice to arrange for a care leaver to meet their Personal Advisor at 17 to allow joint planning sessions and to help a young person to understand how the service could help them. He said he hoped that all Personal Advisors were like the one described by Chris. The initial meeting between a care leaver and their Personal Advisor could be brought forward to 16 but it was important then to consider how the process would look and how the preparation for leaving care could best be achieved.

b) How is the 18+ Service making sure Personal Advisors have the specialist knowledge and training to ensure they can support young people as well as possible?

5. Paul explained that the service would seek to ensure that it recruited the best people and the right people. The training of Personal Advisors was very thorough and followed a programme which included close management supervision. New Personal Advisors would then serve a six-month trial period to see if they were able to meet the requirements of the role. It was important to consider how feedback from young people about the Personal Advisor service could best be gathered and applied. Sarah

Skinner added that the Childcare Workforce Academy aimed to provide skills for staff who were not qualified social workers, including social work assistants and early help workers. It was important to recognise the importance of this part of the workforce.

c) We believe that matching young people to the Personal Advisor is very important – how do you go about doing this matching?

6. Paul advised that matching was sometimes difficult as the young person and their Personal Advisor could be working together for a number of years and the relationship was important. He undertook to look into how the matching process could be improved.

161. Youth Justice Apprentice - Role and Future Plans (Item 15)

1. Josh, the Youth Justice Apprentice, talked about the role he had taken on in January 2019 and his aim to serve as the voice of young people in Kent who were caught up in the youth justice system. He would do this by attending meetings of Kent's Youth Justice Board. As youth clubs had been closed across the country, some young people had turned to anti-social behaviour, and many young people across the UK were feeling let down by the police and the courts. His aim was that all young people would be valued and feel valued.

2. Dan Bride (Assistant Director, Adolescent and Open Access) added that youth workers met with young people to ask them what support services they wanted to have in terms of dealing with issues around drugs and crime. The Police and Crime Commissioner, Matthew Scott, was seeking to roll out such services across the whole county with the aim of reaching young people who were usually hard to reach. The Youth Justice Apprentice role would be instrumental in achieving this.

3. Ann Allen suggested that it would be helpful to invite Matthew Scott to a future meeting of the Panel, and this was subsequently added to the work programme.

162. The County Council's Corporate Parenting responsibilities - are they aspirational enough? (Item 16)

1. Reece Graves introduced this item and explained that it had come about from various meetings and discussions at Children in Care Councils and focus groups. These had looked at how the County Council was supporting children in care to achieve their goals and aspirations. Martin then introduced the six key themes of the Kent Pledge to Children in Care:

- A sense of belonging,
- An adult who is always there for you,
- A good education,
- Good memories for the future,
- Getting ready for being an adult, and
- Championing your needs and interests,

which together made up the strong foundations and values which sought to ensure that all children in care could achieve their aspirations, however big or small.

2. Kaziah, Tabatha, Martin, Tibletse and Reza then spoke about their aspirations for the future. They set out how the County Council had helped them in the past, for example by paying for extra tutoring to help them pass SATS after missing out on schooling, and how their foster carers were helping them to prepare and study for the future career routes they wished to follow. They also set out what more could be done to support and help young people:

- Increasing the number of UASC Champions across the county
- Increasing support and training for foster carers around different cultures
- Wherever possible, placing young people with foster carers who speak the same language
- Moving young people out of the Millbank centre faster
- Issuing young people with train passes to help them travel more easily around the county
- Offering free gym membership in more locations across the county
- Showing young people that the County Council is proud of their achievements

3. Tony Doran was asked to write on a whiteboard the dreams and goals he had when he was young; he wrote down a wish to play sports professionally. He was then asked who had helped him to try to achieve that goal; he wrote down his PE teachers. All the young people present were then asked to write down on their whiteboards their goals and aspirations. These included a wide range of careers and studies, including medicine and nursing, the arts, teaching, etc. Panel members were then asked to say how they, as corporate parents, were contributing to helping young people to achieve those goals.

4. In response to the final bullet point above, Tony pointed out that VSK held celebration events twice a year, for under-16s and over-16s, to present awards to young people who had achieved good academic, sporting or other performance.

5. The Cabinet Member, Roger Gough, added that the County Council needed to keep asking itself how it was performing against the six key themes of its Pledge to Children in Care and what more it could do. Meetings of the Panel were a useful way of measuring the progress made, to hear at first hand where improvement was needed and to hear young people's views about how improvement could be achieved.

163. Social Media - the Big Debate

(Item 17)

1. The Chairman introduced the final agenda item and explained that this had been selected as social media was constantly in the news and views on its good and bad points were often discussed. Reece Graves and Chelsea Goodwin then introduced the case for and against social media, highlighting its benefits and risks.

2. Reece set out its benefits, including the many different forms it took, its value in giving young people a voice and an opportunity to express their views, and that it could be used free of cost.

3. Chelsea set out the case against it, including the risk of addiction to it and its potentially damaging effect on the development of children's brains, its deceptive nature, where people can appear to be what they are not, and cyberbullying.

4. These views were then debated, with people arguing for and against social media as a good thing for young people;

FOR, ie that social media is a good thing for young people – 35

AGAINST, ie that social media is a negative thing for young people – 13

ABSTENTIONS – 4

5. Accordingly, it was RESOLVED that the use of social media is a good thing for young people.

164. Conclusion

1. At the end of the meeting the Chairman thanked everyone for attending and asked if people wished to repeat the event, which was met with an emphatic YES.

2. The Panel Chairman, Ann Allen, also thanked everyone for attending. She said that, while listening to the young people present, she had been reminded of a song by M People 'What have you done today to make you feel proud?' and said that the young people who had taken part and spoken up so well had indeed made her feel very proud.

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