

POLICY AND RESOURCES CABINET COMMITTEE

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Virtual Meeting on Wednesday, 29 July 2020

PRESENT: Mr B J Sweetland (Chairman), Mr R A Marsh (Vice-Chairman), Mr M A C Balfour, Mr P V Barrington-King, Mr P Bartlett, Mr R H Bird, Mr T Bond, Mr N J D Chard, Mr G Cooke, Mrs M E Crabtree, Mr D Farrell, Mr P W A Lake, Mr D Murphy and Mr H Rayner

ALSO PRESENT: Mrs S Prendergast and Mr P J Oakford

IN ATTENDANCE: Mr D Cockburn (Corporate Director Strategic & Corporate Services), Ms Z Cooke (Corporate Director of Finance), Mr V Godfrey (Strategic Commissioner), Mrs C Head (Head of Finance Operations), Ms R Kennard (Chief Analyst, Strategic Commissioning Analytics), Ms K Ripley (Special Projects Manager), Sanderson (Head of Property Operations), Mr D Shipton (Head of Finance - Planning, Policy & Strategy), Mr B Watts (General Counsel) and Miss E West (Democratic Services Officer)

UNRESTRICTED ITEMS

219. Membership

(Item 2)

The Committee noted that Mr Bartlett had filled the vacancy which had been left in the sad passing of Mr Thomas.

220. Apologies and Substitutes

(Item 3)

Apologies for absence had been received from Mrs Dean.

221. Declarations of Interest by Members in items on the Agenda

(Item 4)

No declarations of interest had been received.

222. Minutes of the meeting held on 21 January 2020

(Item 5)

It was RESOLVED that the minutes of the meeting held on 21 January 2020 are a correct record and that they be signed by the Chairman.

223. Protocol for Virtual Meetings

(Item 6)

- (1) Mr Watts confirmed that the arrangements set out within the appended protocols had been put in place in line with the temporary set of regulations

issued by government. He stated that the protocols had been put in place in the emergency phase of the COVID-19 pandemic and confirmed that a discussion would take place at the Selection and Member Services meeting in the afternoon with regards to the future of meetings.

- (2) It was RESOLVED that in order to facilitate the smooth working of its virtual meetings, the Committee agreed to adopt the Protocols for Virtual Meetings.

224. Financial Update

(Item 7)

Ms Z Cooke (Corporate Director of Finance), Mr D Shipton (Head of Finance - Planning, Policy & Strategy) and Ms C Head (Head of Finance Operations) were in attendance for this item

- (1) Ms Cooke and Mr Shipton provided an update on the financial impact of the COVID-19 outbreak and subsequent economic fallout, including the additional funding provided by central Government (including a further 3rd tranche of un-ring-fenced Emergency Grant), the Council's estimated costs for the emergency response, and the potential loss of income and delays to savings plans. It was explained that forecast costs and income losses covered the period from March 2020 until the end of 2020-21, and thus span two financial years. It was also explained that the forecasts included some potential financial risks later in the year and did not include any underspends achieved during lockdown. These factors explained the difference with the forecasts reported in 2020-21 financial monitoring report. The overall assessment was that there was still a significant forecast shortfall in the emergency grant received to date resulting in a substantial projected overspend. The magnitude of the variances is such that it was proposed to undertake a review of both the revenue budget and capital programme which would require an amendment to the budget to be put to County Council in September 2020.
- (2) The report also sets out some potential scenarios for subsequent years based on spending projections and the impact of recession on tax receipts. It was emphasised these are modelling scenarios and cannot be confirmed until the Council received the outcome of Spending Review later in the Autumn and confirmation of the impact on tax receipts from more month's collections.

Officers then responded to a number of comments and questions from Members, which included the following: -

- a) Mr Shipton referred to discussions that were taking place between Kent County Council and district councils in relation to council tax collection losses and stated that for district councils, it would be more of a cashflow issue and for the Council, it would be long-term losses on revenue budget.
- b) In relation to business rates, Mr Shipton stated that Kent County Council only keeps 9% of the total business rates collected in the county. Business rates losses would arise from those business that had seen significant decline in trading activity but do not benefit from the additional reliefs granted to retail/leisure/hospitality premises and nurseries.

- c) In relation to capital, Mr Shipton confirmed that Kent County Council's total accumulated debt was just under £1b. He added that approximately half of the accumulated debt was debt that had been accrued under the supported borrowing regime and stated that Kent would continue to press for the legacy debt to be recognised in the fair funding arrangements as and when the fair funding review was implemented. Mr Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services) confirmed that he continued to work closely with Finance officers in relation to the Council's capital and revenue budget, focusing on what could be deferred and removed from the capital budget.
- d) In relation the Kent County Council's debt, Mr Shipton said that nearly all of the debt was maturity debt and there would be penalties if Kent wished to change the terms of loans.
- e) Ms Head confirmed that by statute, Kent County Council had to set aside a minimum revenue provision based on the life of each asset that they had spent capital on and had to set aside each year a proportion of revenue to cover the cost of borrowing. The cost of borrowing was modelled at approximately 4%, based on an asset life of 25 years, but the cost differed based on the life of the asset.
- f) Mr Shipton stated that the Collection Fund was borne by both district councils deemed to be collection authorities and major precepting authorities, therefore, authorities would have a respective share of losses shared out between them. He added that district council's carried parish council's share of collection losses because parish councils did not receive grant money from government or any share of the retained business rates.
- g) Mr Shipton confirmed that Kent County Council were not allowed to fund the revenue budget from borrowing and were only allowed to borrow to fund the capital programme.
- h) In relation to savings and efficiencies, Mr Oakford said that he continued to work very closely with colleagues in Finance and had met with all of Kent County Council's Corporate Directors and Cabinet Members to find effective ways to make savings. He confirmed that a Cabinet meeting would take place in the evening to further discuss the savings that could be made and the way in which the Council sought to operate in the future. He stated that all Members would be briefed in the near future.
- i) Mr Oakford confirmed that preparations would be put in place in relation to a potential second wave of COVID-19, led by Public Health.
- j) Mr Oakford stated that a Council Tax Referendum would have to take place if Kent County Council wished to raise Council Tax.
- k) Mr Oakford referred to Kent County Council's reserves and confirmed that there were approximately £40m of un-ring-fenced reserves.
- l) Mr Oakford stated that Finance officers were working closely with the HoldCo Board to review current structures and income streams and

confirmed that a report would be submitted to a future meeting of the Cabinet Committee on the matter.

m) Ms Cooke said that Kent County Council were in the process of responding to a government consultation in relation to borrowing monies and had been informed that the government were keen to restrain further the council's ability to borrow and for what purpose. She added that she would provide further information to Committee Members outside of the meeting in relation to the consultation.

(3) Committee Members thanked the Finance officers for their hard work and effort during these unprecedented times.

(4) RESOLVED that the report be noted.

225. Strategic and Corporate Services Performance Dashboard

(Item 8)

Mr V Godfrey (Strategic Commissioner) and Ms R Kennard (Chief Analyst, Strategic Commissioning Analytics) were in attendance for this item

(1) Ms Kennard introduced the year-end report which set out progress made against targets set for Key Performance Indicators (KPIs). Also included were the proposed KPIs and targets for 2021. 21 of the 25 KPIs achieved target and were RAG rated Green, 3 were below target but did achieve the floor standard (Amber) and 1 did not achieve the floor standard (Red). The Red indicator related to Freedom of Information (FOI) Act requests completed within 20 working days.

(2) Mrs Prendergast (Cabinet Member for Communications, Engagement and People) provided more information to the Committee in relation to the red indicator within the Performance Dashboard (FOI Act requests completed within 20 working days) and confirmed that much of the delay was caused by the complex nature of the requests that were being received. She added that work continued to be undertaken to improve the indicator and raise the standards within the area of FOI requests.

(3) Mr Watts reminded Committee Members to contact him directly if they wished to review a particular area of the Council's work in detail.

(4) RESOLVED that the Performance Dashboard be noted.

226. Facilities Management Procurement Update

(Item 9)

Mr J Sanderson (Head of Property Operations) and Ms K Ripley (Special Projects Manager) were in attendance for this item

(1) Mr Sanderson introduced the report which set out the progress which had been made with regards to the Facilities Management re-procurement and the proposed commercial strategy.

Officers then responded to a number of comments and questions from Members, which included the following: -

- a) Ms Ripley provided more information in relation to the alignment of the current team (TFM - East, Mid and West) to enable work with hard services contracts and soft services to increase technical expertise within each area and to ensure that the skills within the services meet the type of contracts in place and addresses the needs of the contract. She added that whilst there may be some additional resources, there would be no additional costs incurred.
 - b) Ms Ripley provided more information in relation to the management of the KPI's associated with the hard FM contract, the need to hold the supplier to account and the closeness to the supply chain of the soft services enabling direct liaison with companies.
 - c) Ms Ripley referred to the KPI's which related to performance times and how quickly individuals were expected to respond to calls through the Helpdesk and confirmed that discussions had taken place with each of the directorates to ensure that performance times were closely monitored.
 - d) Ms Ripley referred to changes in the estate and emphasised the importance of flexibility for the purpose of managing the estate as it changed and increased/decreased.
- (2) Mr Sanderson stated that although further FM Procurement updates were due to be submitted to the Cabinet Committee in December 2020 and June 2021, he could provide further information to Committee Members outside of the meeting as matters progressed.
- (3) RESOLVED that the report be noted.

227. Decision - 20/00075 - The Abbey School - Sub-station Lease
(Item 12)

Mr J Sanderson (Head of Property Operations) was in attendance for this item

- (1) Mr Sanderson introduced the report which set out the proposal to undertake a deed of surrender and enter into a 99-year underlease to South East Power Networks at The Abbey School in Faversham for the purposes of a new electricity sub-station / kiosk.
- (2) RESOLVED that the proposed decision to be taken by the Cabinet Member to:
 - a) authorise KCC to enter into a deed of surrender and 99-year underlease to South East Power Networks at The Abbey School in Faversham for the purposes of an electricity sub-station / kiosk; and
 - b) delegate authority to the Director of Infrastructure to take necessary actions, included but not limited to entering into relevant contracts or other legal agreements, as required to implement this decision,

be endorsed.

228. Work Programme 2020/21

(Item 10)

(1) RESOLVED that the work programme for 2020/21 be noted, subject to the inclusion of the following: -

- SHQ Update
- FM Procurement Updates
- Update relating to HoldCo Board discussions
- KCC Estate

229. Exclusion of the Press and Public

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

Exempt Items

(open access to minutes)

230. Oracle Application Support

(Item 11)

Mr V Godfrey (Strategic Commissioner) was in attendance for this item

- (1) Mr Godfrey introduced the report which set out information relating to the Council's support from Oracle.
- (2) Officers responded to a number of comments and questions from Members relating to contingency plans, timescales, cost pressures, legal implications, challenges and risks, security and liaison with other local authorities.
- (3) RESOLVED that the report be noted.