

KENT COUNTY COUNCIL

POLICY AND RESOURCES CABINET COMMITTEE

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 13 July 2022

PRESENT: Mr R J Thomas (Chair), Mr N Baker (Substitute for Mr T Cannon), Mr P V Barrington-King, Mr P Bartlett, Mr T Bond, Mr A Brady, Mr G Cooke, Mr M Dendor, Mr A J Hook, Mr R C Love, OBE, Mr J P McInroy, Mr H Rayner (Substitute for Mr N J D Chard), Mr P Stepto and Dr L Sullivan

ALSO PRESENT: Mr P J Oakford and Mr P Dearing

IN ATTENDANCE: Mr D Cockburn (Chief Executive), Mrs A Beer (Deputy Chief Executive), Mr B Watts (General Counsel), Mr J Betts (Interim Corporate Director of Finance), Mr M Cheverton (Property Strategy and Policy Manager), Mr S Cockett (Interim Head of Kent Public Service Network), Mr H D'Alton (Investment and Disposal Surveyor), Ms L Gannon (Director of Technology), Mr V Godfrey (Director, Kent Holdco Ltd), Ms C Harrington (Procurement and Commercial Manager, Strategic Commissioning), Mr D Lindsay (Interim Head of Technology Commissioning and Strategy), Ms C Maynard (Head of Commissioning Portfolio - Outcome 2 and 3), Mr S Pleace (Revenue and Tax Strategy Manager), Mr J Sanderson (Head of Property Operations), Mr D Shipton (Head of Finance Policy, Planning and Strategy), Ms J Taylor (Head of Capital Works), Mr A White (Estates Surveyor), Miss T A Grayell (Democratic Services Officer) and Mrs A Taylor (Scrutiny Research Officer)

UNRESTRICTED ITEMS

85. Apologies and Substitutes

(Item 2)

1. Apologies for absence had been received from Mr T Cannon and Mr N J D Chard.
2. Mr N Baker was present as a substitute for Mr Cannon and Mr H Rayner as a substitute for Mr Chard.
3. The committee noted that Mr P Barrington-King and Mr R Love were joining the meeting remotely.

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

(Item 3)

In relation to item 12, Dr L Sullivan declared that she served on the Ebbsfleet Planning Committee.

In relation to item 13, Mr P Bartlett declared that he was an elected Member of Ashford Borough Council and, in this role, had been involved in previous discussions about the site.

In relation to item 16, Mr H Rayner declared that he had been a customer of Kent Holdco Ltd for many years.

87. Minutes of the meeting held on 4 May 2022

(Item 4)

It was RESOLVED that the minutes of the meeting held on 4 May 2022 are correctly recorded and they be signed by the Chair. There were no matters arising.

88. Future Meeting Dates

(Item 5)

The committee NOTED that the following dates had been reserved for its meetings in 2022/23:

Wednesday, 14 September 2022

Thursday, 10 November 2022

Wednesday, 18 January 2023

Thursday, 9 March 2023

Thursday, 11 May 2023

Tuesday, 4 July 2023 – 2.00 pm

All meetings, except July 2023, will start at 10.00 am at County Hall, Maidstone

89. Update from the Contract Management Review Group (CMRG)

(Item 6)

1. Ms Maynard introduced the report and Mr Oakford and Mr Watts responded to comments and questions from the committee, including the following:-
 - a) concern was expressed about the language used in the report, which made some Members uncomfortable, and there appeared to be no policy document about sub-contracting;
 - b) concern was expressed that some decision reports on today's agenda did not include detail of costs and funding, despite such detail having previously been requested by the committee. Mr Watts advised that extra governance checks would be made to ensure that future reports would include full cost details, and that compliance with this requirement would be monitored. He undertook to liaise with Ms Maynard to ensure that all costing details for current decisions had been or would be provided to Members; and
 - c) a view was expressed that the role of the Contract Management Review Group could be broadened, for example, to include more work on commissioning and update the commissioning framework. Mr Oakford advised that the group had been set up for a very specific purpose and was not looking to expand its remit. Any shortfalls in information or practice

identified should be considered by the Cabinet Committee and not by an informal group.

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

90. Covid-19 Financial Monitoring

(Item 7)

1. Mr Shipton introduced the report and advised the committee that, since writing the report, the latest return on spending from the grants from Contain Outbreak Management Fund and Test and Trace for the first quarter had been submitted with total spend to date of £54m out of total grant of £54.4m, so there would be a small repayment. There were no questions.

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

91. Budget Consultation Process

(Item 8)

1. Mr Pleace introduced the report and advised that the budget consultation would be launched on 19 July and run until 5 September 2022. He and Mr Shipton responded to comments and questions from the committee, including the following:-

- a) asked about the drop in response rate since last year's consultation, and how this would be addressed, Mr Pleace advised that this year there was a new way to respond to the consultation and contribute via a savings ideas board. Council staff would be engaged via various staff groups and the consultation would also include unions. Mr Pleace undertook to look into the issue of staff responses being able to be totally anonymous, as some basic data capture from respondents was required for analysis;
- b) concern was expressed that some people might be put off by the need to create an online account in order to be able to respond, and Mr Pleace advised that registration would allow the respondent to be contacted for further feedback and to be invited to take part in future consultations, although they could opt out of this. He confirmed that the consultation would only accept responses submitted via its website and not comments posted on social media;
- c) asked how checks could be made to see if respondents represented a balanced or representative statistical sample, Mr Shipton advised that a market research company had been engaged in the past to engage with a representative cross-section of the Kent population. This option could be explored but would have some cost, and there was no budget provision for market research;
- d) asked if the consultation would include questions on all areas of the budget, Mr Pleace advised that, to keep the consultation short, questions about front-line services would not be included because a consistent picture on views on front-line services was already known from previous consultations; and

- e) it was important to consider what was being asked and the way in which it was being asked and that respondents were not being steered in a certain direction via the savings ideas board. Members should be able to see the list of questions being asked.
2. It was RESOLVED that the committee's comments on this year's budget consultation process, set out above, be noted.

92. Construction Consultancy Services Framework Commission - Update
(Item 9)

1. Ms Harrington and Mr Sanderson introduced the report and responded to comments and questions from the committee, including the following:-
- a) a view was expressed that the County Council needed good quality consultants that it could call on for specialist projects, however, if they were to be used regularly, a balance would need to be struck between engaging externally, as and when required, and recruiting consultants to work in-house, and the comparative costs of these two options. The Council would need to have the technical expertise to be able to judge the quality of the consultants engaged on the framework. Mr Sanderson advised that the main area for which consultants were required was multi-discipline building surveying services to support the minor works programme. The design for major projects would be in the domain of the contractor, under Design and Build Contracts, through the Construction Partnership Framework being established. Mr Sanderson noted that, within the capital function, the Council was looking to establish two technical advisor roles, which would give technical expertise, working alongside its professional and contractor suppliers. The aim was to work with a selected smaller group of key partners, in the same way as for the Construction Partnership Framework. Regarding comparative costs of in-house and external commission, assuming a £100m capital programme, and using a Quantity Surveyor as the example, the Council would need a team of 6 in-house quantity surveyors of various levels of experience, with salaries ranging between £30 and £80k. Commissioning externally across the same £100m capital programme, based on typical fees, this would equate to approx. £500k, approximately £70k more than the in-house option, however this does not take account of new administration and IT support systems. Mr Sanderson also raised some concern around general recruitment appetite for the in-house posts, which were thought to be less attractive to good candidates, compared to private consultancy practices; and
 - b) asked for reassurance about liability when contracting, and if the Council had always had its costs covered when it had passed liability for design on to a contractor, Ms Harrington advised that the Council would indeed seek to recover its costs in such circumstances. Mr Watts added that the Council had indeed brought litigation against third parties where project design had proved to be flawed, and the committee had recently considered an example of such a case. However, such litigation was very expensive to pursue and would need to be very carefully weighed against the potential gains, particularly in the case of lower-costs schemes. It was vital to make

a carefully considered decision at the outset and avoid such situations arising;

- c) concern was expressed that full details of procurement costs were not included in the report but would be needed for Members to take an informed view;
- d) asked if the Council would pay a retainer fee for consultants, for how long a period they would be retained at a time and how the rotation would work, Ms Harrington advised that the consultants would not be on a retainer as the framework would not have any guaranteed workload. This was not unusual in the industry. Successful consultants would all be used for the duration of the framework and the rotational basis would typically be on a project-by-project basis, subject to satisfactory performance, ensuring suppliers had broadly the same amount of work per discipline. Ms Harrington explained that there could be a maximum of 21 consultants across all the disciplines but thought it more likely to be around 15 – 20 if they bid for more than one lot; and
- e) asked if smaller local companies, small and medium-sized enterprises (SMEs) would be able to bid for work, Ms Harrington confirmed that the lotting strategy proposed looked to support SMEs being able to bid, should they wish, and the programme needed to allow plenty of time for SMEs to put forward their best bid proposal. In addition to this, questions such as “social value” needed to be written so as not to disadvantage SMEs.

2. It was RESOLVED that the proposal, the preferred option (option 3) and the procurement programme be noted.

Mr A Brady and Dr L Sullivan asked that their abstentions from this resolution be recorded in the minutes.

93. Update on Capital Construction Programmes as a result of COVID-19 (Item 10)

1. Mr Sanderson introduced the report, about which there were no questions.
2. It was RESOLVED that the update be noted, with thanks.

94. Update on Rent Management as a result of COVID-19 (Item 11)

1. Mr Sanderson and Mr Cheverton introduced the report and responded to comments and questions from the committee.
2. Asked how many of the 173 tenants had experienced difficulty in paying their rent, how they were being supported and what the outcome had been, Mr Cheverton advised that 25 tenants had initially applied for rent deferment and 17 had subsequently left the scheme as they no longer needed it. The County Council always sought to be proactive in its policy and offer a managed programme of rent deferment to avoid tenants being affected by the pandemic. Mr Cheverton confirmed

that he was not aware of any tenants who had been forced to cease trading during the pandemic but that the Council would not necessarily be party to that information.

3. It was RESOLVED that the report be noted, with thanks.

95. Agreement for a lease and subsequent formal lease for new primary and secondary school at Alkerden, Eastern Quarry, Ebbsfleet.

(Item 12)

Dr L Sullivan declared that she served on the Ebbsfleet Planning Committee.

1. Mr White and Mr Sanderson introduced the report and responded to comments and questions from the committee, including the following:-

- a) asked for an assurance that facilities for community use would be included in the development, Mr White confirmed that the County Council was keen to see these included from the outset and would include this in the terms of the lease; and
- b) asked about a comparison of options for lease and transfer of the site, Mr White confirmed that the Council had explored both options with the developer and would include lease covenants rather than transfer covenants.

2. It was RESOLVED that the decision proposed to be taken by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services on the proposed decision to:

1. authorise the taking of an agreement for a lease for a term in excess of 20 years, in order that a new primary and secondary school can be built for use and occupation, the lease term to formally commence upon completion of the new schools in 2024;
- 2 agree that, upon completion and satisfactory handover of the new primary and secondary school, Kent County Council shall take a formal lease of the new schools for a term of 999 years, commencing in 2024;
3. agree that, upon completion and satisfactory handover of the new primary and secondary school, and taking of a formal lease, the Director of Infrastructure be authorised to enter into a 125-year lease to the Academy Trust;
4. note that the main heads of terms for the leases are already agreed and recorded within a section 106 agreement, to which Kent County Council is already a party; and
5. authorise the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to take necessary actions, including, but not limited to, entering into relevant contracts or other legal agreements, as required to implement this,

be endorsed.

96. Disposal of former Conningbrook Depot, Kennington Road, Ashford, TN24 0LS
(Item 13)

Mr P Bartlett declared that he was an elected Member of Ashford Borough Council and, in this role, had been involved in previous discussions about the site.

1. Mr D'Alton introduced the report and he and Mr Oakford responded to comments and questions from the committee, including the following:-
 - a) concern was expressed that, when deciding to dispose of any property, consideration seemed to be given only to the monetary value of the site. Its community and social value could be difficult to assess and demonstrate but this was also an important consideration. Mr Oakford advised that the County Council did consider the community value of a site as part of its new disposals policy, which had been discussed by the committee at its previous meeting. However, he added that the Council faced a very large financial challenge to its capital budget, for example, in terms of the rising costs of materials, so had to place a lot of weight on a site's monetary value;
 - b) asked if the option of a long-term lease, instead of sale, had been considered, Mr D'Alton advised that the site was in a poor state of repair, so would not attract a favourable rent, and the Council had been advised that selling the freehold was the better option. In response to further concern expressed about fully investigating all options before committing, he undertook to re-investigate the lease option;
 - c) Mr Watts advised that the proposed key decision under discussion was for 'disposal', but the method of disposal would need to be decided and set out clearly in the decision paperwork before a key decision could be taken by Mr Oakford. There would not be time for the committee to consider the issue again before a key decision was taken so it was important that the committee understood and was happy with the proposal at today's meeting. He suggested that a copy the new disposals policy be sent to every Member of the committee; and
 - d) a view was expressed that any consideration of the value of a site should be concerned with its best value on behalf of County Council service users.
2. Mr T Bond proposed and Mr G Cooke seconded that the wording of recommendation 1. be amended to read '*...to finalise the terms of the disposal, either by sale or long-term lease*'. Mr Oakford confirmed he was happy with this and the new wording was generally supported by the committee.
3. It was RESOLVED that the decision proposed to be taken by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to authorise the disposal of the property, the former Conningbrook Depot, Kennington Road, Ashford, TN24 0LS, and delegate authority to:

1. the Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to finalise the terms of the disposal, either by sale or long-term lease; and
2. the Director of Infrastructure, to authorise the execution of all necessary or desirable documentation required to implement the above,

be endorsed.

97. Kent Public Service Network Re-Procurement Update

(Item 14)

1. Mr Lindsay introduced the report and advised that, although costs had not been included in the text, they would be included in future reports. He then responded to comments and questions from the committee, including the following:-
 - a) the network was welcomed as a great asset for all partners, and it would be good to be able to develop this to bring in more partners. Mr Lindsay advised that the County Council always sought to develop its networks to include other functions (for example, to support health and social care integration) and would share the costs with new partners. A network offered a more cost-effective way to deal with procurement;
 - b) a view was expressed that the network may not be as necessary and current as it once was, and other authorities may be finding more modern solutions. Another speaker expressed concern that, if other partners chose to leave the network, the Council could be left bearing the costs alone and may have to build in an exit clause. Mr Lindsay advised that contracts with providers were currently committed only until March 2024 as technology moved on quickly and frequent refreshes allowed the Council to move on to newer models and keep the partnership as flexible and applicable as possible. Mr Watts added that partners joining the network entered into a legally binding agreement and the Council had worded the contracts to protect itself. He added that the report was an early advisory report to seek Members' comments and that a formal decision report would come later;
 - c) asked about the implications of many staff continuing to work from home, and the potential security risks of this, Mr Lindsay advised that home broadband was not generally as resilient as the Council's broadband due to the use of a range of different providers. It would be possible to make this more robust but this would carry a cost; and
 - d) asked if externally-commissioned providers would have access to the network, Mr Lindsay advised that some NHS partners already could and that others would be able to.
2. It was RESOLVED that the report be noted, with thanks.

98. Work Programme 2022/23

(Item 15)

1. Mr Watts advised that Cabinet Committees would have a new way to engage and contribute to agenda planning from Autumn 2022.
2. The number of disposal decisions listed on the work programme was noted and a comment made that it would be helpful for Members to be able to see a full list of all proposed disposals. Mr Oakford advised that the committee would see only the disposals which were the subject of key decisions, on which Members would be asked to comment as usual, as part of the Council's decision making process.
3. Mr Oakford said he hoped to bring an update on the plans for Strategic Headquarters accommodation to the September meeting, although the proposed key decision would not be ready for the committee to discuss until its November meeting.
4. It was RESOLVED that the planned work programme for 2022/23 be noted.

99. Motion to exclude the press and public for exempt business

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

EXEMPT ITEM

(Open access to minute)

100. Kent County Council Trading Companies - Update

(Item 16)

Mr H Rayner declared that he had been a customer of Kent Holdco Ltd for many years.

1. Mr Oakford introduced the report and welcomed to the meeting Vincent Godfrey, Group Chief Executive Officer, and Philip Dearing, Chair, of Kent Holdco Ltd. The committee was then shown a video setting out the aims and purpose of Holdco, what services it covered and how it operated, as well as its structure and governance.
2. Mr Oakford, Mr Godfrey and Mr Dearing responded to comments and questions of detail from the committee about Holdco, including about the supply chain, product range, quality control and audit, IT resilience and cyber security, the County Council's investment in the company, recruitment and retention of staff, access to the Local Government Pension Scheme and union engagement, the company's taxation burden and social value.
3. Mr Dearing offered committee members the opportunity to visit the Kent County Supplies depot and see Holdco's work at first hand, and asked Members to let the clerk know if they wished to take up this invitation.
4. Mr Watts advised that a further report on the commissioning of legal services would be made to the committee's September meeting.
5. It was RESOLVED that the report be noted, with thanks.