

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 2 February 2011.

PRESENT: Mr P B Carter (Chairman), Mr G K Gibbens, Mr R W Gough,
Mr P M Hill, OBE, Mrs S V Hohler, Mr A J King, MBE, Mr K G Lynes,
Mr J D Simmonds, Mr B J Sweetland and Mrs J Whittle

IN ATTENDANCE: Ms K Kerswell (Group Managing Director), Mr D Cockburn (Executive Director, Strategy, Economic Development & ICT), Newsam, Mr O Mills (Managing Director - Adult Social Services), Mr A Wood (Acting Director of Finance), Mr M Austerberry (Executive Director, Environment, Highways and Waste), Ms A Honey (Managing Director Communities), Ms M Peachey (Kent Director Of Public Health) and Mr G Mills (Democratic Services Manager (Executive))

UNRESTRICTED ITEMS

Pfizers, Sandwich

Before the commencement of Business Mr Carter informed the meeting that in response to the recent announcement that Pfizers was planning to close its operations at Sandwich, he had been asked by the Government to lead a task force in partnership with Pfizers and the Local Enterprise Partnership. The aim of the Task Force would be to look at ways to mitigate the undoubted effects which this announcement would have for both the people of East Kent and the Kent economy. The Task Force would therefore be working closely with the local and neighbouring members of parliament, the local District Councils, business leaders and the local community.

8. Minutes of the Meeting held on 10 January 2011

(Item 3)

The minutes of the meeting held on 10 January 2011 were agreed as a true record and signed by the Chairman

9. Revenue & Capital Budget Monitoring Exception Report

(Item 4— Report by Cabinet Member for Finance and Acting Director of Finance)

(1) Mr Simmonds gave an update on the current position with both the Revenue and Capital budgets and highlighted the actions being taken within the revenue budget to ensure that the forecast under spend of £5.5m was achieved, since that was a committed contribution to next year's budget. Mr Simmonds also highlighted recognised pressures within the CFE and KASS budgets which would need to be managed.

(2) Mr Carter said that he had had an assurance from the Chief Management Team that the required budget savings would be delivered. Mr Carter also said the Council was still robustly pursuing with government its claims for the payment of asylum costs and he updated the meeting on discussions he had had with the Leaders of Hillingdon and Solihul Councils who had found themselves in similar circumstances to that of Kent. Mr Carter said there was to be a meeting with the Home Office Minister at which he would be asking why the unmet costs agreed with the Home Office some 18 months ago were still outstanding.

(3) Cabinet resolved:

(a) to note the latest forecast revenue and capital budget monitoring position for 2010-11.

(b) to note the intended £0.700m contribution to the Restructure Reserve funded from the under spending within the Finance portfolio to cover the anticipated costs of Personnel & Development and ICT support during the transformation of the Council.

(c) to note the changes to the capital programme; and,

(d) that £2.051m of re-phasing on the capital programme be moved from 2010-11 capital cash limits to future years.

10. Medium Term Plan 2011-13 (incorporating the Budget and Council Tax setting for 2011/12) - Update (To follow)

(Item 5- report by Mr Paul Carter, Leader of the Council, Mr John Simmonds, Cabinet Member for Finance, Mrs K Kerswell, Group Managing Director and Mr A Wood, Acting Director for Finance)

(1) The Chairman declared consideration of this item to be urgent as the report was not available at the time the agenda for this meeting was despatched. The reason for that was because the report needed to include the most up to date information and analysis on the final local government settlement figures, the final tax bases agreed by the Kent District Councils and the surplus or deficits announced by the District Councils Collection Funds, which were not known until 31 January 2011.

(2) This report updated Cabinet on the proposed 2011/12 Budget and Medium Term Financial Plan 2011-13 published on 6 January 2011, and sought endorsement of the proposed budget and Council Tax levels for 2011/12 for submission to the County Council at its meeting on 17 February 2011.

(3) Mr Wood outlined the purpose and scope of the report and highlighted a number of key points. Mr Carter said that the time for detailed debate on the proposed budget would be at the February County Council meeting but wished to highlight that funding for children's services would be taken forward as a priority.

(5) Cabinet resolved to endorse the following proposals for submission to County Council on 17th February 2011:

(a) the Revenue Budget proposals for 2011/12. Cabinet noted the proposed changes as a result of the equivalent Band D tax base from the estimate included in the published draft Budget, and the surplus/deficit on the District Councils collection funds. Cabinet also endorsed the resulting change to the overall budget requirement.

(b) The savings proposals outlined in section 7 within the Children Families & Education and Communities portfolios as a result of the loss of Department of Education Area Based Grant and Early Intervention Grant.

(c) a requirement from Council Tax of £573.688m to be raised through precept on District Councils.

(d) Council Tax levels for the different property bands as set out below, representing a freeze at the 2010/11 levels.

Council Tax Band

A	B	C	D	E
£698.52	£814.94	£831.36	£1,047.78	£1,280.62
F	G	H		
£1,513.46	£1,746.30	£2,095.56		

(e) the capital investment proposals, together with the necessary borrowing, revenue, grants, capital receipts, renewals, external funding and other earmarked sums to finance the programme. Delivery of the programme would be subject to the approval to spend on individual schemes and the level of Government support available in future years

(f) the Prudential Indicators as set out in Appendix F of the draft MTFP 2011-13

(g) Cabinet also endorsed the revenue and capital budget proposals set out in the draft 2011/12 Budget and MTFP 2011-13 (as amended as a result of the changes outlined in the Cabinet report and summarised in Appendix 7 and that they be recommend to the County Council. *(A revised 2011/12 Budget Book and MTFP 2010-13 reflecting the changes in the Cabinet report would be produced for the County Council meeting on 17th February 2011.)*)

(h) Cabinet also agreed that the final recommendations in relation to schools budgets and the Dedicated Schools Grant be delegated to the Cabinet Member for Children, Families and Education.

11. KCC Companies

(Item 6- report by Mr John Simmonds, Cabinet Member for Finance, Mr Roger Gough, Cabinet Member for Corporate Support Services & Performance Management, Mr Andy Wood, Acting Director of Finance and Mr Geoff Wild, Director of Law & Governance)

(1) This report put forward recommendations to Cabinet on the approach to be taken in a forthcoming report to the Governance and Audit Committee on a Protocol for KCC Companies.

(2) Cabinet resolved to endorse the terms of the Protocol, which would be put to the Governance and Audit Committee for approval.

12. Treasury Management Strategy

(Item 7- report by Cabinet Member for Finance and Acting Director of Finance)(Mr N Vickers the Head of Financial Services was present for his item)

(1) Mr Simmonds introduced this wide-ranging report and highlighted key areas of activity and actions being taken by the County Council in respect of developing a robust Treasury Management Strategy. The Strategy took into account the impact of the Council's Revenue and Capital programme on the balance sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates. Mr Simmonds also briefed the meeting on the Strategy in relation to counterparties and he gave an update on the latest position in respect of the Icelandic banks. The Council had already recovered some £9m and the projected overall recovery, with depositor priority was in the order of 90%. Court hearings to determine the depositor preference issue were scheduled to take place in February 2011 for Landsbanki and March for Glitnir. It was expected that it would be several weeks after those hearings before the outcome would be known.

(2) Cabinet resolved:

(a) that the Treasury Management Strategy for 2011-12 as detailed in the Cabinet report be agreed;

(b) the 2011-12 Prudential Indicators be approved;

(c) the revised list of Counterparties and Investments as recommended by the Treasury Advisory Group and detailed in the Cabinet report be approved as follows:

- the addition of NatWest, as part of the RBS group – a limit of £40m,
- the addition of Standard Chartered and Clydesdale banks each with a limit of £20m
- UK Treasury bills, maintaining the Debt Management Office limit of £450m

13. Follow up Items and Decisions from Cabinet Scrutiny Committee - 19 and 24 January 2011 (To follow)

(Item 8 -Report by the Deputy Leader and the Head of Democratic Services and Local Leadership)

(1) The Chairman declared consideration of this item to be urgent as the report was not available at the time the agenda for this meeting was despatched. However the report referred to matters the consideration of which could not reasonably be delayed and which therefore Cabinet needed to consider at this meeting.

(2) This report set out the decisions from meetings of the Cabinet Scrutiny Committee held on 19 and 24 January 2011, which the Committee had previously raised for follow up, together with any specific recommendations from the relevant Policy and Scrutiny overview Committees.

(3) Cabinet resolved that the comments and actions detailed in the report be noted and the responses reported back to the Cabinet Scrutiny Committee.

EXEMPT ITEMS

The following are unrestricted minutes of matters which Cabinet resolved under Section 100A of the Local Government Act 1972, the press and public should be excluded from the meeting for on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

14. Isle of Sheppey Academy

(Item 10– report by Mrs Sarah Hohler, Cabinet Member for Children, Families & Education Directorate and Mr Malcolm Newsam, Interim Managing Director, Children, Families & Education Directorate. (Mr Grahame Ward, Director of Resources, CFE and Rebecca Spore, Head of BSF, PFI and Academies Team were present for this item)

(1) This report sought approval of the affordability position, the submission of the Final Business Case and approval to enter into the necessary contracts, including the Design and Build and ICT Contracts for the Isle of Sheppey Academy. The report also detailed the process and programme leading to the signing of construction contracts with the anticipation the school would be ready for opening from January 2013.

(2) The report also provided an analysis of the key risks and implications for the Council of a number of factors and these included the costs of dealing with contamination and asbestos removal not identified in the surveys already undertaken, archaeological discoveries, judicial review and the need for the Council to consider its position as contract signature approaches. The report also said that a project contingency had been put in place should asbestos be found during the demolition phases and that would assist with how such materiel would be dealt with. The report also highlighted what contractual liabilities the Council could incur should for any reason the project not reach the stage of contract signature.

(3) During the course of discussion and in answer to a question from Mrs Hohler it was confirmed by officers that there was a robust process in place covering what would be done in the event of any asbestos being found during the demolition phase and how costs to deal with this material would be apportioned.

(4) Following further discussion Cabinet resolved:

(a) that agreement be given to the Final Business Case for the Isle of Sheppey Academy (Wave 4) being submitted for final departmental approval by Partnership for Schools, the Department of Education and the Treasury;

(b) following a recommendation from the Managing Director, CFE, Capital Programme and Infrastructure, the Head of PFI/PPP in consultation with the Leader of the Council be authorised to agree final contractual terms, provided the affordability gap to KCC did not exceed that detailed in the Cabinet report.

(c) the Director, CFE, Capital Programme and Infrastructure, and the Head of PFI/PPP in consultation with the Director of Law and Governance be authorised to enter into all necessary contracts/ agreements on behalf of the County Council, following approval of the final contractual terms as set out in (ii) above.

(d) the Head of PFI/PPP be authorised on behalf of the County Council to be its nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.

15. Kent Academies Batch 2 Procurement - The Kent Skinners' Academy

(Item 11 – report by Mrs Sarah Hohler, Cabinet Member for Children, Families & Education Directorate and Mr Malcolm Newsam, Interim Managing Director, Children, Families & Education Directorate ((Mr Grahame Ward, Director of Resources, CFE and Rebecca Spore, Head of BSF, PFI and Academies Team were present for this item)

(1) This report sought approval of the affordability position, the submission of the Final Business Case and approval to enter into all necessary contracts/agreements for the Kent Skinners Academy.

(2) The Department of Education and Partnership for Schools (PfS) expected Academies to be procured either via a Local Educational Partnership (LEP) where one is in place or from the Partnerships for Schools Contractors' Framework. The proposed academies which form Batch 2 fell outside the area covered by Kent's LEP 1 and therefore it would be necessary to procure the building works for these academies under a batched contract from the National Framework.

(3) KCC, PfS, DfE and the relevant Academy Trusts had agreed that significant time and cost efficiencies could be realised for all parties by tendering all six as a single batched programme through the PfS National Framework. This removed the repeat time and financial costs associated with separate transactions. Each scheme would though be contractually separate and the contract that would be signed for the Skinners' Kent Academy, related solely to that scheme.

(4) Following Cabinet approval on 11th January 2010, and final Outline Business Case approvals KCC began the procurement from the PfS National Framework (South) following which Willmott Dixon was selected as the Preferred Bidder with a view to developing detailed proposals.

(5) The report also provided an analysis of the key risks and implications for the Council of a number of factors and these included the costs of dealing with contamination and asbestos removal not identified in the surveys already undertaken, archaeological discoveries, off site utility upgrades, judicial review and the need for the Council to consider its position as contract signature approaches. As with the Isle of Sheppey Academy, officers confirmed that a project contingency had been put in place should asbestos be found during the demolition phases and that would assist with how such material would be dealt with. The funding of this contingency would be allowed for as part of the capital programme for the Skinners Academy. The report also highlighted what contractual liabilities the Council could incur should for any reason the project not reach the stage of contract signature.

(8) Cabinet resolved:

- (a) that the Final Business Case for the Kent Skinners Academy (Lead scheme in Batch 2) be agreed and submitted for final departmental approval by Partnership for Schools, the Department of Education and the Treasury;
- (b) following recommendation from the Director, CFE, Capital Programme and Infrastructure, the Head of PFI/PPP in consultation with the Leader of the Council be authorised to agree final contractual terms, provided the affordability gap to KCC in relation to the build contract did not exceed that detailed in the Cabinet report.
- (c) the Director, CFE, Capital Programme and Infrastructure and the Head of PFI/PPP in consultation with the Director of Law and Governance be authorized to enter into all necessary contracts/ agreements on behalf of the County Council, following approval of the final contractual terms as set out in (ii) above in relation to the Kent Skinners' Academy and the Future School Agreement; and,
- (d) the Head of PFI/PPP be authorised on behalf of the County Council to be its nominated Authority Representative within the relevant agreements and to enter into variations as envisaged under the contracts.