

## KENT COUNTY COUNCIL

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### **POLICY AND RESOURCES CABINET COMMITTEE**

MINUTES of a meeting of the Policy and Resources Cabinet Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 8 September 2016

PRESENT: Mr A J King, MBE (Chairman), Mr N J D Chard (Vice-Chairman), Mr D L Brazier (Substitute for Mr L B Ridings, MBE), Mrs M E Crabtree, Mrs T Dean, MBE, Mr M J Harrison (Substitute for Mr J A Davies), Mr M Heale, Mr C P D Hoare, Mr R A Latchford, OBE, Mr R A Marsh (Substitute for Mr S C Manion), Mr D Smyth, Mrs P A V Stockell, Mr N S Thandi and Mr J N Wedgbury

ALSO PRESENT: Mr P B Carter, CBE, Mr J D Simmonds, MBE, Miss S J Carey, Mr G Cooke and Mr P M Hill, OBE

IN ATTENDANCE: Mr D Cockburn (Corporate Director Strategic & Corporate Services) and Mrs L Whitaker (Democratic Services Manager (Executive))

#### **UNRESTRICTED ITEMS**

##### **239. Apologies and Substitutes**

*(Item A2)*

The following apologies, substitutions and membership changes were reported by the Chairman:

- Mr Richard Long was permanently replaced by Mr Jim Wedgbury
- Ms Susan Carey, owing to her appointment as Cabinet Member for Commercial and Traded Services, was permanently replaced by Mrs Margaret Crabtree
- Apologies were received from Mr Manion, Mr Ridings and Mr Davies who were substituted by Mr Marsh, Mr Brazier and Mr Harrison respectively.

##### **240. Declarations of Interest by Members in items on the Agenda**

*(Item A3)*

No declarations of interest were received.

##### **241. Election of Vice-Chairman**

*(Item A4)*

The Chairman nominated Mr Chard for election to the vacant Vice-Chairman seat. The nomination was seconded by Mr Wedgbury.

It was RESOLVED that Mr Chard be appointed as Vice-Chairman.

##### **242. Minutes of the meeting held on 22 July 2016**

*(Item A5)*

Mr Latchford said that Mr Bird had responded to his request for information, as recorded in the minutes, and that he was pleased with the response.

The minutes were agreed as an accurate record and signed by the Chairman accordingly.

### **243. Strategic and Corporate Services Performance Dashboard**

*(Item B1)*

The Committee received a report showing progress made against targets for key performance indicators. Richard Fitzgerald, Business Intelligence Manager – Performance, presented the information and, in particular, referred to the following:

- i. That in general the performance recorded was good.
- ii. That there were two variances in performance to be reported on the following targets: 'Payment of retirement benefits within 20 days' and 'Data Protection Act subject access requests completed within 40 days' which now reported 'amber' for the month from 'red' at the year to date. The first of these related to a specific issue which had been rectified and it was hoped that performance would now improve. The second, although a longer term issue, looked to be responding to the training and advice for staff implemented recently.
- iii. Property indicator 'Percentage of rent due to KCC outstanding at 60 days or above' was currently recorded as 'red' and related to a specific issue for which mitigating actions were in place and improvements were expected in due course.

The matter was opened for discussion and the following responses were received to comments made and questions raised by Members:

- i. That the percentage of calls unanswered by the contact centre was 5% or 8,800 of 176,000 calls in the year to date. Although it was brought to the attention of the Committee that staffing to 100% capacity would be expensive and unusual and that the indicator was currently reporting at 'Green', the Chairman requested that, unless this indicator reported an improvement at the next meeting, a supplementary report on this indicator should be received by the Committee.
- ii. That action had been taken to improve performance relating to the percentage of tasks completed within the service level agreement standards in West Kent but the results were yet to be reflected in the performance outcomes. The Chairman asked that the matter be considered at the next meeting of the Property Sub-Committee.
- iii. That increases in debt to the County Council were largely related to health spending where invoices were submitted to the NHS for payment and negotiations that followed could be lengthy. It was not envisaged that any of those debts would be written off.

It was RESOLVED that the report be NOTED.

### **244. Financial Monitoring 2016/17**

*(Item B2)*

The Committee received a report setting out the position for the Strategic and Corporate Services Directorate. The report was introduced by the Deputy Leader and Cabinet Member for Finance and Procurement who explained that the format of the report had not yet been updated owing to the early scheduling of the Committee's meeting.

Jackie Hansen, Strategic and Corporate Services Finance Business Partner, spoke to the item and, in particular, referred to the following:

- i. That although the format was not fully amended this was the first monitoring report based on new outcomes as set out by Cabinet. Therefore the financial table in the report set out the net variance, the previous reported position, any movements since and the latest position. The figures were also more up to date than the Committee had previously received.
- ii. Overall the Strategic and Corporate Services Directorate was in a strong position and was reporting a good underspend. However an overspend of £513k was reported in the Property division where an aspirational savings target was in place for asset utilisation. It was explained that this was a complex saving to deliver as it involved both service delivery and logistical decisions some of which would be made outside of the Property team. Of the budgets that were within the direct control of the Strategic and Corporate Services Directorate an underspend of £865k was currently reported.
- iii. The Finance and Procurement Division had reported an underspend of £350k largely as a result of new income generating opportunities. The Policy Division had reported an underspend of £236k partly as a result of in-year staffing savings and partly from new income from the National Health Service. The Engagement, Organisation Design and Development Division had reported an underspend of £252k largely as a result of staff vacancies.
- iv. That £2.1 million of the Member Grant fund was currently committed, leaving £890k uncommitted. Members had reported that they intended to spend the remainder of the fund within the financial year.

The item was opened for discussion and the following responses were received to comments made and questions raised by Members:

- i. That the Local Democracy budget line consisted of three main areas: The Member Grant Fund of over £3million; the annual payment to the election reserve of £570k; and the partnership arrangements with District level authorities.
- ii. That the Democratic and Members' Services' budget line consisted of the cost of the Democratic and Members' Services' Support teams and Member allowances.
- iii. That the Engagement, Organisation Design and Development (HR, Communications and Engagement) budget line included the costs of KCC's Human Resources Division, Internal and External Communications teams and the Engagement and Consultation teams. It was also confirmed that this budget line, and not the Democratic and Member' Services' budget line, included the costs of the Council's Community Engagement Officers.
- iv. That procurement work with West Kent CCG had helped to create reported underspends. It was envisaged that such work would continue in future years and would be included within budget projections. Ms Hansen also reported that the unbudgeted projected income from the NHS related to costs recoverable for project work being undertaken by KCC's Policy team and commissioned by the NHS.

- v. An example of a partnership arrangement, referred to in (i) above, was the cost of providing financial incentives to district councils to improve the Council Tax collection rate.

It was RESOLVED that the report be noted.

#### **245. Work Programme 2016/17**

*(Item B3)*

The Committee received a report setting out a proposed work programme for 2016/17.

It was RESOLVED that the report be noted, subject to the inclusion of an item on 'Charges to Voluntary Sector Tenants in KCC Buildings'.

#### **246. Contract Management**

*(Item B4)*

The Committee received a report setting out the next steps in developing KCC's commercial approach through effective contract management practice.

Mr John Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement introduced the report. He said that with the professionalisation of the Council's procurement and commissioning functions it naturally followed that work should be undertaken to improve the Council's contract management function to ensure successful delivery of services as commissioned.

Vincent Godfrey, newly appointed Interim Director of Strategic Business Development and Intelligence spoke to the item. He briefly set out his career to date and explained that his role at KCC would be to lead on a more effective approach to contract management. He was tasked to ensure that the systems and procedures in place were fit for purpose and in line with the approach agreed by the County Council in December 2015. He described the approach set out in the report, which was a tried and tested approach of contract management based on the National Audit Office (NAO) good practice contract management framework, that would ensure contract managers were held to account effectively and any gaps, intervention and training and support needs could be identified and appropriate action taken.

The matter was opened for discussion and the following questions were raised and comments made by Members and responses received from officers:

- i. That the report and emphasis on contract management were welcomed.
- ii. Mr Wedgbury suggested that recommendation 9.1 (1) be amended to include the words 'and actions' after 'reviews' and this was agreed.
- iii. That Mr Godfrey would take account of the suite of Highways contracts as part of his review work but that particular issues with individual sites or pieces of work should be reported directly to highways.
- iv. That a future stage of contract management should involve advice and guidance to organisations commissioned by KCC who subsequently sub-contracted some elements of service delivery to ensure that good contract management was fully embedded at the end of the process.

- v. That a further report be considered after 4-6 months and the matter added to the work programme accordingly.
- vi. That working closely with providers to ensure that obligations were clear was a core value of successful contract management and as such Mr Godfrey was happy to accept a proposal from the Committee that contract providers be reminded of their obligations at the start of the review.
- vii. That the Council was obliged to publish a list of all contracts awarded with a value of over £5,000 which, as a public document, was open to elected Members and members of the public.
- viii. That the Committee would be kept informed of the emerging programme of work in this area and would have the opportunity to comment on and influence that programme.

It was RESOLVED that:

1. The plans to strengthen the organisation's approach to contract management through a rolling programme of reviews and actions be noted;
2. That the proposal to bring a six-monthly update to the Committee to inform its oversight of contract management practice be welcomed and agreed.

#### **247. Implementing KCC's VCS Policy - Update Report** (Item C1)

The Committee received the first annual report on the progress of KCC's Voluntary and Community Sector (VCS) Policy which detailed the work undertaken over the last year to deliver the commitments within it.

Mr Mike Hill, Cabinet Member for Community Services, introduced the report. He said he was pleased with progress to date and particularly welcomed advancements in the following areas:

- The standardisation of the grant application process across the Council
- The creation of a grant prospectus to inform voluntary sector organisations of the funding available and how to apply
- The improved, cross-sector engagement activities now in place and the successful networking event organised for that purpose.

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance spoke to the item. He said that:

- i. It was critical to the continued success of the policy that KCC remained disciplined in conforming to the principles within it, particularly in the commissioning of services.
- ii. The core rationale of the policy was to understand the sector as a whole and to that end KCC had now secured access to the Charity Commission's data for the whole of the VCS in Kent. Headline analysis of this data was included at appendix 1 to the report. Mr Whittle particularly noted that:
  - a. VCS income had increased overall by 6.1% since 2010;
  - b. That the VCS had a workforce of 7000 people in Kent.
- iii. Work would continue to build the database to enable well-informed commissioning decisions.

A discussion followed and the following comments were made and questions raised by Members and responses received from officers:

- i. That where KCC commissioned larger VCS organisations to deliver services they were often sub-contracted to smaller VCS organisations to deliver on a local basis. The benefits and social value of such delivery were clear but it was essential that KCC maintained a proper check on the quality of services being delivered. Various mechanisms had been put in place by government to manage these relationships, some more successful than others, but the key was good commissioning practice and contract management, based on solid relationships with providers. It was agreed that a further report on this area of work would be brought.
- ii. That figures relating to the number of volunteers active in Kent reflected a point in time snapshot and could change on a daily basis.
- iii. That grant funding was reflected in Directorate Budgets, and a grant register was maintained. It was agreed that the grant register would be circulated to Members.
- iv. That should the Council be minded to fund a particular VCS organisation checks were made to ensure that assets held by it were appropriate and reasonable.
- v. That Mr Whittle would ascertain whether the figures pertaining to employment within the VCS in the County took account only of those employed directly by VCS organisations or whether they also included those who were employed as a result of VCS funding.
- vi. That 'micro' organisations were those with a charitable income of less than £10k per annum and that understanding this area of the sector would be a critical part of the policy work going forward.
- vii. That the descriptions of the categories of grant funding available – 'innovation' and 'strategic' – set out in the policy would be reviewed as part of the annual update process and attempts would be made to clarify the categories.
- viii. That the report would be amended and republished with both number and percentage values included.
- ix. That £61 million had been spent by KCC on commissioning services from the VCS that would otherwise have had to be procured elsewhere.

It was RESOLVED that the report be noted.

## **248. Customer Service Policy** *(Item C2)*

The Committee received a report providing an update on the operation of the Council's Customer Service Policy.

Miss Susan Carey, Cabinet Member for Commercial and Traded Services, introduced the report. She said the policy encompassed the three principles of good customer service:

- Principle 1: Delivering Quality
- Principle 2: Customer Focused Services
- Principle 3: Intelligent Commissioning.

She said the report set out how these principles were being delivered.

Amanda Beer, Corporate Director Engagement, Organisation Design and Development, highlighted some of the main activities that had been undertaken such as: the establishment of a Customer Feedback Forum; improved access to services

and to information about services; the agreement of priorities for digital transformation; and the emphasis on continuous improvement through customer feedback.

The matter was discussed by the Committee and the following comments were made, questions raised and responses received:

- i. It was important that the emphasis on digital transformation did not exclude those without access to, or skills to utilise, the internet.
- ii. That training for staff to enable positive conversations with customers making complaints was welcomed.
- iii. That work was being undertaken to identify the simplest and quickest ways for members of the public to report issues, such as potholes.

It was RESOLVED that the report be noted.

#### **249. Consultation Protocol (Responses to Consultations Received)** *(Item C3)*

The Committee received a report seeking endorsement of a draft protocol for consultation responses prior to consideration by Cabinet.

Louise Whitaker, Democratic Services Manager (Executive), introduced the report. She said the purpose of the protocol was to standardise the approach to the production of consultation responses, to ensure proper information sharing processes and to strengthen the governance around response submissions by the proper adoption of the protocol and delegations inherent within it.

The report was opened for discussion and the following comments were made, questions raised and responses received from officers:

- i. That an explicit reference to appropriate engagement with local Members whose divisions were affected by a consultation issue would be included in the protocol as requested by the Committee.
- ii. Concerns were raised that officers, acting under delegated powers, had not conformed to the principles inherent in the draft protocol when responding to a particular matter recently and that, although the draft protocol was an improvement on the current situation, it should be further strengthened before being adopted.
- iii. Ms Whitaker explained where the delegations currently lay and why they would be strengthened by adopting the protocol in the way proposed. In addition she reminded the Committee that endorsement of proposed Executive decisions before they were agreed by the Executive was the normal and correct procedure.
- iv. Mr Chard suggested that the Committee endorsed the principles in the protocol but recommended that local Members should be kept informed and should have an opportunity to comment on relevant consultations as well as receiving copies of the final consultation response

It was RESOLVED that the principles inherent within the draft protocol be endorsed, but that further work be undertaken to strengthen the principles of Member engagement within it, and that it be considered by the Committee again at that point and prior to any adoption by the Executive.

## **250. Business Rate Devolution Consultation**

*(Item C4)*

The Committee received a report providing details of the government consultation paper “Self-sufficient local government:100% Business Rates Retention” which sought views on the legal aspects of the proposed devolution of all the proceeds from local business rates to local authorities, as announced in the Autumn Budget 2015 and in the Queen’s Speech 2016. In addition, the government had also launched a separate call for evidence on Needs and Redistribution to help re-set the existing distribution of funding through baselines and tariffs/top-ups. The report set out the main issues in both the consultation paper and the call for evidence together with KCC’s initial assessment.

Mr John Simmonds, Deputy Leader and Cabinet Member for Finance and Procurement, introduced the report and emphasised the importance of the issues on a strategic level and also in terms of the detail as it would have an impact on the inherent fairness of any system ultimately put in place.

Andy Wood, Corporate Director of Finance and Procurement, spoke to the item. He said that, if implemented well, the potential changes were an excellent opportunity for local government. However, if implemented badly, they could be damaging to the financial health of the Council. Therefore it was crucial that the responses to government were correct, well thought out and that they were taken on board by ministers.

Dave Shipton, Head of Financial Strategy, spoke to the item and further explained the difference between the in-principle consultation and the call for evidence and the legislative requirements related to the former. He reminded Members that retaining, or having returned in grant form, business rates was not new but being able to retain the growth was, it was here that the potential risk lay as business tax was a volatile tax, and any reduction might have to be absorbed by a local authority choosing to retain 100% rates.

Mr Shipton said there was an estimated £12.5bn nationally which would equate to approximately £300 million for Kent and would be accompanied by new responsibilities for the Council. Risks associated with new duties or alternative funding of existing responsibilities were set out in the report.

Mr Shipton made the following further comments:

- i. That the government was proposing that any discretion to amend business rates by local authorities would only be to reduce them. KCC’s response was likely to include a request that this be extended to include increases.
- ii. That more authority should be devolved to local authorities to make decisions about exemptions from business rates.
- iii. That governance issues would need to be resolved in two-tier areas so that it was clear who would make any decisions about the level of business rates.

The following comments were made, questions raised and responses received from officers:

- i. That, although as officers had reported, there were opportunities to be had by retaining business rates there was also a high level of potential risk for the authority, and in particular Members raised concerns about the ability of the



- Council to continue to perform as expected should the country fall into a recession.
- ii. That the matter of appeals and exemptions had the potential to have a drastic impact on the level of rates able to be collected by KCC.
  - iii. That once the Bill had been adopted by parliament, KCC would have no choice but to abide by the statutory duties within it, again reflecting the urgent need to influence the Bill at this early stage. To this end local authorities were working together, supported by the LGA, to produce a robust and coherent response to government.
  - iv. Mr Smyth urged officers to ensure that the government was made aware that retention of business rates would not solve the problems of local government finance as any additional funding secured would not meet the growth in demand for services.
  - v. The Leader said it was important that the response to the consultation helped to avoid the replacement of one complicated system of local government funding with another and that, alongside those considerations, it was crucial that the response to the Fair Funding Review was also effective in securing a fair system of funding distribution. Mr Carter would write to Kent's MPs to ensure that they understood the critical points relating to these matters and could support the representations KCC would make.
  - vi. The Chairman said there was an opportunity at this time to influence government on these matters, not least because the new Prime Minister had begun her career in local government.

It was RESOLVED that the approach to the consultation responses be endorsed.

## **251. Welfare Reform Update** *(Item C5)*

The Committee received a report that provided: an update on the current phase of working age welfare reform in the UK; considered the major reforms already underway; and outlined further planned changes to the benefit system.

Mr Paul Carter, Leader, Kent County Council, introduced the report explaining that the matters within the report were complex and had the potential to affect many residents of the county.

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance, said there had been a significant amount of legislative and policy-driven change over many years. Mr Whittle set out the general principles behind those changes as:

- To increase conditionality on welfare payments
- To impose sanctions on those who did not comply with those conditions
- To provide greater incentives to work.

The report attempted to explain the complex relationship between different types of welfare payments and the sometimes unintended consequences that arose from the complicated relationships between incentives and penalties.

Chris Grosskopf, Policy Adviser, Strategy, Policy, Relationships and Corporate Assurance, said the welfare landscape was complex and that many authorities were currently assessing the impact of changes on residents. In particular she referred to the following key risks:

- i. The potential for the universal credit system to reduce incentives for people to work.
- ii. The need to support people to find employment and to help vulnerable people manage the universal credit system, for example to budget for monthly payments effectively.
- iii. The potential for some of the changes to payments for those with disabilities or chronic ill-health problems, particularly the £30 reduction in benefits for some, to make it more difficult for those people to find employment.
- iv. Potential changes to the provision of supported housing had caused concern to various agencies, particularly about the ability of relevant bodies to provide supported housing in the social housing sector.

The following points were raised during discussion of the report:

- i. Concern was expressed that the long-term lease of accommodation at Howe Barracks in Canterbury to the London Borough of Redbridge presented a serious challenge to Kent's public services. Officers provided assurances that work was being undertaken to understand the risk of similar sites being utilised in the same way.
- ii. That the need for more housing stock was well recognised by local and central government but some Members felt that it, and particularly social housing, should be prioritised.
- iii. That monitoring of the impact of individual reforms to benefits would continue and would be reported regularly to Members, however the ability to measure the cumulative impact of change on particular groups was extremely complicated and not always reliable or even possible.
- iv. That the Kent Support and Assistance Service (KSAS) had provided valuable support for vulnerable people and a view was expressed that funding for it should be maintained in the budget for 2017/18.

It was RESOLVED that the report be noted.

## **252. Corporate Assurance Analysis Bi-annual Report** *(Item C6)*

The Committee received a report outlining the key findings from Corporate Assurance on major change projects and programmes in the period April to September 2016.

Mr Whittle, Director Strategy, Policy, Relationships and Corporate Assurance, and Mark Scrivener, Corporate Risk and Assurance Manager, introduced the item.

Members heard that the Corporate Assurance function at KCC served to protect the Council whilst major change projects were ongoing. The team assessed business cases for projects to ensure they were sufficiently robust and maintained a watching brief on major projects and programmes to ensure that delivery was continuing as expected and to time.

It was RESOLVED that the report be noted.