

## KENT COUNTY COUNCIL

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### CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 25 January 2016.

PRESENT: Mr P B Carter, CBE (Chairman), Mr M A C Balfour, Miss S J Carey, Mr G Cooke, Mr M C Dance, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr P J Oakford and Mr B J Sweetland

### UNRESTRICTED ITEMS

#### **147. Apologies and Substitutions**

*(Item 2)*

Apologies for absence were received from the Deputy Leader and Cabinet Member for Finance and Procurement, Mr J Simmonds, who was substituted by the Deputy Cabinet Member for Finance and Procurement, Miss S J Carey.

#### **148. Declarations of Interest**

*(Item 3)*

No declarations of interest were received.

#### **149. Minutes of the Meeting held on 30 November 2015**

*(Item 4)*

The Minutes of the meeting held on 30 November 2015 were agreed as a correct record and signed by the Chairman.

#### **150. Variation in the order of business**

The Leader stated that he had decided to vary the order of the agenda and deal with the Revenue and Capital Budget Monitoring Report (item 6) before the Budget 2016/17 and Medium Term Financial Plan 2016-19 (item 5).

#### **151. Revenue and Capital budget monitoring 2015-16 - November**

*(Item 6)*

Cabinet received a report providing the budget monitoring position for November 2015-16 for the revenue and capital budgets.

Ms Susan Carey, Deputy Cabinet Member for Finance and Procurement was in attendance in the absence of Mr John Simmonds, Cabinet Member and she introduced for Members the key information to which they should have regard. In particular, she highlighted the following in relation to the revenue budget:

i The savings target for 2015/16 was £83m, which was an extremely challenging target. The net projected variance against the combined directorate

revenue budgets was an overspend of £0.861m, a reduction from the quarter 2 projected overspend of £6.609m, before management action.

ii Management action was expected to reduce this overspend to an underspend of -£0.539m. However, there was some minor re-phasing of budgets, which would need to be rolled forward to 2016/17 in order to fulfil legal obligations (detailed in section 3.7 of the report); therefore, this changed the position to an underspend of -£0.231m as shown in the report.

iii There was some significant underspending within the forecast, which was detailed in section 3.8 of the report, which would ideally be rolled forward to continue with these initiatives in 2016/17 but this would only be possible if the Authority as a whole was sufficiently underspending by the year end. If this was allowed for, then this changed the position to an underlying overspend of £1.036m.

iv Directorates had been tasked with coming up with further management action to balance the position.

Ms Carey also commented that the report contained mixed messages; the position had improved significantly, by £5.5m after allowing for assumed management action and roll forward requirements, which was extremely good news, but the majority of the improvement was in respect of the release of £4.2m of uncommitted Care Act monies resulting from the Government announcement to delay the implementation of phase 2 Care Act reforms. She stressed, however, that the draft funding settlement for 2016-17 was awaited before releasing this money in case it was assumed in the settlement that this funding would be required for future social care pressures such as the National Living Wage.

Ms Carey also referred to paragraph 3.6 on page 54 of the report, where it was noted that high waste volumes experienced during 2014/15 had continued into the first 8 months of 2015/16 with a forecast overspend of £2.063m currently reported. However, this was more than offset by savings on management fees at waste disposal sites, in-vessel composting, higher than anticipated income from recyclables, lower cost of waste to energy disposal, contract savings at Household Waste Recycling Centres and transfer stations and a re-phasing of works at closed landfill sites into 2016/17, resulting in a small net underspend on the waste budgets of -£0.020m.

She also referred to the details of the proposed roll-forwards/re-phasing required to complete existing initiatives as detailed in paragraph 3.8 of the report.

Mr Andy Wood, Corporate Director of Finance and Procurement stated that he shared Ms Carey's confidence that the overspend would be eliminated by the year end and that the release of the £4.2m of Care Act monies was welcomed but the underlying position remained to be resolved. He added that the warmer than usual winter to date had resulted in a small underspend of -£0.5m as a result of fewer salting runs than had been budgeted. However, Mr Wood also stated that the dividend from Commercial Services wasn't looking as promising now due to lower than anticipated profits in the LASER business. Finally, he reminded Members that it would be good to take an underspend into 2017/18, which was looking even more challenging than 2016/17.

The Leader, Paul Carter, thanked Ms Carey for her comprehensive overview. He stated that the revenue position overall was in a much better place now compared to 3 or 4 months ago and that the management action taken had been no mean feat and he offered his thanks to all concerned.

Ms Carey spoke to the item once more in relation to the current and projected position on the capital budget and, in particular, drew Members' attention to the variances and proposed re-phrasing of capital spend set out in the table in paragraph 4.2.

No further comments were made.

It was RESOLVED that:

<b>CABINET</b>	
<b>25 January 2016</b>	
1.	The report, including the latest monitoring position on both the revenue and capital budgets, be noted.
2	The changes to the capital programme as detailed in the actions column in table 2 of the annex reports and summarised in Appendix 1 be agreed
<b>REASON</b>	
1.	In order that Cabinet can effectively carry out monitoring requirements.
2	In order that the budget accurately reflects the real time position and is fit for purpose enabling necessary actions to be taken.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	None.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.

**152. Budget 2016-17 and Medium Term Financial Plan 2016-19**  
(Item 5)

Cabinet received a report setting out the proposed budget for 2016/17 and the Council's Medium Term Financial Plan (MTFP) 2016-19 for consideration and comment before it would be considered and determined at County Council on 11 February 2016. The proposed draft budget included a 1.998% council tax increase (up to the referendum limit) and a further 2% through the social care levy. The draft budget represented the Council's response to the local budget consultation and consequences of the Spending Review and Autumn Statement 2015 and the provisional Local Government Finance Settlement.

Ms Susan Carey, Deputy Cabinet Member for Finance and Procurement introduced the item.

She began by congratulating officers, particularly Dave Shipton and Lizi Payne for the timely production of a clear and detailed draft budget based on the information currently available to the Council, which was made even more difficult than usual this year because the provisional local government finance settlement announcement just before Christmas was so significantly different to what the Council had expected. In particular, the changes to various grants, together with a redistribution change had

affected the Council in a fundamental way and these changes were made very late. She observed that the balancing of the 2015/16 budget would be extremely difficult as reported in the last item and that the setting of the 2016/17 budget had also presented significant challenges. The squeeze on local government finances would continue to present increasing problems in the future, particularly 2017/18.

She went on to refer in particular to the following:

- i. The proposed Revenue Support Grant (RSG) settlement included three key changes, which were set out in detail in paragraph 1.2. The combined effect was a reduction of £18m more than had been anticipated following the Spending Review, which had been done without consultation or prior notification and could not have been anticipated.
- ii. There was some good news, however, in paragraph 1.3, where confirmation was given about an increase in the council tax base, both in terms of collection and a growth in housing stock.
- iii. However, even if KCC decided to increase Council Tax up to the referendum level (1.998%) as well as the additional 2% social care levy, there remained a shortfall when compared to the additional spending demands of almost £80m as detailed in paragraph 1.4 of the report. Announcements about a number of specific and ring-fenced grants were also still awaited.
- iv. At such short notice, the proposed budget included a greater use of reserves in a way that had not been planned.
- v. The Capital budget was also under significant pressure, as described in paragraph 1.6; as the Council's revenue budget decreased, the amount of money used to finance borrowing would also have to be reduced and, therefore, it was unlikely that any new borrowing would be considered and new schemes would have to be limited to resources available from capital grants and external sources/receipts.
- vi. She referred to the table in paragraph 2.1, which showed a significant reduction in the Council's funding settlement over the next three years, although there was some hope on the horizon with the Better Care Fund (BCF) monies due to come in from 2017/18. However, Ms Carey stated that there remained significant concerns about how the Government calculated settlements for local authorities to meet their increasing needs, particularly social care obligations, which were set to make up over a half of the Council's expenditure thus squeezing all other services.
- vii. In terms of the effect on Council Tax payers, the figures in table 4 at the top of page 16 confirmed that the budget proposals as currently presented would mean an increase of just under £40 per year for Band C properties, which equated to approximately 78 pence per week.; this included the proposed 2% social care levy.
- viii. The budget consultation was undertaken before the Spending Review, before the announcement about the social care levy and before the Council knew that its financial settlement would be worse than anticipated. However, the key messages coming back from the consultation were very much in line with what the Council has received before, which was that respondents wanted the Council to prioritise spending on those that were the most vulnerable. It was noted that there would be much more information on the budget consultation with the papers for the Budget County Council meeting in February.

- ix. It was confirmed that the Council would be responding in writing to the Government giving its views about the financial settlement and that response was in the process of being drafted.
- x. Reference was made to paragraph 1.13 of the supplementary papers under the heading 'Treasury Management Strategy', where it was confirmed that the Council had received payments of more than £50m from the deposits in Icelandic banks, which represented more than originally deposited and included interest payments, with more interest payments to come. It was noted that KCC was the only local authority to receive all of its money back as other authorities had settled at less than 100%.

The Leader, Mr Paul Carter, thanked Ms Carey for her detailed presentation of the budget proposals and welcomed the proposed budget put forward for approval to the County Council. He reiterated that the outlook was bleak and exceedingly challenging and the settlement had been much worse than expected and worse for County Councils compared to inner London Boroughs and the Northern Metropolitan Councils. However, the Leader stated that the Secretary of State would say that this was the provisional settlement; there was an ongoing consultation and that the final settlement would be debated and agreed in the House of Commons in early February and the Council was doing everything it could to influence the final decision. Such a late decision on the final settlement made the Council's medium term financial planning very difficult. He also mentioned the decisions on certain grants, which had also not been made yet, some of which were significant, such as the public health grant. Mr Carter also stated that one of the strong points being made to the Government both by KCC in its responses to consultations and by the County Councils Network (CCN) was that the Council Tax rates payable in the City of Westminster was almost half that paid in Kent, which could not be regarded as fair or justifiable and had to be addressed by Government in the review of the redistribution and devolution of commercial rates. He added that if the inner London Boroughs had the same levels of Council Tax as Shire County Councils and their RSG was reduced accordingly, it would raise £700m to £800m. In conclusion, Mr Carter stated that the level of financial pain was set to continue for the next 2-3 years, which was getting into the realms of impossibility, which is why it was so important to make sure that there was a much fairer distribution of RSG to County Councils without which it would become impossible to continue to deliver high quality statutory services and the highly valued non-statutory services.

Mr Andy Wood, Corporate Director of Finance and Procurement confirmed that it was anticipated that the final 2015/16 financial settlement for local government was likely to be made on Wednesday 3 February, the same day as the County Council budget papers were due to be published. Mr Wood stated that he shared the Leader's cautious optimism that the level and intensity of lobbying in recent weeks would result in a more positive final settlement for County Councils. Mr Wood also stated that the current budget proposals included a £4m gap, which had yet to be found but he was expecting this to be met from an increased Council Tax base and a surplus on the collection funds. He also mentioned the better than expected level of Better Care Fund (BCF) monies but reiterated the cautiousness of the Leader and Ms Carey in relation to the as yet unannounced grant decisions, which could worsen the Council's funding position.

The Leader stated that the uncertainties outlined by Mr Wood and Ms Carey made the all-Member briefing on Monday 8 February even more important and timely, in

order to ensure that all Members had a good understanding about the final financial settlement in good time before the Budget County Council meeting on Thursday 11 February.

No further comments were made.

It was RESOLVED that:

<b>CABINET</b> <b>25 January 2016</b>	
1.	The draft budget and the council tax precept (including the additional Social Care levy) taking into account late changes to the draft budget and MTFP published on 11 January 2016 and subject to the final Local Government finance settlement for 2015/16 due on 3 February be endorsed for submission and determination by the County Council on 11 February 2016.
REASON	
1.	In order that the County Council can consider the recommendations of the Cabinet on the budget and council tax for 2015/16.
ALTERNATIVE OPTIONS CONSIDERED	A large number of alternative budget proposals and options were considered throughout the deliberations on the 2015/16 budget.
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.

**153. Kent Environment Strategy: A strategy for environment, health and economy by Kent County Council**  
*(Item 7)*

Cabinet received a report on the Kent Environment Strategy: A Strategy for environment, health and economy, which had been the subject of a public consultation from 27 July to 25 September 2015, as agreed by the Environment and Transport Cabinet Committee on 21 July 2015. Following on from the consultation, the strategy was updated to reflect feedback and the final draft of the strategy was endorsed by the Kent Leaders’ Group on 24 November and the Environment and Transport Cabinet Committee on 4 December 2015. The report now before the Cabinet recommended formal adoption of the Kent Environment Strategy.

Mr Balfour, Cabinet Member for Environment and Transport stated that this had been an extremely good piece of work, which had evolved through consultation and he praised Carolyn McKenzie and her team for achieving co-operation and agreement from Districts and other key stakeholders.

Carolyn McKenzie, Head of Sustainable Business and Communities, was present and gave an informative presentation, which outlined the high level priorities, which were derived either through legislation, partner priorities or stakeholder and customer needs. She added that the strategy was very much a Kent strategy, a partnership

document with Kent County Council as the facilitator and leading by example. The strategy contained key links to other areas, such as health and economy and there were shared risks and opportunities from climate and wider environmental factors such as population and land use change. Members were advised that the rapidly-changing policy environment over the last 3-5 years, coupled with a recession and severe public sector cuts had driven the need to review the strategy as well as the needs of the public health agenda. With regard to the approach, Carolyn McKenzie explained that the strategy was very much evidence-based with strong engagement through a range of workshops, partner meetings and a full consultation exercise, including a public perception survey.

She explained that there were a number of significant opportunities and challenges, mainly due to the high level of growth in Kent; these issues included poor air quality in some areas, 8% of residents in fuel poverty, severe weather impacts such as flooding and severe pressure on ground water supplies.

On the positive side, she explained that a high proportion of respondents to the survey had stated that they regarded the Kent countryside as important to them and eco-tourism, which included visits to public parks and the coast, was worth £2.5bn to the Kent economy.

More than 75% of the respondents to the survey supported the high level aims and many of those who didn't wanted a stronger focus in some of the same areas. One of the most important areas of public feedback was the need to balance development with the needs of the environment. Other key issues going forward related to making the coast more important/prominent and noise, specifically airport noise. All of these factors had been included within the strategy.

The next stage in the process would be to develop a detailed implementation plan to support the high level priorities within the strategy, which would be reviewed annually.

Once Cabinet had approved the strategy, it would be owned by the Kent Leaders and Chief Executives and there would also be a cross-party informal Member Group set up to monitor delivery of the strategy as well as the Kent Environment Board of senior managers.

Finally, she thanked Sarah Anderson and Adam Morris in her team for their hard work on the strategy.

The Leader thanked Carolyn for her presentation and stressed how important it was for the Cabinet to receive an annual report on the progress made towards achieving the key priorities within the strategy, particularly given the pace of development within the county.

Mr Balfour stated that the focus now would be on getting the implementation plan right and addressing the appropriate matters as they came forward and he would be happy to support an annual report to Cabinet. He stated that the difficulty would be persuading our colleagues across Kent that we had a growth agenda through the Growth and Infrastructure Framework (GIF) and what the Districts were bringing forward in terms of housing numbers; which was going to put enormous pressure on the environment. He stressed the health benefits of enjoying the natural environment

and the need to promote this. Mr Balfour also stated that he had invited Carolyn or Sarah Anderson to attend the Infrastructure Funding Group, which oversaw the GIF, to ensure that their voices were heard from the point of view of the Environment Strategy in relation to infrastructure development within the County.

Mr Sweetland, Cabinet Member for Commercial and Traded Services echoed the comments of Mr Balfour in seeking to make sure that good progress was being made on the high level priorities and the strategy reviewed on a regular basis. He endorsed the comment about development not being at any cost and that improving air quality particularly on the motorway corridors was an important strategic aim.

The Leader endorsed the comments made and reminded Members of the importance of the strategy given the projected rise in Kent’s population of 17% and 300,000 new homes by 2031. He asked Carolyn McKenzie to bring forward an annual report to Cabinet in a year’s time to update Members on the progress made towards achieving the high level priorities.

No further comments were made.

It was RESOLVED that:

<b>CABINET</b>	
<b>25 January 2016</b>	
1.	The refreshed Kent Environment Strategy: A Strategy for environment, health and economy, be adopted and that in doing so, it be noted that as a partnership strategy, this would include the delivery of programmes and activities by a variety of organisations requiring associated frameworks, MoUs, projects and contracts to be developed and implemented as appropriate
2.	Cabinet receive an annual report detailing the progress made in achieving the high level priorities within the strategy.
<b>REASON</b>	
1.	In order for the Council to fulfil a wide range of legislative requirements, stakeholder priorities and customer needs to protect and enhance the natural environment.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	The extensive engagement and consultation process led to the submission of a wide range of options and priorities for inclusion in the strategy.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.

**154. Proposed Co-Ordinated Schemes for Primary And Secondary Schools In Kent and Admission Arrangements for Primary and Secondary Community and Voluntary Controlled Schools 2017 /18**  
(Item 8)



Cabinet received a report on the outcome of the consultation on admissions arrangements and the proposed scheme of transfer to Primary and Secondary Schools in September 2017 including the proposed process for non-co-ordinated in year admissions. Cabinet was being asked to determine the co-ordinated schemes for Primary and Secondary Admissions in Kent, the 'in-year' admissions process for Primary and Secondary Schools in Kent and the admission arrangements for the 2017/18 school year for Community and Voluntary Controlled Schools.

Mr Roger Gough, Cabinet Member for Education and Health Reform introduced the report and stated that these proposed arrangements had been seen and approved by the Education and Young People's Cabinet Committee. He added that the proposed arrangements firstly reflected the County Council's role in 'holding the ring' across the system of school admission arrangements in general and, secondly, to set over-subscription criteria for those schools for whom KCC was still the admissions authority, which still amounted to the bulk of primary schools but only the seven secondary schools listed on page 294 of the report.

Mr Gough stated that there were no material changes to the co-ordinated schemes following the consultation process. However, in terms of the over-subscription criteria, two areas of change were highlighted: firstly, for the Dartford Bridge Community Primary School where the proposal was to create a priority zone around the school in response to ongoing housing development; and, secondly in relation to Tunbridge Wells Boys Grammar School where there was a proposal to give priority to Pupil Premium children within each of the school's admissions criteria.

Mr Patrick Leeson, Corporate Director for Education, Learning and Skills stated that the Council was required to review its admission arrangements on an annual basis. He stated that overall, the co-ordinated admission arrangements worked very well in the face of a much more diverse system where more and more schools were now their own admissions authorities and that the admission arrangements to schools in Kent was fair, even if some parents did not believe that in their particular cases. He added that the percentage of offers of first or second preferences for primary and secondary schools in Kent remained in the mid 80s, which was good in relation to national averages, although it was becoming harder each year to achieve these high levels because of the sheer complexity of the admission arrangements. Mr Leeson spoke about the increasing number of complaints nationally about the fairness of admission arrangements for Academy Schools and this had been highlighted in the national schools' adjudicator's report as an increasing trend; however, in Kent, there did not appear to be a significant problem in that regard and if a complaint was made, KCC would take it up with the relevant academy or the schools adjudicator to resolve, if necessary.

Mr Gough spoke again to endorse the comments of Mr Leeson that the job of holding the ring becomes more complex each year and asked Cabinet colleagues to offer their thanks and appreciation to Scott Bagshaw, Head of Fair Access and his team for the work they do. The Leader endorsed these comments.

No other comments were made.

It was RESOLVED that:

**CABINET**

<b>25 January 2016</b>	
1.	<p>a) The Coordinated Primary Admissions Scheme 2017/18 incorporating the In Year admissions process as detailed in Appendix A</p> <p>b) The Co-ordinated Secondary Admissions Scheme 2017/18 incorporating the In Year admissions process as detailed in Appendix B</p> <p>c) The over-subscription criteria relating to Community and Voluntary Controlled Infant, Junior and Primary Schools in Kent 2017/18 as detailed in Appendix C (1)</p> <p>d) The oversubscription criteria relating to Community and Voluntary Controlled Secondary Schools in Kent 2017/18 as detailed in Appendix D (1)</p> <p>e) The Published Admissions Number for Community and Voluntary Controlled Infant, Junior and Primary Schools 2017/18 as set out in Appendix C (2)</p> <p>f) The Published Admissions Number for Community and Voluntary Controlled Secondary Schools 2017/18 as set out in Appendix D (2); and</p> <p>g) The relevant statutory consultation areas for Kent Infant, Junior and Primary Schools 2017/18 as detailed in Appendix C (3) and the relevant statutory consultation areas for Kent Secondary Schools 2017/18 as set out in Appendix D (3)</p>
<b>REASON</b>	
1.	In order for the Council to fulfil its legal obligations to carry out an annual review of school admission arrangements for the school year commencing September 2017.
<b>ALTERNATIVE OPTIONS CONSIDERED</b>	Changes to the previous year were considered non-material overall except in two specific schools where other options were considered before a proposal was made.
<b>CONFLICTS OF INTEREST</b>	None.
<b>DISPENSATIONS GRANTED</b>	None.