

KENT COUNTY COUNCIL

CABINET

MINUTES of a meeting of the Cabinet held in the Darent Room, Sessions House, County Hall, Maidstone on Monday, 16 September 2013.

PRESENT: Mr P B Carter (Chairman), Mr D L Brazier, Mr G Cooke, Mr M C Dance, Mr G K Gibbens, Mr R W Gough, Mr P M Hill, OBE, Mr J D Simmonds, Mr B J Sweetland and Mrs J Whittle

UNRESTRICTED ITEMS

16. Apologies

Apologies were received from Geoff Wild, Director of Governance and Law who was substituted by Peter Sass, Head of Democratic Services; Andrew Ireland, Corporate Director of Families and Social Care who was substituted by Mark Lobban, Director of Strategic Commissioning; and Amanda Honey, Corporate Director of Customer and Communities.

17. Declaration of Interest

No declarations of interest were received.

18. Minutes of the Meeting held on 15 July 2013

The minutes of the meeting held on 15 July 2013 were agreed and signed by the Chairman as a true record.

19. Items which the Chairman decides are relevant or urgent

None.

20. Treasury Strategy Update

(Item 6 – Report of Mr John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement and Andy Wood, Corporate Director of Finance and Procurement).

Cabinet received a report seeking agreement to proposed changes to the Council's Treasury Strategy, principally by expanding the range and types of investment which could be made.

The Leader of the County Council, Mr Paul Carter, reported that Mr Bird, local member for Maidstone Central had requested and received permission to address the meeting on this item. Mr Bird came to the table and spoke to the item. He agreed with the motivation for changes stating that returns on cash investments were currently negligible and on such significant sums of money as were available to the council it was right that long term investments in higher return areas were sought.

However, he did have some concerns about the information contained within the report and he set them out as follows:

- (i) That seeking higher returns would mean the acceptance of higher risk. Capital markets, including equity income funds, by design, would fluctuate. The performance of the Fund Manager would be crucial to managing this risk and that as such the choice of manager would be critical to the success of any amended strategy. He welcomed the due diligence proposed within the recommendations of the report.
- (ii) That procedures by which an opportunity for investment were authorised must be open, transparent and properly recorded and reported without negating the council's ability to invest quickly.
- (iii) That the strategy recommended that £75million be reallocated in the way it described but that a limit ought to be placed on each individual transaction delegated to officers and the Fund Manager.

The Leader clarified that the report recommended a £5 million individual investment limit which Mr Bird welcomed.

The Deputy Leader & Cabinet Member for Finance and Procurement spoke to the item; he introduced the central recommendations and reasons, and responded to the comments made by Mr Bird, by reporting that:

- (i) The Kent County Council Treasury Management Strategy, and the way in which it was modified and reported complied with the CIPFA Code of Practice. That the Strategy was not a political issue and as such the Treasury Advisory Group (TAG) which met on an adhoc basis to consider it was made up of members of all political groups. Mr Simmonds expressed regret that Mr Bird was now uncertain about the changes having been present at a meeting where all party consensus had been reached on the changes now before Cabinet. He hoped that as he spoke Mr Bird's concerns might be allayed.
- (ii) The rate of interest on deposits had continued to be low and as a result debts had been repaid rather than refinanced. The current approach was very cautious; to illustrate this he reported that Debt Management Office Deposit returned a rate of 0.25%. Australian and Canadian banks had been investigated as previously agreed but had not offered any significantly improved returns. Deposit rates continued to reduce as a result of the current financial climate and government actions intended to reduce the impact of the recession. Therefore the council must look to vary its investments to increase returns, although he accepted that the risk would also increase he argued that traditional investments with banks was no longer as safe as it had once been.
- (iii) The Pension Fund had already implemented such changes and was and had successfully protected its value.
- (iv) The expected return on the new investment areas identified was thought to be approximately 5% this increased income would allow frontline services to be protected in the future.
- (v) Where risk had been realised in the past, namely when the Icelandic banking system suffered collapse whilst council money was invested in it, officers and managers had managed that risk so effectively that no frontline

services were affected and further more it was likely that 100% of the investment would be reclaimed.

The Head of Financial Services, Nick Vickers addressed the meeting he wished to expand on the issue of Absolute Return Funds addressed within the report at 12.1. These funds would, he advised, constitute a good starting point for any new investment made as a result of an amended strategy. He assured members that although some of these funds operated in a similar way to Hedge Funds, the Pension Fund did not invest in Hedge Funds and nor would the Council's Treasury Fund. He reported that the Absolute Return Fund run by Pyrford invested in safe and secure equity, fixed incomes and cash and moved monies between these asset classes over time with the objective of delivering cash plus 5%. He added that the comments made regarding the potential volatility of Equity Income Funds were valid and that positions within them would only be taken up with great caution. Finally he commented that although property funds had been a fantastic investment for the Pension Fund the Treasury Fund was not able to invest in the same way. Only capital receipts could be used to invest in the larger funds and this might limit the investment opportunities available.

In response to a question from the Leader, Mr Vickers reported that the return on investment in the top 100 ftse companies was between 4% and 5%. The Leader remarked at the safety and security that could be provided by such companies for investors and hoped that this comparison would allay any fears that the council was increasing risk to an unacceptable level. He believed that the amendments to the Strategy were not only acceptable but necessary.

The Corporate Director of Finance and Procurement, Andy Wood spoke to the item. He reported that any investments made under the 'other investments' category would be subject to a process, to be agreed, whereby the Treasury Advisory Group would be privy to any planned investment before it was undertaken to allow proper consideration of what was potentially a broad investment area.

He further clarified that any delegations that the Cabinet might agree to him and, or, Mr Simmonds would be subject to thorough due diligence, and the involvement of other senior officers such as Mr Vickers.

It was RESOLVED:

CABINET Treasury Strategy Update 16 September 2013	
1.	That a core investment portfolio of £75 million as set out in the report, be established.
2.	That a maximum exposure of £5 million in any one investment, from the portfolio established at 1, be agreed
3.	That authority for the investment of monies from the portfolio established at 1., subject to the limitations agreed at 2, be delegated to the Corporate Director of Finance and Procurement in consultation with the Deputy Leader and Cabinet Member for Finance and

	Procurement.
REASON	
1.	In order that the Council may extend its investment portfolio to increase returns on investment
2.	In order that the risk to the portfolio established be minimised
3.	In order that investment opportunities can be taken in a timely manner as they arise.
ALTERNATIVE OPTIONS CONSIDERED	Not amending the strategy and continuing to manage cash flow and investment as before was not considered to be a viable option in light of the increasingly poor returns on bank and other traditional investments.
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.

21. Revenue and Capital Budgets Monitoring 2013-14 - Quarter 1

(Item 7 – Report of Mr John Simmonds, Deputy Leader and Cabinet Member for Finance & Procurement and Andy Wood, Corporate Director of Finance and Procurement).

Cabinet received a report providing the first full quarterly budget monitoring position for 2013-14 for both revenue and capital budgets, including an update on key activity data.

The Corporate Director of Finance and Procurement reported that the format of the report was changed to focus more clearly on those areas where variations to the budget may be needed or had already occurred and would now be received in this format at every Cabinet meeting.

The Deputy Leader and Cabinet Member for Finance and Procurement introduced the report; in relation to the revenue budget he made the following comments:

- (i) That the first quarter was of particular importance when such significant savings were sought over the financial year.
- (ii) That he welcomed the reported underspend for the quarter of £498,000 before any management action had taken place but reminded members that after the deduction of monies ring-fenced for the Social Fund for 2013-14 and 2014-15 there was in fact a pressure of £94,000.
- (iii) With management action planned for the year it was expected that an underspend of £2million would be achieved.
- (iv) That a key management action to be undertaken in Specialist Children's Services, which currently had an overspend of £4.7million, was a targeted drive to recruit permanent members of staff and reduce reliance on agency staff which would significantly reduce cost and improve services.
- (v) That pressures continued on the Environment, Highways and Waste portfolio budget owing largely to additional monies targeted to 'find and fix' potholes caused by the long and severe winter.

- (vi) That a further invoice had been submitted to the Home Office, to a value of £2.2million for cost incurred as a result of the UK Border Agency delays in deporting young people not granted leave to remain but he remained cautious about the probability of receiving payment.
- (vii) That the government had awarded £4.5million of additional funding for various activities and that he proposed to allocate £2million of this to the reserves to protect against the possibility of further cuts to funding in the future.
- (viii) That SEN transport continued to show an overspend of £1.3million partially offset by underspends in Home to School transport and 16+ transport.
- (ix) That the Freedom pass scheme continued to be popular but that in light of an £800,000 overspend recorded last year a review would be needed in order to ensure the sustainability of the scheme.
- (x) That the adverse weather conditions experienced last winter had increased spending by £400,000 and that a particularly harsh winter in 2013-14 would put enormous pressure on the budget even considering the provisions that had been put in place.

In relation to the Capital budget the Cabinet member continued as follows:

- (i) That the current working Capital budget was £319 million with a forecast outturn of £306 million. Variances had occurred but could be largely accounted for by project delays that had occurred as a result of planning considerations and other factors.

The Deputy Leader thanked Members and officers for the hard work that had been done towards the underspend and remarked that he was pleased and cautious.

The Cabinet Member for Specialist Children’s Services spoke to the item. She reported that almost fifty newly qualified Social Workers would be joining KCC later that month and was pleased that this would not only relieve some of the pressures reported by Mr Simmonds in relation to the agency payments but would also provide a better more stable service for the young people of Kent.

She added that amongst the pressures experienced by Specialist Children’s Services a more recent development had been the increased court costs associated with the increased numbers of children in care being approved for adoption.

The Leader closed the discussion having received no more requests to speak to the item. He welcomed the positive quarter 1 report and hoped it was the first step toward another balanced budget at the end of the financial year.

It was RESOLVED

CABINET Revenue and Capital Budgets Monitoring 2013-14 – Quarter 1 16 September 2013	
1.	That the latest monitoring position on both the revenue and capital budgets be noted.
2.	That the realignment of revenue budgets within the SCS portfolio as detailed in section 1.2 and 1.3 of Annex 2 be

	agreed
3.	That the realignment of revenue budgets within the ASC&PH portfolio as detailed in section 1.2 and 1.3 of Annex 3 be agreed.
4.	That the changes to the capital programme as detailed in the actions column in table 2 of the annex reports be noted and agreed.
5.	That the latest Financial Health Indicators and Prudential Indicators as reported in appendix 1 and appendix 2 respectively be noted.
6.	That the directorate staffing levels as at the end of June 2013 as provided in section 7 be noted.
REASON	
1, 4, 5 and 6	In order that Cabinet can properly conduct its monitoring activities and to ensure that it has had proper regard to the most significant matters contained within the report.
2.	In order that the relevant services and programmes can continue despite pressures currently being experienced
3.	In order that the relevant services and programmes can continue despite pressures currently being experienced
ALTERNATIVE OPTIONS CONSIDERED	To not agree the changes to the budget would not provide security, project completion or necessary service provision in certain areas.
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.

22. Quarterly Performance Report 2013-14 - Quarter 1

(Item 8 – Report of the Leader and Cabinet Member for Business Strategy, Audit and Performance, Mr Paul Carter and Corporate Director for Business Strategy and Support, David Cockburn)

Cabinet received a report detailing performance in key areas during the first quarter of the financial year.

The Leader and Cabinet Member for Business Strategy, Audit & Transformation, Mr Paul Carter, introduced the report for members and requested that Richard Fitzgerald, Performance Manager BSS, spoke to draw attention to any areas of particular relevance and any new information now detailed in the dashboard. He drew attention to the following information:

- (i) That there was significant new content as a result of requests from both Cabinet and Cabinet Committees. This included information on:
- Customer experience and feedback information including Gov metric data (covering the website and 'Contact Kent' feedback) and also information on feedback from children in care.
 - The 'Troubled Families' programme
 - The Kent Support and Assistance Service.

- Public health indicators were now also included following the transfer of duties from the NHS.
- (ii) Currently there were three red indicators reported. These were:
- Social Worker vacancies – previously discussed [see minute 20]
 - Health checks – there had been an expectation of some disruption following the handover from the NHS to the local authority. Invites for health checks had been distributed and it was expected that performance in completion of Health Checks would improve in the following quarter.
 - Schools in category (special measures or notice to improve)
- (iii) Activity data showed that there had been a downward trend in the number of phone calls to Contact Point and an upward trend in the number of visits to the KCC website – a sign that the ambitions of Channel Shift Strategy were beginning to be realised.

The Leader welcomed the introduction of qualitative data on customer experience that he felt was crucial to the efforts being made to create better more efficient services that would meet the needs of residents.

The Cabinet Member for Education and Health Reform, Mr Roger Gough, spoke to the item. He reported that although good progress had been made in some areas, particularly GCSE results and the increased number of schools rated as Good or Outstanding by ofsted (70%), there were problems that remained. ‘Schools in category’ continued to be rated as red and he assured members that actions were being taken through the councils school improvement programme that would help to address the issue and improve performance.

He briefly spoke of his desire to address the attainment gap between average performance and the performance of those young people who were more vulnerable. Currently vulnerable young people did significantly less well than average.

Finally, he reported that progress had been made to reduce the time it took to issue an SEN statement and currently the performance was satisfactory with a positive direction of travel.

The Cabinet Member for Community Services, Mr Mike Hill welcomed the improvements made in the Contact Centre over the last year and the higher levels of customer satisfaction reported as a result. He also reported that he was pleased to see more people now accessing the council’s website for access to services and information.

The Cabinet Member for Adult Social Care and Public Health, Mr Graham Gibbens addressed the meeting. He commented on the new Public Health indicators now included within the paper. Two of these indicators were at green but one performed unsatisfactorily and was currently recorded as red.

With reference to the red, Completion of Health Check, indicator Mr Gibbens reported that although the completion figure had dropped from an acceptable level the previous quarter, completion had generally been at good levels in the East of the county with much lower levels in the West of the county. There had been some disruption with the recent transfer of responsibility from the NHS to the council and new contract management arrangements were now in place to ensure that targets

were delivered, but consistently, across the county. The forecast was that the completion rates would improve in the next quarter.

The Leader reported that the Health and Wellbeing Board had been considering the way in which monitoring of performance would be managed at its meetings and that the variances between CCG's in the East and West of the County would be very useful data. He concurred that the Health Check performance indicator would be improved now that the necessary financial commitments had been made by government to secure delivery by GP's.

The Cabinet Member for Economic Development, Mr Mark Dance reported on business and growth activity in the county. In particular he reported that the Regional Growth Fund (Expansion East Kent) had allocated monies to various schemes and businesses that would create jobs and growth in the county. In conjunction with the North Kent TIGER fund and the successful bid for Escalate many businesses were able to secure the help that would traditionally have been provided by banks but which was not currently forthcoming.

CABINET	
Quarterly performance Report 2013-14 – Quarter 1.	
16 September 2013	
1.	That the quarterly performance report be noted.
REASON	
1.	In order that Cabinet has properly conducted its monitoring activities
ALTERNATIVE OPTIONS CONSIDERED	N/a
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.

23. 2013 GCSE Results - Update

(Item 9 – Report of the Cabinet Member for Education and Health Reform, Mr Roger Gough, and Corporate Director for Education, Learning and Skills, Patrick Leeson)

Cabinet received a report providing an update on the unvalidated 2013 GSCE results for Kent. The Cabinet member for Education and Health Reform introduced the item. In particular he drew the attention of Cabinet to the following information contained within it:

- (i) That the results were not yet fully validated and had not been subject to national comparison, an exercise that the Department for Education would undertake in due course.
- (ii) However it was clear that the figures provided strong, positive indicators of improved performance. In particular pupils graded A* - C and above was set to have increased by 4% to 65%, an upward trend that was unlikely to be

matched nationally where it was predicted that there would be a reduction in the number of pupils who achieved these grades.

- (iii) In addition, and not included within the report, early indications suggested that performance at KS1 and KS2 would also be strong.

Mr Gough thanked all of those involved in the delivery of such excellent results.

The Corporate Director of Education, Learning and Skills, Patrick Leeson spoke to the item. He confirmed, as reported, that 65% of pupils attaining A* - C. when verified would be the best results that had ever been achieved in Kent and that a 4% increase was a significant improvement. In 2012 Kent results were above the national average for the first time and this was set to continue in 2013. He urged members to consider the underlying trends which reflected the high standards being maintained, and improvements continued, in 75% of schools in Kent.

Mr Leeson also referred to the following:

- (i) That some of the schools that had suffered some reduction in grades A* - C had suffered as a result of the national issue relating to the marking of GCSE papers. Many of the schools involved would appeal the results.
- (ii) That national policy would require in the future that young people who did not achieve a 'good' grade in Maths and English GCSE would be required to continue towards achieving that standard during their post 16 education or training. He described this as a significant development and welcomed the improved opportunities that it would bring for young people in Kent.

The Leader welcomed the results. He regarded the potential 5% differential between Kent and the national average as a great achievement. He reported that on receiving the results he had sent a note of thanks to every secondary head teacher and their staff and reiterated that thanks to all involved. He added that the promising primary school results achieved last year would help to further stretch Secondary School achievements. He concluded by noting that these results had been achieved with a budget that had been significantly reduced in recent years.

It was RESOLVED:

CABINET 2013 GCSE Results - Update 16 September 2013	
1.	That the GCSE results for 2013 be noted.
2.	That thanks to staff, governors and pupils be expressed.
REASON	
1&2	In order that Cabinet has an up to date picture of the success of students in Kent and that all those involved in the success are acknowledged
ALTERNATIVE OPTIONS CONSIDERED	N/a
CONFLICTS OF INTEREST	None.
DISPENSATIONS	None.

24. Specialist Children's Services - Update

(Item 10 – Report of the Cabinet Member for Specialist Children’s Services, Mrs Jenny Whittle, and Corporate Director for Families and Social Care, Andrew Ireland)

Cabinet received a report setting out the successful progress in the delivery of safeguarding services to children in Kent by KCC and its partners. It included an overview of progress since the critical Ofsted inspection report in 2010 and the subsequent imposition of an Improvement Notice by summarising the positive outcomes of all four subsequent Ofsted inspections and the further steps being taken to build on this progress.

The Cabinet Member for Specialist Children’s Services, Mrs Jenny Whittle introduced the report. She reported that Ofsted had inspected the key areas of safeguarding, children in care and fostering and adoption in 2010 and had been critical of performance. She reminded members of the scale of the work undertaken at Kent, being the second largest Children’s Services department in the Country. It offered support to 1600 children in care, approximately 200 unaccompanied minors and a significant number of care leavers and children placed in Kent by other local authorities. She drew the attention of members to the following phases of achievement since 2010:

- (i) Crisis management and the requirement to respond to the needs of some very vulnerable children quickly
- (ii) Stabilising, consolidating and building the service to the level required
- (iii) Improvement to transformation – the current phase. The service would aim to further progress from adequate to good to outstanding and Ofsted had rated the capacity to improve as at least good.

Mrs Whittle thanked those members who had sat on the Children’s’ Services Improvement Panel which had been extremely useful and had provided support and constructive challenge to facilitate positive change.

She described the key improvements made since 2010:

- (i) Work had been restructured in order that social workers no longer had generic caseloads but worked in dedicated Children in Care support teams.
- (ii) A central referral unit had been created which included the police, health and social services in order that information about vulnerable families could be shared more effectively.
- (iii) An open, transparent and rigorous performance management framework had been put in place including the ‘deep dive’ function that had required operational managers to be accountable for the quality of support provided.
- (iv) Adoption services had, in the first quarter of this year, facilitated the adoption of the same number as the whole of 2010.

- (v) Staff morale had improved and a new IT system would shortly be introduced that would allow officers to spend more time with families and further increase job satisfaction.

And those areas where further improvement was sought:

- (i) Consistency of practice across the County, to this end a new social work contact had been created. In addition staff support and training would continue to be strengthened.
- (ii) Quality of support for care leavers, in particular allowing care leavers to stay with foster families after the age of 16. It is a practice that is well established at Kent but which would be formalised by the introduction of a policy to that effect.

Mrs Whittle continued; referring to the following relevant information:

- (i) That to ensure future achievements reflected the needs of the young people affected qualitative research would be conducted with care leavers to obtain views on the quality of foster carers, social workers, education professionals and other workers who provide services for these young people.
- (ii) That while staff recruitment remained a challenge it was hoped that the improved Ofsted reports would, alongside other actions taken such as improvements to the recruitment site, reduce the council's reliance on agency staff.
- (iii) That the CAMHS service had reduced the waiting time from referral to treatment but there was still further work to be done, in particular in the north of the county.
- (iv) That the Early Intervention and Prevention Team had received substantial investment and offered a good service to vulnerable families. However further work would be undertaken to try to achieve a reduction in the numbers of children in care. Members were asked to consider that although numbers in Kent had not fallen as anticipated, in other areas of the country they had risen and therefore the investment had been effective in stabilising those numbers.
- (v) Financial management of the budget continued to create challenges for officers and members and significant pressures continued. The Portfolio was currently undergoing a diagnostic test to evaluate the whole service and ensure that no internal barriers to financial effectiveness existed.

Mrs Whittle concluded, she thanked Cabinet for the continued financial support of the portfolio and officers for their hard work and encouraged members to shadow a social worker to see the improvements first hand. She assured Cabinet that work would continue in order to further improve the service and to achieve continued and greater positive feedback from Ofsted under a strengthened and much tougher inspection regime which had seen over half of the local authorities inspected in the last year labelled as 'inadequate'.

The Leader reiterated that the new inspection framework would be a tough challenge for Kent and other local authorities. He reminded members that on receiving the inadequate inspection in 2010 that work had begun immediately to effect change and that it was thought that at the time it would take 2-3 years to achieve. He expressed delight that in three years the service had been so significantly improved and that the last of the full suite of re-inspections had found the service to be adequate. He

thanked the Cabinet Member for Specialist Children’s Services for her work on the portfolio and the officers delivering services within the directorate. He assured members that the council would not become complacent and that although the achievements to date were to be welcomed, work would continue toward the further improvement of services.

The Leader asked the Interim Director of Specialist Children’s Services, Mairead MacNeil to address the meeting, and in particular to speak to the ongoing work toward the creation of further improvements in service. Ms MacNeil responded to the request by confirming that officers were pleased and quietly confident that more improvements could be delivered.

She reported that significant challenges had been identified in the areas of recruitment and consistency of service, both described by Mrs Whittle previously. In addition the need for further improvement to the leaving care service was crucial, Ofsted had remained critical of the outsourced service provided and this would be addressed as part of phase three of the scheduled improvement work.

Ms MacNeil congratulated those involved and reported that the performance management framework in place at Kent County Council was the best that she had seen and that the ‘deep dive’ exercises referred to by Mrs Whittle earlier, had been particularly effective in creating a link between performance management and the impact on young people accessing services.

It was RESOLVED:

CABINET Specialist Children’s Services - Update 16 September 2013	
1.	That the progress made in improving outcomes of vulnerable children in the county as detailed in the four ofsted reports be noted.
2.	That the areas where continued improvement is needed to further raise standards be noted
REASON	
1&2	In order that Cabinet has properly conducted its monitoring activities.
ALTERNATIVE OPTIONS CONSIDERED	N/a
CONFLICTS OF INTEREST	None.
DISPENSATIONS GRANTED	None.