

## 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 Friday, 16 January 2015

PRESENT: Mr A J King, MBE (Chairman), Mr M A C Balfour (Substitute for Mr J A Davies), Mr N J D Chard, Mrs M E Crabtree (Substitute for Miss S J Carey), Mrs T Dean, MBE, Mr J Elenor, Mr C P D Hoare, Mr R A Latchford, OBE, Mr R L H Long, TD, Mr S C Manion, Mr L B Ridings, MBE, Mrs P A V Stockell, Mr D Smyth and Mr N S Thandi

ALSO PRESENT: Mr P B Carter, CBE, Mr G Cooke, Mr M C Dance, Mr R W Gough, Mr J D Simmonds, MBE and Mr B J Sweetland

IN ATTENDANCE: Mr P Bole (Director Information & Communication Technology), Mr J Burr (Director Highways, Transportation & Waste and Principal Director of Transformation), Ms O Crill (Transformation Manager), Mrs J Doherty (Business Transformation and Programme Manager), Mr D Farquharson (Interim Director of Property and Infrastructure Support), Mr R Hallett (Head of Business Intelligence), Mrs E Harrison (Economic Development Manager), Mrs Kendal (Head of Customer Services), Mr D Shipton (Head of Financial Strategy), Ms S Swaffer (FtC Property Programme Lead), Mr H Swan (Head of Procurement), Mr D Whittle (Head of Policy and Strategic Relationships), Mr A Wood (Corporate Director Finance and Procurement) and Mrs A Hunter (Principal Democratic Services Officer)

### **UNRESTRICTED ITEMS**

#### **111. Apologies and Substitutes**

*(Item A2)*

Apologies for absence were received from Miss Carey and Mr Davies. Mrs Crabtree and Mr Balfour attended as substitutes.

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

*(Item A3)*

There were no declarations of interest.

#### **113. Minutes of the meeting held on 12 December 2014**

*(Item A4)*

Resolved that the minutes of the meeting held on 12 December 2014 be approved as a correct record and signed by the Chairman.

#### **114. Minutes of the meeting of the Property Sub-Committee held on 10 December 2014**

*(Item A5)*

Resolved that the minutes of the Property Sub-Committee held on 10 December 2014 be noted subject to an amendment to the list of attendees to include the name "Peter" before the word "Smith".

**115. Work Programme 2015**  
*(Item A6)*

- (1) The report set out details of the proposed work programme for 2015 and asked the Cabinet Committee to consider and agree the programme.
- (2) Resolved that the work programme for 2015 be agreed.

**116. Facing the Challenge Update Report on back office procurement and Legal Services Phase 1 reviews**  
*(Item B1)*

- (1) Mr Carter (Leader of the Council) introduced the report which provided information about the current direction of travel and followed information previously provided to the committee on Phase 1 reviews. He said that dialogue was underway with potential providers and this would ultimately lead to a decision to outsource or retain the services in-house.
- (2) John Burr (Director of Transformation) said the development and implementation of a strong intelligent client/ commissioning function was essential and was continuing. He also outlined the timeframes, key milestones and the points at which Members would be involved in the process.
- (3) In response to questions he confirmed that the nature of the vehicle to deliver back office services was still being discussed and urged Members to attend a training session about business models, partnerships and delivery vehicles on Tuesday 20 January.
- (4) Mr Carter said that a compelling business case would be set out and presented to Members when a decision was required and the decision arrived at would be in the best interests of the Council and of council tax payers.
- (5) Resolved that the project update in respect of individual service reviews be noted.

**117. Facing the Challenge - Property Future Service Delivery Model**  
*(Item B2)*

Following the Chairman's suggestion it was resolved that full consideration of the decision be deferred to Part 2 of the meeting.

**118. Appointment of a Strategic Transformation Partner**  
*(Item B3)*

- (1) Mr Carter (Leader of the Council) introduced the report which explained the rationale for appointing a Strategic Efficiency Transformation Partner, outlined the procurement approach and sought approval for appointing a provider. The

report asked the committee to consider and endorse, or make recommendations to Cabinet on the proposed decision.

- (2) Mrs O Crill (Transformation Manager) said that: partners would only be used where capacity and skills were not available in-house; and as part of the appointment process, bidders would be expected to demonstrate how the skills and abilities of KCC staff would be developed to reduce the need for external help in the future and to demonstrate how they would work on a risk and reward basis.
- (3) In response to questions she said that the exact price or programme to be delivered was not yet known and any work commissioned would be in proportion to the savings anticipated.
- (4) Mr Carter said that stages 2 and 3 of the transformation programme were already being considered and that real savings had already been made in Adult Social Care.
- (5) Resolved that the proposed decision be endorsed.

#### **119. Broadband Delivery UK Phase 2 Project**

*(Item B4)*

- (1) Mr Dance (Cabinet Member for Economic Development) and Mr Gough (Cabinet Member for Education and Health Reform) introduced the report which set out information about progress of the Broadband Delivery UK (BDUK) Phase 1 project across the county since it began in March 2013.
- (2) Mr Gough said it was essential to have a contract in place before the State Aid notification expired on 30 June 2015 and there was no guarantee the funding would be available following parliamentary elections in May 2015.
- (3) The report also asked the committee to consider and endorse, or make recommendations to the Cabinet Members on a proposed decision to enter into a contract to deliver the Kent and Medway BDUK Phase 2 project and to enter into a grant agreement with BDUK to draw down £5.6 million government funding, subject to Council approving match funding as part of the 2015-18 Capital Programme on 12 February 2015.
- (4) During the discussion that followed, it was suggested that KCC's role in providing broadband be publicised and questions were raised about the particular challenges relating to exchange only lines.
- (5) Mrs Dean said she was still waiting for a report on the Community Broadband Grant Scheme. Mrs Harrison (Economic Development Manager) undertook to follow this up.
- (6) Resolved that the decision be endorsed.

#### **120. Budget 2015/16 and Medium Term Financial Plan**

*(Item D1)*

- (1) Mr Simmonds, (Deputy Leader and Cabinet Member for Finance and Procurement) introduced the report. He said the effective reductions in the provisional settlement amounted to around 13% for 2015/16 and the outlook for the following years continued to look challenging. He said a Council Tax increase of 1.99% was essential to maintain services and that work would continue with district councils to maximise the tax base. He also said that for the first time the Council needed to use reserves at this early stage in the budget process and planned to draw down £10.7m. Using reserves would only delay the need for savings into subsequent years and was not a permanent solution.
- (2) Mr Simmonds referred to the overspend projected at the end of the first quarter of the current year, acknowledged the continuing pressures from the increase in waste tonnage and the higher than unexpected use of the young person's travel pass. He also said every effort had been made to preserve frontline services and to invest in early intervention, particularly in adults and children's services.
- (3) In response to questions about the deflationary impact of reductions in utility costs, Mr Shipton (Head of Financial Strategy) said the Medium Term Financial Plan set out where contracts were tied to specific indexation increases and these were shown separately from non-specific provision for prices on negotiated contracts. He also said that no inflationary increases had been allowed for transport contracts.
- (4) In response to a question about the use of agency staff, Mr Carter said he was pleased that The Times had published his letter which said that local government ought to be congratulated rather than condemned as it had experienced real cuts of 37% in funding since 2010/11 and had been innovative in order to balance the books and continue to deliver services. He said the newspaper had quoted figures from Essex, Birmingham and Kent and had amalgamated the figures for all years from 2010/11 onwards. He confirmed that the Council now employed fewer permanent staff and used agency staff appropriately to manage peaks in demand. He also acknowledged the particular issues relating to the use of agency staff in social services and said his letter was being circulated to Members.
- (5) In response to questions it was confirmed that: Cabinet would consider the impact of the reduction in inflation and the cost of oil and, if appropriate, the budget would be adjusted accordingly; some capital projects might be re-considered if the anticipated funding was not forthcoming; and an intelligent and conciliatory approach to rental charges for third sector organisations was in place.
- (6) Resolved that the draft Budget and MTFP (including responses to consultation and government announcements) be endorsed.

## **121. Welfare Reform Update**

*(Item D2)*

- (1) Mr Carter (Leader of the Council) introduced the report which provided an update on the indicators detailed in a report received by the Policy and

Resources Cabinet Committee on 17 January 2014 as well as the additional information that had been requested at that time.

- (2) Mr Carter said welfare reform had not resulted in significant migration from London to Kent and the economic recession had not been as deep as anticipated. He said disposable income had shrunk which made it more difficult for those living at or below poverty level. He said a number of possible reasons for the increase in the use of food banks (including delays to welfare payments) were set out in the report.
- (3) The report was welcomed by the committee and during discussion comments were made about the impact of delays in the payment of benefits as a result of the move from Disability Living Allowance to Personal Independence Payments which was resulting in hardship for claimants including those who were terminally ill. It was suggested that a letter be sent urging the government to expedite assessments and payments.
- (4) Members commented about the growth of food banks, the impact the benefits cap was having on families, particularly larger families, and the long term impact on the educational achievement, health, development of skills and the future employment of children living in poverty.
- (5) In response to comments about the impact of benefits reform on Thanet, Mr Carter said that over the last 10 years the Council had been supporting the regeneration of Thanet and this was now bearing fruit.
- (6) Mr Carter also confirmed that efforts were being made to encourage the parents of eligible children to register for free school meals and to encourage schools to use the pupil premium payments to benefit the most disadvantaged.
- (7) It was also confirmed that charges for telephone calls to the Council were no longer made.
- (8) Reference was made to the All-Party Parliamentary Inquiry's report into hunger in the UK published on 14 December 2014 and it was suggested that the Council should put arrangements in place to pay the living wage and to ensure this was built into procurement policies.
- (9) A question was also asked about the All-Party Parliamentary Inquiry's recommendation that a yellow card warning system before the imposition of sanctions on claimants be introduced.
- (10) Resolved that:
  - (a) The report be noted;
  - (b) An annual report on the impact of welfare reform be produced
  - (c) A letter be written urging the government to expedite assessments and payments relating to Personal Independence Payments.

**122. Draft KCC VCS Policy for Consultation**  
*(Item D3)*

- (1) David Whittle (Head of Policy and Strategic Relationships) said that Mr Hill, (Cabinet Member for Community Services) was unable to attend to present the report.
- (2) Mr Whittle and Judy Doherty (Business Transformation Programme Manager) introduced the report and said that the LGA Peer Challenge had recommended that KCC develop a voluntary and community sector (VCS) policy or strategy. The important role of the VCS was recognised and the draft policy aimed to describe its relationship with the Council and recognise the diversity of the sector. Subject to agreement of the committee a period of formal public consultation on the policy would begin.
- (3) In response to questions, officers said that the intention was to deepen the Council's understanding of the sector and, in particular, its finances and long term sustainability.
- (4) The importance of building a new relationship with the sector was recognised especially in light of the perception that the Council was only interested in a commissioning relationship and no grant funding would ever be available.
- (5) Resolved that the proposed public consultation on the draft policy be endorsed.

**123. KCC Customer Services Policy**  
*(Item D4)*

- (1) Mr Sweetland (Cabinet Member for Commercial and Traded Services) introduced the report which provided an update on the development of a Customer Services Policy, aligned to the development of KCC as a strategic commissioning authority. He encouraged Members to comment and make suggestions.
- (2) David Whittle (Head of Policy and Strategic Relationships) said it was important to have a statement of the standard approach to customer services to enable practices to be developed that met the standard while taking the varying needs of customers into account.
- (3) In response to questions, Mrs Kendal (Head of Customer Services) said the policy encouraged directorates to design services that met the needs of their customers and that increasing the opportunities to self-serve meant that resources could be re-directed to those customers who were not able to do so. She also said that disaster recovery plans were in place for face to face contact, telephony, ICT and other systems.
- (4) Resolved that the developments around the Customer Services Policy be noted.

**124. Information and Communications Technology Strategy**  
*(Item D5)*

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which included a strategy for the future use of technology

in support of council services, the proposed technology roadmap and a sourcing approach to achieve maximum return on investment. He said the strategy would deliver savings by using updated and readily available technology.

- (2) In response to a question, Mr Cooke gave assurances that this was an information strategy designed to support directorates to manage information and provide the services expected by residents.
- (3) Resolved that the proposed 2015-2018 Technology Strategy be endorsed.

## **125. Exclusion of the Press and Public**

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

## **126. Facing the Challenge - Property Future Service Delivery Model**

*(Item E1)*

*(Sara Waller, Director of Cornerstone Assets, who had been retained by Property and Infrastructure Support to advise on transformation and the development of the financial model for the local authority trading company, was in attendance for this item)*

- (1) Mr Cooke (Cabinet Member for Corporate and Democratic Services) introduced the report which set out details of a proposed decision to implement a Local Authority Trading Company (LATC) for the delivery of Property Services. He referred to an excellent presentation given by the Director of Property and Infrastructure Support to a meeting of the Policy and Resources Cabinet Committee on 10 July 2014 in which she had outlined much of the information contained within the report.
- (2) Mr Cooke said the proposal to establish a LATC for the delivery of property services had been developed following a structured review and analysis which concluded that this was the most viable option to deliver the required savings.
- (3) During discussion, questions were raised about governance arrangements, the nature of business opportunities to be pursued, the reasons for the establishment of a LATC, the possible establishment of subsidiary companies, the recruitment and retention of staff and the percentage of the LATC's activities undertaken for KCC.
- (4) Resolved to endorse the proposed decision to be taken by Cabinet that:
  - (a) In consultation with the S151 Officer, Monitoring Officer and subject to the comments of the Trading Activities Sub Committee (Governance and Audit) the County Council establishes a wholly owned Local Authority Trading Company to deliver its property service based on the principles outlined in the report. The Local Authority Trading Company to be established as soon as possible but trading would not commence

until the necessary resources, approvals and commissioning functions for KCC were in place.

- (b) Subject to the proposed decision set out in recommendation (a) being taken, authority be delegated to the Director of Property and Infrastructure Support, in discussion with the Cabinet Member, to put in place the necessary arrangements to facilitate the establishment of the Local Authority Trading Company.