

Cabinet – Supplementary agenda No.1

A meeting of the Cabinet will be held on:

Date: 17 January 2017

Time: 3.00pm

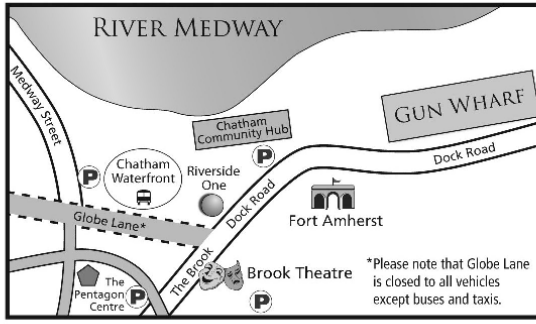
Venue: Meeting Room 2 - Level 3, Gun Wharf, Dock Road, Chatham ME4 4TR

Items

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|-----|--|------------------------|
| 5. | Business Rate Relief – Addendum Report | (Pages 3 - 8) |
| 6. | Final Funding Formula for Mainstream Schools and Academies 2017-2018 – Addendum Report | (Pages 9 - 12) |
| 8. | Shared Legal Service Between Gravesham Borough Council and Medway Council – Addendum Report | (Pages 13 - 14) |
| 15. | Exclusion of the Press and Public – Addendum Report | (Pages 15 - 24) |

For further information please contact Wayne Hemingway, Democratic Services Officer on Telephone: 01634 332509 or Email: democratic.services@medway.gov.uk

Date: 12 January 2017



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CABINET
17 JANUARY 2017
BUSINESS RATE RELIEF
ADDENDUM REPORT

Portfolio Holder: Councillor Rupert Turpin, Business Management
Report from: Phil Watts, Chief Finance Officer
Author: Jon Poulson, Revenues & Benefits Manager
Steve Platt, Democratic Services Officer

Summary

To set out the outcome of discussion at the Business Support Overview and Scrutiny Committee meeting held on 5 January 2017.

1. Background

1.1 The Chief Finance Officer introduced a report outlining the proposed options for a revised set of guidelines for the award of discretionary relief from National Non-Domestic (Business) Rates for charities and other non-profit making organisations. On 8 March 2016 Cabinet had agreed to rescind the existing guidelines with effect from 31 March 2017 and to receive a further paper proposing a revised set of guidelines to be implemented from 1 April 2017. Three options had been consulted upon, as follows:

- Option 1 – Reinstate the current guidelines whereby all charities, not for profit organisations and community amateur sports clubs would be treated the same and receive the maximum relief of 100%.
- Option 2 – The Council's preferred option would involve the implementation of guidelines with a variable level of discretionary relief based on the purpose of the charity, not for profit organisation or community amateur sports club.
- Option 3 – Charity and community amateur sports club properties in receipt of mandatory relief (a reduction in their business rates bill of 80%) would not receive any discretionary top up. Any not for profit organisation properties which currently received 100% discretionary relief would have their award limited to 80% discretionary relief.

1.2 The Chairman welcomed the representatives of charities, not for profit making organisations and community amateur sports clubs who had been invited to attend the meeting to make representations about the options under

consideration and respond to Members' questions. He asked the representatives of each organisation to address the Committee in turn.

1.3 Age UK Medway

- Option 1 was the preferred option and option 2 was the second preference.
- There was uncertainty about how organisations would be categorised under option 2 and how the review process would operate.
- Option 3 would result in a 20% increase in costs which would have an impact on the organisation's sustainability.
- Generally, charities had absorbed a range of reductions in income and were as lean as they could be in an effort to break even.

1.4 In response to questions by members of the Committee, the following additional points were made:

- Age UK was not a national charity and Age UK Medway was constituted locally.
- Without discretionary rate relief, it was estimated that the increase in costs for the shop in Gillingham would be £3.5K per annum.
- The price for a day visit at a day centre was £42 and any increase in costs would impact on service users.

1.5 City Lawn Tennis Club

- The club had been in existence for 100 years; there were currently 20 members of all ages and abilities, each paying £60 a year.
- The club operated a junior fun club.
- The club had received discretionary rate relief for a number of years and was paying £550 per annum to the Council in rent although the grass courts could only be used for 6 months of the year.

1.6 In response to questions by members of the Committee, the following additional points were made:

- Saturday afternoon sessions for young people attracted 8 to 10 visitors each paying £3.
- Without discretionary rate relief, the additional burden on the club would be £135 per annum.
- An increase in membership fees of more than £5 a year would risk the club's competitiveness compared to other local tennis clubs.
- The club had to pay for affiliation to the Lawn Tennis Association.

1.7 Holcombeians Sports Club

- Expensive new astroturf pitches had been laid last year at the club's premises in Rochester.
- Option 1 was the preferred option and option 2 was the second preference although this would require individual needs assessments.
- The club supported Medway Council and had many young members with 400 attending a recent one day hockey event.

- The success of the national hockey teams had helped attract 50 new junior members to the club.
- Without discretionary rate relief the cost to the club would be £1.8K per annum.

1.8 In response to questions by members of the Committee, the following additional points were made:

- Three local secondary schools used the club's facilities each week and the club worked closely with primary school teachers to provide after school activity for children.
- Under option 2, the club may have to change its constitution to state that it was improving the quality of life for young people / supporting vulnerable people to therefore qualify for 100% relief.

1.9 Medway Asthma Self Help

- The charity had been offering help and support to vulnerable people for 20 years, raising awareness, conducting outreach campaigns and supporting G.P's.
- A popular weekly advice centre was currently held with a qualified nurse in attendance.
- The charity received a grant which covered 55% of its costs. The remaining 45% was raised by members.
- Option 1 was the preferred option and option 2 was the second preference.

1.10 In response to questions by members of the Committee, the following additional points were made:

- It was envisaged that, without discretionary rate relief, the charity would have to close as it was becoming increasingly difficult to raise funds or find volunteers.
- The charity worked with the Clinical Commissioning Group and attended local health and wellbeing events.
- The charity's free allergy testing service, which could be instrumental in helping to control asthma, might have to close.

1.11 Medway Voluntary Action

- This was an umbrella support organisation for the voluntary and community sector.
- Reduced funding, increased demand for services and more favourable leases for commercial organisations all contributed to the challenges which organisations faced.
- In such fragile circumstances, morale among staff and volunteers was low.
- Although options 2 or 3 would achieve small financial gains for the Council, they might lead to problems in the longer term as a result of reduced support to the community and more people presenting to social services.
- The cost of the organisation's training services would increase under options 2 or 3.

- The Council should not treat charities as businesses even though they operated in a business like way.

1.12 In response to questions by members of the Committee, the following additional points were made:

- There was a real danger that charities would close under new rate relief guidelines as many were already struggling as a result of not receiving a Council grant.
- As a support organisation, it may be difficult to categorise Medway Voluntary Action although it was anticipated that it would come under 'Supporting Vulnerable People'.

1.13 Nucleus Arts

- The charity supported the Council's strategic priorities and it was not in Medway's interest to remove its 20% discretionary rate relief.
- Given the key services that they provided to the local community, charities should not be considered as a burden to the Council but rather as organisations providing economic support and social capital.
- If charities were to cease operating there would be a financial burden on the Council and the most vulnerable in the community would not have a voice.
- If discretionary rate relief was not provided, the Nucleus Arts sites would close down and this would have a negative economic impact on the Council's budget.
- 80% of charities were small and 80% of those small charities were uncertain if they could survive for the next five years.

1.14 In response to questions by members of the Committee, the following additional points were made:

- Three Nucleus Arts sites within Maidstone had closed after Maidstone Council had introduced new rate relief guidelines which had increased costs by £100K. This meant that support could no longer be offered to around 100 vulnerable people.
- The charity had no core funding in Medway and its four sites would close if options 2 or 3 were pursued. This would include the main site in Chatham High Street which provided support to vulnerable people suffering social isolation and mental health issues.
- The charity helped people to develop skills that increased their employability.

1.15 Strood Pelican Cruising Club

- The club had 87 members and set membership fees at a level that retired people could afford.
- Option 1 was the preferred option although the club could continue to operate under option 2.
- The club had not been aware that it qualified for rate relief until this year.

1.16 In response to questions by members of the Committee, the following additional points were made:

- The club operated on a short term lease so was trying to build up its funds.
- There may be uncertainty about which category the club would fall under as it was a leisure club that also supported vulnerable people.

1.17 Members discussed the proposed options and the following points were made:

- The representatives of the groups had provided powerful testimony of how they were supporting not only service users but also professional service providers. They had demonstrated how, without additional rate relief, there was a real danger that some would close.
- If the Council was not able to accept the consequences of introducing new guidelines, it should not make any changes.
- It should not be assumed that there were groups currently in receipt of discretionary rate relief that were not deserving of it.
- It was important to be mindful that a consequence of the Council's decision may be a loss of match funding by the Government.
- The full impact that a charity or voluntary group was having on the wellbeing of vulnerable people was difficult to quantify. Any financial savings achieved by a change to the guidelines might therefore be outweighed by the wider implications of reducing in the level of support to the community.
- Options 2 and 3 would have a disproportionately negative impact on the Council.
- It was important that Cabinet had sight of all available information including the list of which organisations would have to pay something towards their business rates bill if Option 2 was pursued.
- The fragility of the voluntary sector needed to be understood. It was important that vulnerable people could have confidence that the charities supporting them could continue to do so.
- Many tax payers benefited either directly or indirectly from the support provided by the voluntary sector. Some people who were currently not vulnerable may become so if this support were no longer provided.
- The categorisation of organisations under option 2 would be difficult and there was a danger that some would be unaware that they could claim.
- Consideration of new guidelines for business rate relief provided an opportunity for the Council to assess the level of tax payers money that was supporting each organisation and whether this was appropriate in every case.
- Under option 2, a review process would give assurance that any organisation could ask for its categorisation to be reviewed.
- The new guidelines would allow for a more meaningful and intelligent process for determining business rate relief.
- The Chief Finance Officer advised that, under the review process, an initial review would be undertaken by the Revenues and Benefits Service Manager with second stage reviews being undertaken by the Chief Finance Officer.

1.18 A Member then moved the following:

Cabinet is recommended to support option one on the basis of:

1. This being the most widely supported option by the community and voluntary sector.
2. Option two leading to very subjective decision making along with the increased cost of managing such a process.
3. The cost to taxpayers to substitute the voluntary and charity services lost being potentially greater than the savings made by the proposal.

1.19 In accordance with Rule 12.6 of the Council Rules, the following Committee Members requested that their votes in favour of the motion be recorded in the minutes:

Councillors Griffiths, Maple, Murray and Freshwater.

1.20 On being put to the vote, the motion was lost.

1.21 The Committee considered the report and the consultation that had taken place and referred Committee members' comments to the Cabinet for consideration on 17 January 2017.

2. Chief Finance Officer's Comments

2.1 During the discussion at Overview and Scrutiny, the Committee stated that it was important that Cabinet had sight of all available information including the list of which organisations would have to pay something towards their business rates bill if Option 2 was pursued.

2.2 This information is attached in an Exempt Appendix. Whilst each organisation received the correct information relating to the impact on its own property or properties when being consulted on the proposed changes, a small error in the total number of properties receiving/not receiving relief was quoted in the consultation questionnaire and subsequently repeated at Overview and Scrutiny. The corrected totals are shown at the foot of the Exempt Appendix.

3. Recommendations

3.1 The Business Support Overview and Scrutiny Committee considered the report and the consultation that had taken place and referred Committee Members' comments to the Cabinet for consideration on 17 January 2017.

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Appendices

Exempt Appendix



CABINET

17 JANUARY 2017

FINAL FUNDING FORMULA FOR MAINSTREAM SCHOOLS AND ACADEMIES 2017-2018

ADDENDUM REPORT

Portfolio Holders: Councillor Andrew Mackness, Children's Services
(Lead Member)
Councillor Martin Potter, Educational Attainment and
Improvement

Report from: Ian Sutherland, Interim Director of Children and Adults
Services

Author: Maria Beaney, Finance Business Partner

Summary

This addendum report sets out the outcome of discussion at the Schools Forum meeting on 9 January 2017.

1. Background

1.1 The Schools Forum met on 9 January 2017 to discuss, consider and to make recommendations on the Final Funding Formula for 2017-18 to Cabinet for approval.

2. Recommendations from the Schools Forum – 9 January 2017

- 2.1 From April 2018 school budgets will be set by a national funding formula. Stage one of a two stage consultation process, proposed the removal of two funding factors - mobility and looked after children - which were used in Medway's Funding Formula.
- 2.2 To mirror the proposed national funding formula, the Schools Forum on 17 October 2016 recommended to Cabinet to remove these two funding factors from the provisional funding formula for 2017/18. These recommendations were subsequently approved by Cabinet at their meeting on 25 October 2016.
- 2.3 Stage two of the consultation was published in December 2016 and in line with the consultation, the Schools Forum were asked to consider adding back the mobility funding factor to the final funding formula for 2017-18.

2.4 At its meeting on 9 January 2017 the Schools Forum recommended to Cabinet to:

- 1) Add back the mobility funding factor at £90 per pupil.
- 2) Ask members to instruct officers to implement the Final Funding Formula for 2017-18.

2.5 Table 1 below shows the revised funding available for each funding factor after the 2017-18 final funding formula has been “run” with a mobility funding factor included.

Funding Factor	2017-18 Allocation	2017-18 Allocation
	£m	%
Basic Entitlement - Primary	66.639	40.39%
Basic Entitlement - Secondary	62.912	38.13%
Deprivation	9.415	5.71%
Prior Attainment	11.242	6.81%
English as an Additional Language	0.363	0.22%
Mobility	0.162	0.10%
Lump Sum	10.848	6.57%
Split Sites	0.111	0.07%
Sparsity	0.011	0.01%
Rates	1.876	1.14%
Exceptional Items	0.027	0.02%
Total:	163.606	99.17%
Minimum Funding Guarantee / Capping	1.396	0.83%
Total:	165.002	100.00%

2.6 The Final Funding Formula has distributed:

- 79.18% through the basic entitlement factors.
- 92.13% through the pupil lead factors.

3. Chief Finance Officer’s comments

3.1 The Cabinet report refers to the anticipated recommendations in paragraph 8.1 of the main report and the Schools Forum’s actual recommendations to Cabinet are set out in paragraph 2.4 above.

3.2 Individual school budgets are funded by the schools block of the dedicated schools grant and the proposal to add back the mobility funding factor to mirror the national funding formula is affordable within the available grant, therefore, this can be recommended to Cabinet.

4. Revised recommendations for Cabinet

4.1 The Cabinet is asked to agree to add back the mobility funding factor into the Final Funding Formula for 2017-18 as outlined in section 2.4 of the addendum report above.

4.2 The Cabinet is asked to instruct officers to implement the Final Funding Formula for 2017-18.

4.3 The Cabinet is asked to agree the recommendations set out in section 4.1 and 4.2 are considered urgent and therefore should not be subject to call in.

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CABINET

17 JANUARY 2017

SHARED LEGAL SERVICE BETWEEN GRAVESHAM BOROUGH COUNCIL AND MEDWAY COUNCIL

ADDENDUM REPORT

Portfolio Holder: Councillor Adrian Gulvin, Resources
Report from: Perry Holmes, Chief Legal Officer
Author: Jan Guyler, Head of Legal Services
Steve Platt, Democratic Services Officer

Summary

To set out the outcome of discussion at the Business Support Overview and Scrutiny Committee meeting held on 5 January 2017.

1. Background

- 1.1 The Head of Legal Services introduced a report on proposed arrangements to establish a shared service with Gravesham Borough Council. The Committee was asked to recommend that Cabinet makes recommendations to the Leader and Full Council to enable Medway Council to assume responsibility for the discharge of Gravesham Borough Council's Legal Services functions. In addition, the Committee was also asked to recommend that Cabinet delegates authority to Medway's Chief Legal Officer to assume responsibility for the management and delivery of legal services for both Medway and Gravesham and to enter into the necessary agreement with Gravesham Borough Council.
- 1.2 Members sought clarification on a number of issues and were assured of the positive working relationship that existed between the two services which would present good development opportunities for both services and their staff. Any new arrangements would be kept under continuous review.

2. Recommendations

- 2.1 The Business Support Overview and Scrutiny Committee has recommended the following to Cabinet:
 - 2.1.1 Cabinet recommend to the Leader of the Council that option two set out in paragraph 4.2 of the report is agreed whereby Medway Council shall assume responsibility for the discharge of Gravesham Borough Council's Legal Services functions as permitted under the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2012 which provide for the executive of one local authority to arrange for a function for which it is responsible to be discharged by the executive of another local authority.
 - 2.1.2 Cabinet recommend to Full Council to accept the delegation by Gravesham Borough Council of its Legal Services functions to Medway Council.
 - 2.1.3 Cabinet agree to delegate authority to the Chief Legal Officer of Medway Council to enter into a legally binding contract between both local authorities setting out the detail of the arrangements for a fully shared Legal Services.
 - 2.1.4 Cabinet agree to delegate authority to Medway's Chief Legal Officer to assume responsibility for the management and delivery of legal services for Gravesham Borough Council jointly with the services provided for Medway Council and for this to be reflected in the Council's Scheme of Delegation.
- 2.2 The Committee noted that the report to Cabinet on 17 January 2017 would include the following recommendation for the Leader:
 - 2.2.1 The Leader of Medway Council to agree to assume responsibility for the discharge of Gravesham Borough Council's Legal Services functions as permitted under the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2012 which provide for the executive of one local authority to arrange for a function for which it is responsible to be discharged by the executive of another local authority.

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CABINET
17 JANUARY 2017
EXCLUSION OF PRESS AND PUBLIC
ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Leader

Report from/Author: Perry Holmes, Monitoring Officer

Summary

This report summarises the content of an exempt appendix which, in the opinion of the proper officer, will contain exempt information within one of the categories in Schedule 12A of the Local Government Act 1972. It is a matter for the Cabinet to determine whether the press and public should be excluded from the meeting during consideration of this document.

1. Recommendation

- 1.1 The Cabinet is required to decide whether to exclude the press and public during consideration of the following document because consideration of this matter in public would disclose information falling within one of the descriptions of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified below, and, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Report Title	Business Rate Relief
Agenda Item	Exempt Appendix
Summary	This Exempt Appendix sets out the amounts that organisations would have to pay towards their business rates bills if Option 2 is pursued, as requested by the Business Support Overview and Scrutiny Committee.
Category of exempt information (Schedule 12A of the Local Government Act 1972)	Not for publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 – Information relating to financial or business affairs of any particular person (including the authority holding that information).

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Appendices: None

Background Papers: None

NOT FOR PUBLICATION

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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