

# Business Support Overview and Scrutiny Committee – Supplementary agenda No.1

A meeting of the Business Support Overview and Scrutiny Committee will be held on:

**Date:** 19 March 2014

**Time:** 6.30pm

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

## Items

**1 Record of meeting**

**(Pages  
3 - 20)**

To approve the record of the meeting held on 4 February 2014.

Please note that the minutes of the last meeting were inadvertently omitted from the main Agenda papers.

For further information please contact Lauren Wallis, Democratic Services Officer on Telephone: 01634 332011 or Email: [democratic.services@medway.gov.uk](mailto:democratic.services@medway.gov.uk)

**Date: 12 March 2014**



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**Medway Council**  
**Meeting of Business Support Overview and Scrutiny**  
**Committee**

**Tuesday, 4 February 2014**

**6.30pm to 9.03pm**

**Record of the meeting**

**Subject to approval as an accurate record at the next meeting of this committee**

**Present:** Councillors: Avey, Carr, Clarke (Chairman), Pat Gulvin (Vice-Chairman), Irvine, Maple, Price and Royle

**Substitutes:** Councillors:  
Cooper (Substitute for Harriott)  
Adrian Gulvin (Substitute for Mackness)  
Purdy (Substitute for Wildey)  
Shaw (Substitute for Murray)  
Smith (Substitute for Juby)

**In Attendance:** Robin Cooper, Director of Regeneration, Community and Culture  
Marc Blowers, Head of Housing Management  
Mick Hayward, Chief Finance Officer  
Stephen Gaimster, Assistant Director, Housing and Regeneration  
Stephanie Goad, Assistant Director Communications, Performance and Partnerships  
Matthew Gough, Housing Strategy Manager  
Julie Keith, Head of Democratic Services  
Andy Larkin, Finance Support Manager  
Jonathan Lloyd, Principal Accountant  
Lauren Wallis, Democratic Services Officer

**802 Record of meeting**

The record of the meeting held on 5 December 2013 was agreed and signed by the Chairman as correct.

**803 Apologies for absence**

Apologies were received from Councillors Harriott, Juby, Mackness, Murray and Wildey.

**804 Urgent matters by reason of special circumstances**

There were no urgent matters by reason of special circumstances.

With the agreement of the Committee the Chairman advised that he would amend the order of the agenda to consider agenda item 14 (Treasury Management Strategy 2014) after agenda item 9 (Supported Accommodation Task Group Update).

The Chairman drew Members' attention to the addendum report circulated as a supplementary agenda in relation to item 14 – Treasury Management Strategy 2014.

**805 Declarations of interests and whipping**

Disclosable pecuniary interests

There were none.

Other interests

Councillor Pat Gulvin disclosed an interest in item 7 – Housing Revenue Account Capital and Revenue Budget 2014/15 in that her husband owned a flat that he rented out.

Councillor Adrian Gulvin disclosed an interest in item 7 – Housing Revenue Account Capital and Revenue Budget 2014/15 in that he was a private sector landlord. He also disclosed an interest as a member of the Kent Fire and Rescue Service.

Councillor Cooper disclosed an interest in item 7 – Housing Revenue Account Capital and Revenue Budget 2014/15 as a tenant of a rented property.

**806 Attendance of the Leader of the Council**

Members received an overview of progress made within the Leader's Portfolio falling within the remit of the Committee over the last year which included the following subjects:

- Democratic Services
- Electoral Services
- Euro Elections
- Register of Electors 2014
- Individual Electoral Registration (IER)
- Member and Mayoral Services

The Leader, Councillor Rodney Chambers, responded to Members' questions and comments as follows:

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- The Leader was thanked for an interesting and varied report.
- Localism – in response to a question about the impact of Localism the Leader responded that the Council was at the forefront of public consultation particularly with regard to engagement with the community in relation to the Council's regeneration programme.
- Individual Electoral Registration (IER) - concern was expressed at the use of an A3 format for individual registration instead of a more easily used A4 format. The view was expressed that Individual Electoral Registration may result in the disenfranchisement of some people and a drop in the level of registration. It was also pointed out that IER would be dependent on the success of a new IT system and that the track record for IT systems in the public sector was not good. The Leader responded that he had no reason to believe the IT systems would not be fit for purpose and that efforts would continue to be made to encourage and require voter registration. He reported that he had been advised that 86.82% of households had responded to the canvass to date and this was before the formal end of the canvass period. The Leader agreed to take forward further work to ensure that targeted action to encourage voter registration was taking place in Wards with the lowest levels of registration. He agreed it would be useful to also analyse the areas where there is the most turnover of residential occupation and that this was likely to mirror the areas known to have the lowest levels of registration. The Leader advised he would refer a request for clarification of the term "responsible person" and a definition of what would constitute "alternative documentation" as referred to on page 22 of the agenda around "attestation" to the Head of Elections and Members Services for a response, as this was a technical matter.
- Council and the democratic process - the Leader was asked for his reflections on the democratic process at the Council meeting on 23 January 2014 in terms of public involvement. He was also asked if he had reflected on the requests made in an open letter from the Labour Group following that meeting. The Leader stated that the Council meeting had been run democratically and in accordance with Council Procedures. All the people who had submitted questions had been advised that thirty minutes was set aside at Council meetings for questions and that written answers would be given if there was insufficient time for all the questions to be put. The Leader said copies of questions would be provided to everyone in the public gallery at Council meetings in future. He also pointed out that more public questions could have been answered if a motion for the questioners to read out their questions rather than just receiving the answers had not been put, which had consumed a great deal of the allotted time.

### **Decision:**

The Leader of the Council was thanked for his attendance and the answers he had provided to the Committee, and it was noted that further work would be

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taken forward to ensure that targeted action to encourage voter registration was taking place in Wards with the lowest levels of registration and that this would include an analysis of the areas where there is high turnover in terms of residential occupation.

### **807 Attendance of the Deputy Leader and Portfolio Holder for Finance**

#### **Discussion:**

Members received an overview of progress on the area within the terms of reference of this Committee and covered by the Deputy Leader and Portfolio Holder for Finance as set out below:

- Better for Less
- Communications and media
- Council Plan
- Council tax and business rates
- Finance
- Housing benefit
- Performance and service improvement
- Property
- Risk management
- Category management (previously Strategic procurement)

The Deputy Leader and Portfolio Holder for Finance, Councillor Alan Jarrett, responded to Member's questions and comments as follows:

- Property rationalisation - the Deputy Leader and Portfolio Holder for Finance advised that year on year the property rationalisation target of £4 million per annum was becoming more difficult to achieve and may need to be reviewed as the Council had now disposed of most of its high value non-operational properties. This year the Council expected to achieve £2 million with the possibility of exceeding the £4million target in 2014/15. The Council had entered a joint venture with Norse that had included 164 operational properties. Work was underway to further rationalise this property portfolio including plans to co-locate services such as Children's Centres and to move to agile and mobile working.
- New Horizons - a comment was made that the name of the new school, New Horizons Primary School, was uninspiring especially given the wealth of local historical names that could have been used. The Deputy Leader and Portfolio Holder for Finance advised that the Council had no influence over the names for new schools.
- Community Hubs – in response to a query about plans to provide community hubs in locations other than the main town centres in Medway the Deputy Leader and Portfolio Holder for Finance responded that plans for a hub in Strood were being finalised and that there was a

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hub planned for Twydall as a pilot project. The provision of community hubs in other locations would be possible subject to funding availability.

- Local government financial settlement for 2014/15 – the Deputy Leader and Portfolio Holder for Finance agreed with comments made by Committee Members that the possibility of a last minute Government decision to reduce the Council Tax cap (or Referendum Limit) from 2% to 1.5% would put many local authorities in a difficult position at this stage in the budget setting process. He stated it was also possible that the Council would not be notified of its financial settlement until after the budget Cabinet meeting on 11 February. It was noted that if the Council Tax cap was reduced to 1.5% the currently projected funding gap of £94,000 in 2014/15, as reported in the Cabinet papers, would increase and the Council may have to use its reserves to bridge the gap and reach a balanced budget. The Portfolio Holder expressed the view that a reduction in ring-fenced grants had contributed to a loss of transparency around the funding of new burdens at a time when government grant for Medway had reduced by 9.6% and the Council was facing a range of service pressures in areas such as children’s social care. He explained that the only way to challenge the unfair settlement for Medway was by lobbying the Government and taking the issue up via the Local Government Association.
- Special Educational Needs (SEN) school transport costs – the Deputy Leader and Portfolio holder for Finance confirmed that clear plans to achieve the savings required were being put in place and that three Medway schools had participated in a pilot procurement exercise which had generated significant savings. It was expected this model could be rolled out more widely and that this together with the option of personal budgets should deliver the required level of savings in future years.
- Decent Homes Standard – with reference to the ambitions of the Council to achieve 100% in the number of properties reaching this standard, a Member reported that there were a couple of homes in her ward that did not meet the ‘Decent Homes’ standard. The Deputy Leader and Portfolio Holder for Finance advised that this would come under the Portfolio for Housing and Community Services which was the responsibility of Councillor Doe who would be attending the next meeting of the Committee. He stated that Councillor Doe had lobbied extensively for government funding to assist in delivering the Decent Homes Standard and the provision of Disabled Facilities Grants in Medway.
- Better For Less - in response to a question about the level of savings achieved under the Better For Less initiative the Deputy Leader and Portfolio Holder for Finance stated that Better For Less was unlikely to deliver savings of £5.9 million per year as originally projected, largely because of changes and emerging pressures that could not have been anticipated when the programme had been set up. He referred specifically to children’s social care and SEN transport as examples. It was confirmed that work was under way in the next phases of Better For

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Less to evaluate the costs associated with delivering further target savings and action would be taken accordingly. New models of working, such as the new performance and intelligence arrangements and the introduction of administrative hubs had proven to deliver efficiencies and would be replicated in other areas, such as Public Health, as appropriate.

- Council Tax Discretionary Relief Fund – a Member expressed concern that 90% of applications for discretionary relief fund payments were being refused. In response, the Deputy Leader and Portfolio Holder for Finance stated he was confident that the criteria was being applied fairly and rigorously.
- Business rates - a Member expressed concern, which was shared by the Deputy Leader, that the Council had inherited hundreds of outstanding appeals when responsibility for business rates had been transferred to local authorities.
- Medway Norse - In response to a question about the performance of Medway Norse, the Deputy Leader and Portfolio Holder for Finance advised that the first evidence of success had been the seamless transition on 1 June 2013 and projected delivery of savings to the value of £283k in year 1. Beyond that, the Joint Venture Company was taking on wider grounds maintenance responsibilities and marketing facility management (FM) services to schools and other local authorities and public sector organisations. He had a clear expectation of an increased profit share in year 2.
- Auditing of 2013/14 Accounts - a Member stated that the process for the signing off of externally audited accounts had been unacceptable and had required last minute emergency meetings. In response the Deputy Leader and Portfolio Holder for Finance agreed and expressed the view the external auditor would be taking steps to avoid any recurrence of the experience.

### **Decision:**

The Deputy Leader and the Portfolio Holder for Finance was thanked for his attendance and the answers he had provided to the Committee.

## **808 Housing Revenue Account Capital and Revenue Budgets 2014/15**

### **Discussion:**

The report provided details of proposed rent and service charge levels for 2014/15. Members were advised that Medway was now in the top quartile of performance for collection of arrears and that this had been achieved with less evictions than when compared to the same period last year. It was reported that the work of Welfare Reform Team had been significant in terms of generating extra income for tenants and it was also noted that the Government was



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consulting on a proposed new rent policy for social housing as set out in paragraph 3.6 of the report.

Members then raised a number of issues and questions including:

- New service charges for some residents - with regard to service charges, concern was expressed that an additional 226 residents were to be charged and that some families might find this extra cost difficult to meet. The Committee was advised that the grass cutting specification had been revised to include new areas of land in response to tenants' requests and that a land mapping exercise had also been undertaken to ensure the contract covered all HRA land. 226 additional tenants would now have to pay the grass cutting charge many of whom are in receipt of full or partial housing benefit which would cover the new charge, leaving approximately 100 tenants facing a new charge of, on average, 30 pence per week.
- Direct payments of Housing Benefit - a question was raised about offering money management training to tenants. Officers reported that the Welfare Reform Steering Group was working together with Housing Associations and other organisations such as the Citizens Advice Bureau, the Gillingham Job Club and Employ Medway to plan for the shift to direct payments. A temporary Officer had been employed to work on policy and business development. A Money Matters special edition had been published signposting tenants to sources of advice and support.
- Housing Building Development Programme – this was welcomed and it was explained that a refresh of the Business Plan would be presented to the Committee in the Spring. It was confirmed that the headroom for future developments would gradually increase as a consequence of an annual and ongoing reduction in debt levels. Particular reference was made to the construction of bungalows in Gillingham which went some way to addressing a shortage of supply of this type of dwelling.
- Garage Sites - with regard to those garage sites that are not suitable for adaptation such as those under archways, a suggestion was made that they be converted into storage facilities similar to those run by Kent Space. Members were advised that the Housing Asset Management Board would be looking at garage sites management overall and would take this suggestion into account.
- Decent Homes Standard - Members expressed some concern that there were still some properties not meeting this standard, particularly older properties. Members were encouraged to report concerns about any particular properties to the appropriate officer.
- Engagement and Information – with reference to the proposed resident engagement strategy Officers were asked if there had been any queries at a meeting with tenants on 31 January 2014 about the Council's decision to transfer £2 million from the HRA to the General Fund.

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Officers confirmed there had been approximately 20 people present at that meeting and it had been explained the transfer of £2 million to the General Fund would have no impact on the HRA Capital and Planned Maintenance Programmes for 2014/15. The money transferred to the General Fund had been earmarked for the development of community hubs across Medway.

- It was noted that the comments of the Committee would be reported to the Cabinet on 11 February 2014.

### Decision:

The Committee recommended to Cabinet:

- (a) The proposed revenue and capital budgets for 2014/15, inclusive of an average rent increase of £3.13 per week (based on 50 collection weeks and equating to an average increase of 3.79%); and a rent increase of 3.2% for garages;
- (b) Service charges for 2014/15 reflect the full cost incurred in providing that service (excepting the Homes for Independent Living Service Charge as set out in paragraph 5.2 of the report), using above inflation increases to do so as per Appendix B of the report. The average decrease will be 2.6% or £0.32 per week.
- (c) To approve the repayment of debt based on a minimum revenue payment of 2% on outstanding debt; and
- (d) To increase the 2014/15 HRA capital programmes by the following amounts:
  - House Building Programme £0.806 million
  - Planned Maintenance Programme £4.529 million
  - HRA Disabled Adaptations Programme £0.250 million

## 809 Empty properties

### Discussion:

The Committee received a report which outlined the current situation in respect of long term empty private properties along with details of the Council's approach to dealing with such properties.

Members then raised a number of issues and questions including:

- Loss of Empty Homes and Energy Efficiency Team - Members noted and welcomed the improving position with regard to the percentage of total private sector homes vacant for more than 6 months but queried the impact of the loss of the empty homes and energy efficiency team. The view was expressed that ward Members often felt that no action was

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taken when they reported empty properties to officers and that there may be some value in assessing the benefit and value to the Council of employing a dedicated officer. The Housing Strategy Manager advised that as a consequence of changes to the regime for energy efficiency (now back with central government) and the disestablishment of the Regional Housing Board which provided grants and loans for landlords, the core of the work previously undertaken by this team had disappeared. The work associated with the small number of prosecutions of landlords of empty properties was continuing but was now undertaken by the private sector housing team. There had been an increase in the number of inspections commissioned by the Housing Benefits and Revenue team which was helping to identify empty properties as well as a new requirement for Community Wardens to report back where they identified empty properties. The improvement in the housing market was also likely to help. He stated there would always be some empty properties and would be happy to examine any specific cases at ward level to see whether they were not being caught by the definition of “empty”.

- Long-term empty private homes – Officers were asked to provide all Members with a ward by ward breakdown of, and the reasons for, the 823 long term empty properties.
- Engagement by Housing Associations – Members were interested to know how many Housing Associations in Medway were assisting in bringing empty properties back into use and it was noted that some Associations had very small portfolios; some with only two or three properties in total. The Housing Strategy Manager explained that the average grant available to Housing Associations for property renovation was £20, 000 which was not enough to bring properties, and particularly older properties, up to the required standard.
- Council Tax Exemption - the Chief Finance Officer advised that the Council now applied a three month exemption from Council Tax to empty properties but there was scope to apply a penalty rate which had been taken up by other local authorities, with a 150% charge in some areas. Whilst noting this may disincentivise Private Sector Landlords from advising the Council about empty properties and could prove difficult to collect, the Committee felt it would be worth investigating further.
- Large buildings – a Member reported the closure of two public houses in his ward and the consequential problems including anti-social behaviour, criminal activity and fires. The Housing Strategy Manager confirmed the Council did have powers in relation to insecure properties and would respond where appropriate.

**Decision:**

- (a) That the report be noted;
- (b) That the Chief Finance Officer investigate the possibility of introducing a penalty Council Tax rate on empty properties; and
- (c) That all Members be provided with a ward by ward breakdown of, and the reasons for, the 823 long term empty properties in Medway.

**810 Supported accommodation task group update**

**Discussion:**

The Regeneration, Community & Culture Overview and Scrutiny Committee had established a Task Group to undertake a review of supported accommodation. The Committee received a report providing an update on implementation of the recommendations of the Task Group as scrutiny of housing was now the responsibility of the Business Support Overview and Scrutiny Committee.

The Committee noted the progress achieved as set out in Appendix 1 to the report and that the critique on the future of exempt accommodation and the associated resource required, requested from Peter Barker (specialist HB advisor), had been now been received. The Chief Finance Officer reported that this piece of work may provide a basis for further representations to Lord Freud, Minister for Welfare Reform.

The Vice-Chairman thanked Officers for all their support and commended the progress made in relation to the recommendations of the Supported Accommodation Task Group.

**Decision:**

That the Committee note the progress made against the actions from the review.

**811 Homelessness prevention strategy 2014-2016**

**Discussion:**

The Council's Head of Strategic Housing introduced the report by advising that the draft Homelessness Prevention Strategy set out how Medway Council in partnership with stakeholders would tackle and prevent homelessness. The Strategy would influence services which contribute to preventing homelessness such as education and health. The Strategy was a flexible document through to 2016 and would be regularly reviewed to ensure it remained relevant.

The Homelessness Act 2002 placed a statutory obligation on local authorities to undertake a review of homelessness in their area and, based on the findings, to

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develop and publish a strategy to tackle and prevent homelessness at least every five years.

The Strategy had been developed in a challenging climate. Individually factors such as the economy, unemployment, the welfare system and difficult housing market conditions could disproportionately affect vulnerable people and increase the risk of homelessness. The Strategy also recognised that homelessness is a complex problem with multiple causes requiring flexible solutions and the delivery of innovative services in order to reach the increasing number of people affected.

Members then raised a number of issues and questions including:

- Homelessness Prevention Strategy Action Plan 2014/16 - the Strategy was welcomed, with a specific request to clarify targets in association with the Government “Making Every Contact Count” Standard.
- Private Sector Housing - the Committee asked if details were provided within the narrative about the work being done to provide support and advice to tenants of Landlords who decide to serve a notice to quit in order to sell their property as this seemed to be happening with increasing frequency. In response to a concern about the advice being provided to tenants by housing officers the Committee was assured that advice provided by officers to tenants in receipt of a Section 21 notice was always intended to clarify the legal position and the process involved. Officers also give advice on how tenants can manage the transition from one property to another and will signpost them to other useful organisations such as the Citizens Advice Bureau. It was noted that private sector tenancies are time limited and that the option of a Council house was not available to the vast majority of tenants whose tenancy would be ending in the private sector. Officers would always assist in identifying the range of possible options including Home Bonds, Deposit Schemes and Debt advice.
- Houses in Multiple Occupation (HMO's) - Members sought clarification around the extent of the current inspection regime for non-licensable HMO's. Officers referred Members to the recent Member briefing note provided following the last Committee in which the details of the regime were set out. Officers were able to confirm that Medway was one of a minority of local authorities who have undertaken inspections of both licensable and non-licensable HMO's. The programme targets medium and high risk HMOs. Officers confirmed that the majority of HMOs have been inspected and that action will always be taken in relation to those defined a Category 1 hazard.
- Members noted the proposed action in relation to rogue landlords. Officers confirmed that additional Government funding had been secured to target specific rogue landlords.
- Members asked that the list of trigger points be amended to include debt and employment on page 79.

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- Volunteers - in respect of the Strategic Aim 2 Members asked for clarification of the item under the heading of Housing Solutions Service in respect of the volunteers who could assist with the development of service mapping. Officers confirmed that this network would comprise a range of partners and stakeholders from voluntary and third sector organisations many of whom are part of the Homelessness Forum.
- Rough Sleepers – Members welcomed the proposed assessment of need for a winter shelter, which would be taken forward under the strategy.
- Home Bond – the Committee discussed the refusal of some landlords to accept Home Bond clients and noted that they could not be compelled to do so. Officers emphasised that Home Bond clients needed to be very proactive in terms of exploring a variety of options, letting agents and locations and that the Council was working to improve the information available to reinforce this message and to manage client's expectations.
- Another Member advised that he regularly dealt with enquiries from potentially homeless people and thanked Officers for their competent, conscientious and prompt responses.

### **Decision:**

That the Cabinet be recommended to approve the Homelessness Prevention Strategy 2014-2016 and the actions set out in the Action Plan, taking into account the comments of the Committee.

## **812 Refresh of council plan indicators 2014/2015**

### **Discussion:**

The Assistant Director for Communications, Performance and Partnerships advised that the Council Plan was the Council's overarching business plan, setting out the Council's commitments to achieving certain outcomes during the life of the Plan. Following feedback from Members and Officers the current set of indicators used to assess the delivery of the Plan have been reviewed and adjusted. The purpose of this review was to ensure the delivery of the Council Plan was assessed using a focused, informative and streamlined set of indicators to cover the period 2014/15 which took into account of recent financial and service developments.

Officers had also taken the opportunity to review and refresh the key projects referenced in the Plan to reflect the main focus for activity over the next year to deliver the Council's Priorities.

Members' attention was drawn to Appendix 2 of the report, where detailed information on target levels of performance against the key measures was set out. The targets would be agreed alongside the budget at Council on 20 February 2014. If there were any significant changes to the budget that would



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require targets to be revised this would be reported to Members as part of quarterly monitoring.

With regard to Adult Social Care it was noted that one extra indicator would be included to measure the number of delayed discharges from Medway Maritime Hospital attributable to adult social care. This supplements the measure that looks at delays attributable to social care and health.

Members then raised a number of issues and questions including:

- Social Care – why are measures around user satisfaction and staff vacancy rates not consistent across children’s and adult social care - it was explained that there was an indicator relating to satisfaction with the services provided for adults as this was the subject of a nationally required survey. There was no national requirement for a similar survey on satisfaction with services provided by social workers for children. However the Committee was assured that taking account of the voice of the child was an important strand of the children’s care improvement plan. Vacancy rates for social workers for children were a particular priority issue for the Council and so was included in the Council Plan.
- Average journey time along six primary transport corridors to measure congestion - Members had previously asked for a review of the routes so they do not focus exclusively on Chatham and progress on this was queried. The Director of Regeneration Community and Culture agreed to send the Member concerned a written update on the Member group proposals. He reported that overall average journey times had improved significantly, dropping to 1 mile in 2.5 minutes from 1 mile in 4 minutes along the Chatham centre through routes.
- Number of visitors to tourist attractions - in response to a question about which tourist attractions were to be measured the Director of Regeneration Community and Culture advised that all the “paid for” attractions would be covered including those owned and run by the Council as well as others such as Dickens World run by other organisations.
- Reason for removal of indicator relating to satisfaction with the bus station - it was explained that the bus station satisfaction survey had been dropped because last time a satisfaction survey had been taken, in the rush hour in appalling weather, the satisfaction rate had remained very high. Due to this outcome it had been removed from the Council Plan indicators as it was not a priority for improvement.
- Reason for removal of litter/graffiti indicators – the Committee was advised these indicators had been removed from the measures as the Medway area was now largely clear of graffiti and any offensive or personal graffiti was removed the same day as it was reported. It was acknowledged that the Council did not have any control over private property and it was noted that the Council’s new relationship with

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Network Rail might generate a dialogue about removal of graffiti visible from moving trains.

- Percentage of residents registered to vote - a Member asked if this could be included as a new indicator, particularly in the context of introduction of individual registration. The Assistant Director for Communications, Performance and Partnerships agreed to take this request away for consideration and respond via the report to Cabinet.

### **Decision:**

- (a) That the Business Support Overview & Scrutiny Committee's comments on the Council Plan Indicator and Key Project sets 2014/15 (Appendix 1 of the report), the 2014/15 Target Planning document (appendix 2 of the report) be forwarded to Cabinet on 11 February 2014 for consideration; and
- (b) That a reduction in the number of indicators from 102 to 62 was welcomed by the Committee.

## **813 Capital and revenue budget 2014/2015**

### **Discussion:**

The Business Support Overview and Scrutiny Committee considered two reports concerning the 2014/15 capital and revenue budgets. The first report considered proposals specific to services within the remit of the Committee and the second presented the comments and recommendations of all other overview and scrutiny committees on the initial budget plan for 2014/15. The Committee agreed to consider these items together.

The draft budget was based on principles contained in the Medium Term Financial Plan (MTFP) 2014-2017 approved by Cabinet in October 2013 and reflected the formula grant assumptions announced as part of the Local Government Finance Settlement 2014/15 and 2015/16 Technical Consultation in July and September.

The Committee was advised that the Government's announcement of the financial settlement for local government was expected on 12 February, the day after the Medway Cabinet meeting and that the Secretary of State for Communities and Local Government – Eric Pickles, MP might also announce a change to the Council Tax cap, potentially reducing it from 2% to 1.5%.

The following point was raised:

- Impact of reorganisations in finance and human resources teams - concern was expressed that both teams were having to undertake work they had not had to do before and reassurance was requested that service standards would be preserved. The Chief Finance Officer stated

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that the reorganisations were not unexpected given the current financial climate and the Council's commitment to protect front line services. He acknowledged that the loss of posts would create some additional pressure for senior managers but he was confident that core services would continue to be delivered.

### **Decision:**

The Committee noted the draft revenue and capital budget 2014/15 insofar as it affected the Committee to be considered by the Cabinet on 11 February 2014.

### **814 Draft capital and revenue budget proposals 2014/2015 (report back from other overview and scrutiny committees)**

#### **Discussion:**

Discussion on this item took place in conjunction with item 12 and the comments of the Committee are incorporated in the record of the discussion of that item as set out above.

#### **Decision:**

The Committee noted the discussions held at other overview & scrutiny committees regarding the draft revenue and capital budget 2014/15 specifically those pertinent to the Business Support Overview & Scrutiny Committee and forwarded the comments for consideration by Cabinet on 11 February 2014.

### **815 Treasury management strategy 2014/2015**

#### **Discussion:**

The report invited the Committee to scrutinise the Council's Treasury Management Strategy for the 2014/15 financial year. The Treasury Management Strategy incorporated within it the Treasury Management Policy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy.

The Business Support Manager highlighted a number of corrections to the report as follows:

Paragraph 3.4      The Council dated should read "12 February 2014" and not 14 February 2012"

Paragraph 8.2      The words "Capita Asset Services" should read "Sectors".

Paragraph 13.4.2    The words "quarter 32" should read "quarter 2".

The Committee's attention was drawn to paragraph 16 of the report on treasury management reporting and the proposed movement of scrutinising Treasury

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management from the Business Support Overview and Scrutiny the to Audit Committee.

Following consideration and recommendation by the Audit Committee of the mid year review of the Council's Treasury Management Strategy the Cabinet had agreed in December 2013 to withdraw funding from the external Fund Manager. The reason for this was that the Council's internal investment team had out-performed the Fund Manager for nine years out of the last ten. Investments would be taken back only as they came to term to avoid the Council loses from selling early all funds will be returned by end March 2014 with the exception of a UK Gilt, this will be transferred to a caretaking fund manager until it matured, the Council does not have any experience with gilts and the fee was considered reasonable at £800 per annum.

Members also noted the circulation of a supplementary agenda that contained a revised version of Appendix 10 of the report.

A Member then asked a number of issues and questions including:

- The average number of investment transactions Council Officers undertook - Members noted that some investments were not touched for six to twelve months and others were handled on a daily basis because they were used to maintain the Council's cash flow balance. On average four or five transactions a day took place to maximise the use of the Council's money.
- Members noted that CDS was an abbreviation and meant Credit Default Swap.
- Members referred to a reduction in back-office finance staff as a consequence of required efficiencies and the potential impact on the effectiveness of treasury management services. The Chief Finance Officer advised he was confident that the treasury management team would continue to provide a high standard of service and that, if required specialist advice would be sought from Capita, an external adviser to the Council.

### **Decision:**

The Business Support Overview and Scrutiny Committee noted the Treasury Management Strategy 2014/2015 and its revisions and forwarded its comments for consideration by Cabinet on 11 February 2014. The Committee also recommended the approval of the revised Treasury Management Practices as set out in the revised Appendix 10 to the report.

**816 Work programme**

**Discussion:**

The Head of Democratic Services introduced a report advising Members of the current work programme which allowed them to adjust it in light of latest priorities, issues and circumstances.

An agenda planning meeting was held on 22 January 2014 and the following changes to the work programme had been agreed:

- (a) Medway Community Learning Ofsted report – to be provided in a briefing note update;
- (b) Six month update in Implementation of the Procurement Strategy – to be deferred to a future meeting of the Committee;
- (c) Communications shared service – deferred to a future meeting of the Committee;
- (d) Progress report on the Fair Access to Credit Task Group recommendations – to be provided in a briefing note;
- (e) Member item – Mayoralty budget to be added to the work programme; and
- (f) Involvement of Category Management of Better Care Fund – Planning and Commissioning – to be dealt with by way of a briefing note.

A Member asked if it was possible to provide all Members with specific training on Home Choice. The Head of Democratic Services agreed to refer the Councillor's request to the Member Development Advisory Group

**Decision:**

- (a) The items identified for inclusion in the work programme be noted;
- (b) The changes to the work programme as set out in paragraph 3.2.1 of the report be agreed subject to a full report on progress in implementation of the recommendations of the Fair Access to Credit Task Group being submitted to the Regeneration, Community and Culture Overview and Scrutiny Committee
- (c) The programme for all overview & scrutiny committees (as set out in Appendix 2 of the report) be noted; and
- (d) That the request for Home Choice training for all Members be referred for consideration to the Member Development Advisory Group.

## **Business Support Overview and Scrutiny Committee, 4 February 2014**

**Chairman**

**Date:**

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