

Medway Council
Meeting of Business Support Overview and Scrutiny
Committee

Tuesday, 25 September 2012

6.35pm to 8.30pm

Record of the meeting

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

- Present:** Councillors: Avey, Carr (Chairman), Pat Gulvin, Harriott, Irvine, Juby, Maple, Osborne, Royle, Tolhurst and Watson
- Substitutes:** Councillor Kemp for Councillor Bright
Councillor Murray for Councillor Christine Godwin
- In Attendance:** Mick Hayward, Chief Finance Officer
Perry Holmes, Assistant Director Legal and Corporate Services
Joy Kirby, Quality Assurance and Client Manager
Jon Poulson, Revenues and Benefits Contract Manager
Caroline Salisbury, Democratic Services Officer

391 Record of meeting

The record of the meeting held on 8 August 2012 was agreed and signed as correct by the Chairman.

392 Apologies for absence

Apologies for absence were received from Councillors Bright and Christine Godwin.

393 Urgent matters by reason of special circumstances

There were none.

However, on behalf of the committee, the Chairman welcomed Councillor Harriott back to the committee following his illness.

394 Declarations of disclosable pecuniary interests

There were none.

395 Annual review of Risk Management Strategy and six monthly review of the Council's Corporate Business Risk Register

Discussion:

The Quality Assurance and Client Manager introduced the report advising that it contained three elements: the Risk Management Strategy; the Corporate Risk Register; and the Risk Management Audit 2010/2011. The Corporate Risk Register had been reviewed and there were four amendments proposed, as set out in paragraph 3.2 of the report.

The committee supported the proposed increase to the risk rating for SR27 (Government changes to Local Authority's responsibility for schools) as Members considered that it would be important for schools rated as 'satisfactory' under the current rules given that this was to be replaced with 'requires improvement' and that any two successive such opinions may result in Department of Education (DfE) intervention. Members requested confirmation that the Children and Young People Overview and Scrutiny Committee would consider this matter and the capacity for preparing schools for the new Ofsted regime, as the consequences of a bad inspection was high and could have expensive financial consequences. Medway schools, especially those with a satisfactory rating, needed to be equipped now to ensure they were robust enough to manage an unannounced Ofsted inspection.

The Chairman of the Children and Young People Overview and Scrutiny Committee assured the committee that Ofsted was considered at the heart of all matters within the education services and, for example, there was a training session for school governors due to be held next week that was solely about Ofsted.

With regard to the planned change to the rating for SR21 (Procurement), the committee considered this proposal and agreed that it would be more appropriate to consider reducing the risk rating in six months time, as the new Category Management team had not yet had time to become established and embed the new procurement processes across the Council.

A Member advised that the time line for risk rating SR25 (Adult Social Care Demographics - on page 43 of the agenda) was unlikely to be found within 2012/2013 and even if it was, the pressure on the service was so great it was unlikely to be solved through the 'Personal Budget' target for 2012/2013 being 60%. The Chief Finance Officer advised that the existing risk rating of C2 defined it with a 'significant' likelihood and with 'critical' impact, which was a high risk rating, although previous adult services' forecasts with regard to services for older people had been stable.

Decision:

The committee agreed:

- (a) the Risk Management Strategy, as set out in Appendix A to the report;
- (b) the Management's Team's recommendations on amendments to the Council's Risk Register, with the exception of reducing risk rating SR21 (Procurement) from C2 to C3 which it recommended should be deferred for six months.

396 Localising support for Council Tax

Discussion:

The Chief Finance Officer introduced the report, which outlined the proposed options for the delivery of a local Council Tax Support Scheme with effect from 1 April 2013 but that would have to be in place by 31 January 2013. The scheme would be administered by the council and replaced current Council Tax benefit by giving a discount on Council Tax instead. Currently, some residents had 100% of their council tax paid for them by the local authority, which was then reclaimed from central government and this would cease next April and the discount given instead.

The committee was advised that there would also be changes to elements of the council tax system, which would allow the council additional discretionary powers to set the level of certain discounts and exemptions but this did not include the current Single Person Discount. Officers had calculated that it was probable that through the new arrangements the council was likely to receive £4 million less revenue than through the current scheme and that this shortfall would either have to be found from efficiency savings within the council, by raising Council Tax or by adjusting the benefit paid to recipients or through a mixture of all three of these options. The council's preferred scheme was to reduce the benefit to claimants (with government regulations stating that there must be no change for pensioners) but to protect those people in receipt of a war widows/disablement pension. This would mean that 60% of current benefit recipients who were of working age were liable to a reduction to their current benefit. The council's proposal was set out in full at Appendix A to the report on page 63 of the agenda.

The council was also looking to amend current exemptions for paying Council Tax, in particular by reducing the six-month exemption on empty properties to three months and also to ensure that banks and building societies paid Council Tax on repossessed properties, which currently they did not have to do. The proposals for all changes to discounts and exemptions were set out in Appendix D to the report on page 69 of the agenda.

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The Chief Finance Officer informed the committee that the Cabinet had considered this matter on 4 September 2012 and had agreed to undertake a public consultation on its preferred scheme as set out in Appendix A and the committee was considering this matter as part of that consultation.

The Revenue and Benefits Manager gave a presentation on the consultation responses received so far. He advised that 24,800 benefit claimants had been written to, including pensioners, who would not be affected by the proposals. Thirty stakeholder groups, such as the Citizens Advice Bureau, had also been written to and an advertisement placed on the front page of the Council's website, posters and flyers circulated to libraries and elsewhere, a press release sent out and advertisements placed in local newspapers, together with other forms of contact around Medway. There was also an article in the 'Medway Matters' newsletter, which was delivered to every home in Medway. Consultees had the opportunity to respond by letter or to use a paper or on-line survey.

The committee was advised that, to date, the council had received 254 survey replies through the website and 69 in paper format. There had also been 50 letters received. From these replies 82.5% of respondents were currently in receipt of council tax benefit with the majority currently in agreement with the basic principles of Medway's preferred scheme. A copy of the survey was circulated for Members' information.

Members of the committee voiced their concern that the single person discount was not part of the discretion allowed to local councils by the government. The committee considered that it should add its weight to other local authority's representations to central government by writing a letter to the appropriate ministers. This would probably be too late to take effect for April 2013 but at least it could be set in place for 2014/2015.

Officers were asked that if the council was unable to obtain the council tax due on an empty property whether a charge could be placed on that property for payment of the council tax when it was sold. Members were advised that this was possible and that the council did do this, where appropriate.

Members advised that many disabled people seemed to be confused and anxious about the proposed changes, as they were already due to lose benefits through the Universal Credit proposals. The Chief Finance Officer advised that disabled people and carers currently received a number of additional premiums as part of their means assessment process and it was not proposed to change this process, so disabled people claiming benefits were protected but not in the same way as pensioners. If they were to be protected in the same way as pensioners i.e. they were exempted from the restrictions of the local scheme, this would severely reduce the potential savings of the proposed scheme.

Members asked if there would be an appeals process for the new system administered by the council and officers confirmed that there would be.

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Members also asked whether officers had built into the calculations for the new scheme a contingency that more council tax might not being paid than at present and the subsequent work to recover it that required, as the consequences of the new Universal Credit benefit scheme and the proposed council tax discount scheme was likely to result in more people unable or unwilling to pay their council tax. The Chief Finance Officer responded that most recipients of national benefits would be in a worse position next year (except pensioners) and recognised it would be very difficult for people but the council needed to focus on this area of its own responsibility i.e. council tax benefit recipients. However, the financial position for Medway Council was also bleak and the options available to the council were currently being consulted on with the public. It was also proposed to create a 'Hardship Fund', by utilising the saving from the removal of the repossession exemption described in Appendix D, which would provide a discretionary safety net for those in most severe difficulty.

The Chief Finance Officer also highlighted the risk that more people may apply for a Council Tax 'Discount' as opposed to the previous description of 'Benefit' because of the perceived stigma associated with benefit. Officers confirmed that the cost of any growth in this respect would fall upon the council and agreed that there was a likelihood that this would happen.

Decision:

The committee agreed to:

- (a) note the report and the consultation undertaken on the preferred scheme, as set out in Appendix A, whilst also describing the other possibilities mentioned in Appendix E;
- (b) send a letter from the Chairman and Spokespersons of the committee to the Prime Minister, Deputy Prime Minister, Chancellor of the Exchequer and the Chief Secretary to the Treasury with regard to including the single person discount in the flexibility available to local councils when setting their local Council Tax Support Scheme.

397 Medium Term Financial Plan 2013 - 2016

Discussion:

The Chief Finance Officer introduced the report that was annually submitted for consideration and reviewed the outlook for the major financial issues that faced the council over the next three years. It also provided a framework for the preparation of the draft revenue budget for 2013/14. He advised that the outlook was more uncertain than last year, as it was the second half of the government's Comprehensive Spending Review 2010 period and, combined with changes to future funding announced by the Chancellor and the new distribution arrangements resulting from the Resource Review, the Council no longer had available the offer of the Council Tax Freeze Grant of £2.5 million from 2012/13 that supported a nil increase in council tax for this year.

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The committee was advised that the Comprehensive Spending Review had predicted a reduction in resources of 28% over the four-year review period. For Medway this had meant a reduction of 11.9% in 2010/11 and 8.3% in 2012/13. Recent announcements by the Chancellor and the new distribution meant that it was now anticipated that a 4.3% reduction was required in 2013/14 and a further 9.8% the following year, with the likelihood of more reductions in 2015-2018 when the next Spending review was announced. Officers also advised that there would be changes to how schools would be funded in the future and work was about to begin on what this would mean for the council's financial future but it was not thought to be much of an impact in the short-term.

The Chief Finance Officer advised the committee on each of the tables set out in the report, which concluded (at Table 6 on page 108 of the agenda) with a deficit in resources of £5.9 million in 2013/14 and a further £3.3 million in 2014/15 (meaning £5.9m + £3.3m, equating to £9.2 million on 2013/14) after significant savings and council tax increases had been allowed for. Members were advised that if the council could reduce some of the pressures set out in section 5 of the report, this would reduce the deficit.

Members commented that there was no reference to the 'Stop the Estuary Airport' campaign which was on-going and likely to be for the next few years and would inevitably require the appropriate finance to support the council's cross-party position. It was also suggested that the cost of the project manager (a consultant) used for regeneration projects could be charged to capital, rather than the revenue account and asked that this was raised with the Portfolio Holder for Finance during the preparation of the draft budget for 2013/2014.

The committee also commented on the Better for Less savings (paragraph 6.2 of the report), which consistently reported the delivery of £5 - £10 million savings. Members asked for further information, as the £5 million variation could mean the difference between the council having a budget deficit, or not. Officers advised that the Better for Less programme had been running for some time but the Category Management aspect of the project had only recently begun. The council was due to see the completion of the first element of the Category Management programme by February 2013 when a more realistic figure could be reported.

Members also asked if the Medium Term Financial Plan had built in costs for a possible future request for a Council Tax Referendum, should the council set a council tax rate higher than was acceptable to the Secretary of State. Officers responded that the Secretary of State would declare what he considered to be excessive before the council set its budget. Last year this was 3.5% but it might not be set at that figure again. However, the council did not anticipate that it would set a council tax outside of the acceptable limit but for Members' information 1% of the council tax rate was approximately equivalent to £1 million revenue for the council.

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Decision:

The committee agreed to:

- (a) recommend that the Cabinet endorses the underlying aims of the Medium Term Financial Plan;
- (b) recommend that the Cabinet endorses the forecast level of overall funding outlined in Section 4 of the report;
- (c) recommend that the Cabinet instructs Portfolio Holders and Directors to identify savings and efficiencies to achieve a balanced budget for 2013/2014;
- (d) request that the Cabinet considers including provision for the on-going 'Stop the Estuary Airport' campaign into the Medium Term Financial Plan 2013-2016.

398 Work Programme

Discussion:

The Democratic Services Officer introduced the report advising of the amendments to the work programme as set out in paragraph 3.2 of the report and also that there were no new items within the remit of this committee in the recently published Cabinet Forward Plan.

The Chairman of the Children and Young People Overview and Scrutiny Committee advised that with regard to that committee's work programme, a report on the consultation currently underway on the 'changes to overnight short breaks/closure of Preston Skreens' would be considered at a special meeting to be arranged in February 2013, as the consultation period had been extended until January 2013.

The Chairman of the Health and Adult Social Care Overview and Scrutiny Committee advised that the committee would hold a special meeting on 16 October to consider the Kent and Medway NHS and Social Care Partnership Trust's (KMPT) application for Foundation Trust status.

The Chairman of the Business Support Overview and Scrutiny Committee advised that he would like a report added to the current work programme on the council's pay review for staff when sufficient information was available to do so.

A Member asked about the proposed timetable for the recently formed Supported Accommodation task group. Officers responded that the task group was due to meet for a second time next week to plan evidence sessions and possible visits and therefore this should give a better idea of the timetable for this task group.

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Decision:

The committee agreed to:

- (a) note the current work programme, including the additions detailed in paragraph 3 of the report;
- (b) request a report is added to the current work programme on the council's pay review for staff;
- (c) note the change of meeting date from 20 March 2013 to 3 April 2013;
- (d) note the work undertaken by all overview and scrutiny committees (set out in appendices 2a, 2b and 2c of the report).

Chairman

Date:

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