

Medway Council
Meeting of Business Support Overview and Scrutiny
Committee

Thursday, 8 October 2015

6.30pm to 9.25pm

Record of the meeting

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

Present: Councillors: Avey, Clarke, Etheridge (Vice-Chairman), Freshwater, Griffiths, Hall, Howard, Maple, Murray, Royle, Tejan and Wildey (Chairman)

Substitutes: Councillors:
Griffin (Substitute for Carr)

In Attendance: Stephanie Goad, Assistant Director Communications, Performance and Partnerships
Perry Holmes, Assistant Director, Legal and Corporate Services/Monitoring Officer
Anna Marie Lawrence-Lovell, Performance Manager
Jon Poulson, Revenues and Benefits Contract Manager
Michael Turner, Democratic Services Officer
Phil Watts, Chief Finance Officer

402 Record of meeting

The record of the meeting held on 13 August 2015 was agreed and signed by the Chairman as correct.

With reference to Minute No 233 (c) (Six Month Review of Welfare Reform Task Group Review) a Member commented that since the last meeting he had been informed that local welfare provision could only be provided by an external body and not a local authority directly. The Member asked that Cabinet be made aware of this issue when it came to take a decision on this matter.

403 Apologies for absence

An apology for absence was received from Councillor Carr. Councillor Griffin attended as a substitute in his place.

404 Urgent matters by reason of special circumstances

There were none.

405 Declarations of interests and whipping

Disclosable pecuniary interests

There were none.

Other interests

Councillor Griffiths disclosed a non pecuniary interest in agenda item nos 9 and 11 (Draft Medium Term Financial Plan 2015/2020 and Revenue Budget Monitoring 2015/16 – Quarter 1) as a non executive Director of Medway Community Health.

See also minute no 410 for a later disclosure.

406 Annual Review of the Risk Management Strategy and Six Monthly Review of the Council's Corporate Business Risk Register

Discussion:

Members considered a report regarding the six monthly review of the Council's Corporate Business Risk Register and the annual review of the strategic risk framework.

With reference to Risk SR03b (Finances) a Member referred to a recent announcement from the Chancellor regarding local government finance allowing councils to retain all the money raised from business rates. He asked that the narrative relating to this risk be updated to reflect the uncertainties which now existed about how local government finance would be calculated.

A Member proposed that Cabinet should consider as a new risk the impact of the European Union (EU) referendum in terms of potential access by the Council to EU funding and the risk to existing programmes. Whilst he expected this to be a low level risk the Member indicated that if Cabinet did not agree to the inclusion of this risk he would like to understand the reasons why.

In response to questions about why the risks on public health transition and the Better Care Fund had changed, the Committee were advised that public health had now transitioned across to the Council and was therefore no longer a risk and the Better Care Fund was included in risk SR 25.05.

In response to a query, the respective roles of the Business Support Overview and Scrutiny Committee and the Audit Committee regarding risk management would be clarified

During the discussion a number of other comments and questions were raised as follows:

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Description of catastrophic risks -the Strategic Risk Group would consider a comment from one Member that the description of catastrophic risks as also being “showstoppers” was inappropriate and unhelpful.

Risk SR 25. 01 - an undertaking was given to provide a written response on the question of how the Council was ensuring that clients fully understood how to use their personal budgets.

Risk SR26.06 - an undertaking was given to provide a written response on what the projects were with start and end dates.

Contract management - this remained on the register at risk SR21.04 as agreed at Cabinet 14 April 2015.

A discussion took place about the plans to create 17,000 new homes (SR 17 Delivering Regeneration) in the next 20 plus years. A Member commented that the Government should provide sufficient money to adequately house residents and large numbers of migrants coming to the area. Other Members referred to what they considered to be a housing crisis and pointed out the Council would be building some homes itself but it required the involvement of central government and other bodies to ensure more homes were built. A Member commented that there were risks and consequences associated with not achieving the target of 17,000 new homes and proposed that this risk should be added to the risk register.

Decision:

The Committee agreed to:

- a) note the Risk Management Strategy, as set out in Appendix A to the report.
- b) note the Management Team’s recommendations on amendments to the Council’s Risk Register as detailed in section 3 of this report.
- c) note the progress of the recommendations from the Risk Management Audit 2014/2015 as detailed in paragraph 3.10 of the report.
- d) request that the narrative for Risk SR03b (Finances) be updated to reflect the recent announcement from the Chancellor regarding local government finance allowing councils to retain all the money they raise from business rates, given the uncertainties which now existed about how local government finance would be calculated.
- e) ask Cabinet to consider as a new risk the impact of the European Union referendum in terms of potential access by the Council to EU funding and the risk to existing programmes.
- f) ask Cabinet to consider as a new risk within SR17 the consequences of not achieving the target of 17,000 new homes.

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- g) provide a briefing note to all members of the BS O&S Committee with regard to risk SR 25. 01 on how the Council was ensuring that clients fully understood how to use their personal budgets and risk SR26.06 details of the projects including start and end dates.

407 Council Plan Quarter 1 2015/16 Performance Monitoring

Discussion:

Members considered a report which summarised the performance of the Council's Key Measures of Success for Quarter 1 2015/16 as set out in the Council Plan 2015/16. Tabled at the meeting was Appendix 2 to the report which set out the performance discussions at the other Overview and Scrutiny Committees.

The Chairman of the Children and Young People Overview and Scrutiny Committee advised that there would be an in depth review looking at employment opportunities for 18-21 year olds including consideration of the availability of apprenticeships.

A Member referred to a recent Government announcement regarding a target for the removal of schools from the control of local councils and questioned the Council's position on this policy. The Chairman of the Children and Young People Overview and Scrutiny Committee commented that many people were sceptical about the effectiveness of the current system of Regional School Commissioners. If an academy was failing the Council was obliged to inform the Commissioners.

A Member referred to the increase in vacancy rates amongst social workers in children's social care and asked if these posts were being filled by agency staff or, if they remained vacant, what was being done to address this significant issue.

Reference was also made to the low number of carers receiving an assessment or review and a Member asked if extra resources could be identified during the budget setting process given the importance of this issue in supporting people to live independently in their own homes.

A Member referred to the aim to launch a new Council "beta" website in the autumn as part of the digital transformation programme. In response to a question about which groups would be involved in the testing, officers replied that a range of groups so far had been involved including members of the Citizens Panel and the Learning and Disability Partnership and council staff. It was the intention to involve the Youth Parliament and the Pensioners Forum as well as elected members. An undertaking was given to demonstrate the progress on the new web site at the next Member User Group

Decision:

The Committee agreed to note the Quarter 1 2015/16 performance against the Key Measures of Success used to monitor progress against the Council Plan 2015/16.

408 Gambling Act 2005 – Review of Council Statement of Gambling Policy

Discussion:

Members considered a report regarding amendments to the current Council Statement of Gambling Policy, which was approved at Full Council on 24 January 2013 for a period of 3 years.

The Assistant Director – Legal and Corporate Services advised Members that since the introduction of a new national rule which meant that a customer cannot pay more than £50 on a B2 (fixed odds betting) machine unless certain conditions were met there had been a 69% reduction in the number of plays on B2 terminals and a 67% reduction in stakes over £50.

Members welcomed this but felt more still needed to be done and it was proposed that a letter be sent to the Minister for Sport on a cross party basis asking for the maximum stake allowed on B2 fixed odds betting terminals to be dramatically reduced. A figure of £2 was suggested as an indication.

Members supported the revised changes to the policy.

A Member queried what would happen if an intoxicated person in a public house tried to gamble. In response the Committee were advised that it was probably a matter for the licensee to intervene.

Decision:

The Committee agreed to:

- a) endorse the amendments made and refer the amended policy to Cabinet and then Council in accordance with the policy framework rules.
- b) write, on a cross party basis, to the Minister of Sport calling for a significant reduction in the maximum stake size allowed in respect of B2 fixed odds betting terminals.
- c) place on record its appreciation of the work of the Assistant Director – Legal and Corporate Services and his team in addressing the negative effects of gambling on individuals and communities.

409 Procurement Strategy

Discussion:

Members considered a report on the progress made against the Council's Procurement Strategy 2013-16.

In terms of the target of 40% third party controllable spend with Medway small and medium sized enterprises (SMEs) the Committee were advised that this was a mix of existing local SMEs and ones attracted into the area. As not all Council business was of interest to local SMEs it was difficult to meet this target but when the Strategy was next reviewed this issue would be looked at to see what more could be done. It was confirmed that the figure was now 32% and this included Medway Norse. A Member asked what the figure was if Medway Norse was excluded as it was possible the situation was being overstated. In response an undertaking was given to provide a briefing note on this question.

A Member asked for information about the benefits for SMEs themselves as a result of this Strategy, such as companies employing more people. The Assistant Director – Legal and Corporate Services advised work would be done to look at this, including the ability to expand a business, improved workforce development etc.

A discussion took place about the number of apprentices generated through the Strategy and how many translated into permanent positions. A Member felt the 30 created was modest and suppliers should be encouraged to recognise this could be a rewarding experience and to also create higher level apprentices as these were needed in the Medway economy. The Assistant Director replied that he was looking to increase the 30 created so far and would also look at how often this led to long term employment.

Reference was made to the list of organisations mentioned in the target on intelligent spending and a Member queried whether full details of all industries represented could be provided to ensure no sector was missing. The Assistant Director undertook to look at this point.

A Member asked for details of examples of where services had improved through better procurement, in particular services to the elderly as a result of the Homecare Gold Service Standard. The Assistant Director commented that the Council's spending power gave it a position to influence and improvements had been specified in the homecare contract to ensure appointments with elderly clients lasted at least 30 minutes.

Decision:

The Committee agreed to note the progress made against the Procurement Strategy 2013-16.

410 Draft Medium Term Financial Plan 2015/2020

Discussion:

Councillor Griffiths disclosed a non pecuniary interest as a member of the Argent Trust in relation to Danecourt School.

Members considered a report which reviewed the major financial issues facing the Council during this and the next four years. It also provided a framework for the more detailed preparation of the draft Revenue Budget for 2016/17.

The Chief Finance Officer referred to the recent announcement from the Chancellor that Councils would be allowed to fully retain all business rates income. In addition the current revenue support grant would disappear over the life of the current Parliament. A Member commented that the announcement regarding business rates was interesting but the detail was important and until there was clarity it was very difficult for councils to plan their finances in the medium term. The Chief Finance Officer stated that the current Business Rates Retention Scheme operated under a system of top-ups, tariffs and levies, which ultimately prevented local authorities from benefitting excessively from business rate growth and funded a 'safety net' to protect local authorities from significant negative shocks to their income and it was likely that the new system would contain something similar. Therefore caution should be exercised when making assumptions about the levels of business rates that would be retained.

A Member referred to the increasing trend of schools moving out of local authority control and suggested work was needed to look at the impact on the Council if the Education Services Grant disappeared given that it was linked to the number of pupils in local authority maintained schools and continued to reduce when schools converted to academies. The point was also made that the Council did not seem to have a clear position on the increasing trend to encourage schools to become academies. The Chief Finance Officer responded that whilst much of the grant was passported straight to schools, a significant proportion was retained to fund special education needs, early years provision and certain other statutory functions of a local education authority. As more schools converted to academies, the funding for these statutory functions was lost in the form of reduced Education Services Grant and Dedicated Schools Grant. Work was underway to look at the impact of the grant reductions with a view to formulating a more robust policy on this issue.

Reference was made to the £1.8m procurement savings and the fact that the living wage would increase costs on companies and therefore reduce the scope for negotiating savings. Officers replied that the Council was on course to achieve these savings, which would be recurring. However, the impact of the living wage did make it more difficult when it came to in year negotiations or at the renewal of a contract. The Chief Finance Officer acknowledged that this was potentially a risk in the medium term.

A Member noted that the risk of a complete withdrawal of Schools Funding Agency Community Learning Grant had not been factored into commitments

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but felt that this should be. The Chief Finance Officer undertook to make Cabinet aware of this view.

Members also discussed the following issues:

Special Educational Needs (SEN) Transport £1m pressure – The Chief Finance Officer explained that although better contracts had reduced unit costs, these savings had already been assumed in the category management target that underpinned the 2015/16 budget and were therefore not available to mitigate the impact of demographic pressures impacting on SEN transport. Were it not for the procurement savings the cost of SEN transport would have been significantly higher.

Waste Services Pressures – clarification was sought as to whether the additional £1.571m needed for 2016/17 and £1.386 for 2017/18 were incremental or additional pressures and whether by the end of 2017/18 the pressure was £1.8m or £4m. The Committee were advised that the figures were incremental and by the end of the second year the pressure would be £4m.

Local Business rates and appeals – the point was made that a small variation on collection rates could significantly impact on the Council's finances. A sensitivity analysis would be carried out looking at the Council's regeneration programme and what was known about new commercial sites being developed.

Base budget – with regard to the Appendices detailing base budgets a request was made for these to be split between pay and non pay costs including details of FTEs.

Shared services – Shared services were being looked at across the council with the audit shared service with Gravesham Borough Council being a recent example. Regarding the communications shared service with East Sussex County Council there had originally been three aims (cost savings, resilience and ability to trade). The present position was that the arrangements would carry on at an informal level to achieve savings and increase resilience.

Projected deficit – with regard to the projected deficit of £42m by 2019/20 a Member made the point that residents would end up paying more Council Tax for worse services. Also regarding the need to radically rethink the way services were provided due to the scale of the deficit it was argued that many of the measures proposed would require investment to realise savings and this would be difficult to achieve. Whether the Council was in a position to take the risks and introduce the innovations needed to realise these initiatives was queried in the light of the savings needed to be found. In response the Chief Finance Officer replied that the Council was embarking on a major digital transformation programme which would result in significant savings and improved services to the public so it was not entirely accepted that the savings needed to be found necessarily resulted in worse services to the public. Where schemes required investment before savings could be found then robust business case needed to be demonstrated. There was the potential for the Council to borrow to provide

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such investments. Opportunities to generate income were being looked at as well as benchmarking on fees and charges – although any changes to the latter were a matter for Members to decide.

Decision:

The Committee agreed to:

- a) note the underlying aims of the Medium Term Financial Plan;
- b) note the forecast level of overall funding outlined in Section 4 of the report; spending priorities in Section 5 and the consequent funding shortfall identified in Table 2 of the report.
- c) request a briefing note giving more detail on base budgets across the medium term, in particular distinguishing between pay and non pay costs down to service line detail.

411 Capital Budget Monitoring 2015/16 - Quarter 1

Discussion:

Members considered a report which detailed the capital monitoring forecasts as at the end of June 2015 and updated Members on the schemes contained within the capital programme.

In response to a request for more information about works to school kitchens to facilitate the roll out of Universal Free School Meals, an undertaking was given to provide a briefing paper on the programme so far, how many schools had benefited and how many were still outstanding including what would happen if the national programme ended.

Reference was made to the £93,000 of Coastal Communities funding to deliver the conversion of Bath Hard Lane arches in Rochester into creative workspace units and the need to join up communications between the Council and Network Rail to ensure affected organisations were aware of developments.

Decision:

The Committee agreed to

- a) note the forecast outturn position and proposed management actions following round 1 of the quarterly capital monitoring report for 2015/16.
- b) request a briefing note on adaptations to school kitchens to facilitate the roll out of Universal Free School Meals as detailed above.

412 Revenue Budget Monitoring 2015/16 - Quarter 1

Discussion:

Members considered a report which detailed the revenue budget forecasts as at the end of June 2015. The report also highlighted the major financial risks remaining in respect of the 2015/16 General Fund revenue budget.

A Member referred to the predicted potential overspend of £9.4m for non-Dedicated Schools Grant services, which was expected to reduce to £4.7m through planned management action, and queried why many pressures were reported as such in the first place when actions to address them appeared to be readily available. The impact on services and residents of these management actions was also questioned. It was proposed that the Committee should receive regular updates on actions being taken to reduce the projected overspend including the extent of the overspend, what management actions were being taken and the service implications of these so that Members could monitor this situation.

With regard to the £255,000 overspend in Legal Services it was clarified that this was an agreed pressure on the budget and seven permanent staff would be recruited for the cost of four locums.

Decision:

The Committee agreed to

- a) note the forecast outturn position and proposed management actions following round 1 of the quarterly revenue monitoring for 2015/16.
- b) ask for regular reports on management actions being taken to reduce the projected overspend, including the extent of the overspend and the service implications of the management actions.

413 Localising Support for Council Tax

Discussion:

Members considered a report which outlined the proposed options for the delivery of a revised local Council Tax Support scheme with effect from 1 April 2016 and the requisite public consultation being undertaken.

An update on the latest responses to the consultation was tabled at the meeting.

A Member questioned why empty furnished properties received a council tax discount of 10%. Whilst not part of the review in question officers said this was an issue which could be reviewed.

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A discussion took place about the consultation process and methodology and whether it had been designed to ensure responses were representative. Officers advised that a letter had been sent directly to 2,400 current council taxpayers not in receipt of a discount under the Scheme and 600 in receipt of a discount to try and achieve as representative a response as possible. People could also respond to the consultation via the Council's web site and as a result of flyers and posters displayed at key council venues. Groups which supported vulnerable parts of the community had also been specifically targeted. Some Members argued that this open approach was by definition not representative and proposed that the Citizens Panel should be used to redress this. Officers commented that, as was usual practice, advice had been sought about how to conduct the consultation exercise and whilst the sample of people consulted was representative it was not possible to guarantee that the proportion of respondents was representative. However, so long as the sample size was sufficiently large the findings could be weighted to give a view that was representative of the people of Medway. An undertaking was given by the Assistant Director Communications, Performance and Partnerships and Chief Finance Officer to review the consultation methodology to ensure it was robust and to examine, if there were concerns about representative findings, whether the Citizens Panel could be used as part of the consultation exercise but there would be financial and timing issues to take into account. On the issue of timings a Member made the point that the Panel's views could still be sought after the consultation ended as long as the results were available before Council took the final decision on the Scheme. Officers emphasised that no conclusions had yet been reached as the consultation is ongoing.

The point was also made by some Members that the way in which the questions had been phrased could easily be interpreted that those in receipt of the discount were somehow responsible for the need to cut services or increase Council Tax. The Chief Finance Officer assured Members this had not been the intention and it was important to make clear what the alternatives to not amending the Scheme were.

A Member expressed disappointment at the fact that whilst there was an opportunity for people responding to the consultation in writing to make general comments or put forward alternative options this was not possible on line. Concern was also expressed that there was no mention of other options such as a reduced contribution from claimants in order to maximise collection levels or not amending the Scheme at all.

Decision:

The Committee agreed to note the report and the consultation being undertaken on the basis of the options set in the report.

414 Work Programme

Discussion:

Members considered a report advising the Committee of the current work programme. The report gave details of the items listed on the Cabinet Forward Plan that fell within the remit of this Committee and Appendix 2 to the report set out the work programmes of the other three Overview and Scrutiny Committees

Decision:

The Committee agreed to

- (a) note and identify items for inclusion in the work programme;
- (b) agree the changes to the work programme as detailed in paragraphs 3.3.2 and 3.3.3 of the report and
- (c) note the work programmes of all overview and scrutiny committees (set out in appendix 2 to the report).

Chairman

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