

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

**Tuesday, 2 February 2016**

**6.30pm to 9.20pm**

**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:  
Hicks (Substitute for Carr)

**In Attendance:** Marc Blowers, Head of Housing Management  
Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services  
Stephanie Goad, Assistant Director Communications, Performance and Partnerships  
Richard Hicks, Director of Regeneration, Community and Culture  
Perry Holmes, Chief Legal Officer/Monitoring Officer  
Michael Turner, Democratic Services Officer  
Councillor Rupert Turpin, Portfolio Holder for Business Management  
Phil Watts, Chief Finance Officer

**718 Apologies for absence**

An apology for absence was received from Councillor Carr.

**719 Record of meeting**

The record of the meeting held on 3 December 2015 was agreed and signed by the Chairman as correct.

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

The Chairman reported that he had agreed to accept the report regarding the Council Plan (agenda item no 7) as urgent because the next meeting of this Committee would not take place until 14 April and the Committee were being asked to comment on the report before consideration by Cabinet on 9 February. In addition, it had not been possible to include this report in the main

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agenda due to the need to conclude further internal discussions before the report could be finalised and, due to timing issues, these discussions could not be completed before the main agenda was despatched.

### **721 Declarations of interests and whipping**

#### Disclosable pecuniary interests

There were none.

#### Other interests

Councillor Griffiths declared an interest as a Non-Executive Director, Medway Community Healthcare in relation to agenda items 8 and 9 (Draft Capital and Revenue Budgets 2016/17) and commented that if any discussion specifically related to Medway Community Healthcare he intended to leave the meeting.

### **722 Attendance of the Deputy Leader and Portfolio Holder for Housing and Community Services**

#### **Discussion:**

Members received an overview of progress on the area within the terms of reference of this Committee covered by Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services, i.e.

- Adult Learning
- Disabled adaptations to housing
- Homelessness and housing options
- Housing management and allocations
- Housing strategy
- Private sector housing
- Housing Landlord Services
- Development of the Council's housing stock

Councillor Doe responded to Members' questions and comments as follows:

#### **Housing**

A Member stated that one of her constituents had had a poor experience when visiting Kingsley House to seek advice and help from the Council about eviction. Councillor Doe responded he could not comment on the specifics of one case but what was described did not mirror his experience. He felt Kingsley House offered a good service and the staff there had a difficult and often stressful job. Given the limited resources and limited availability of housing the question of how long a person had to wait for housing to become available was always going to be a difficult one.

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A Member acknowledged the improvements to the Council's housing service in recent years. Referring to the increasing unaffordability of housing he asked what the Council was doing to prepare for increases in the costs of temporary accommodation and the need for extra resources in environmental health. He also commented that it might be helpful for the Housing Task Group to visit Kingsley House to help Members with their review. Finally, he asked for Councillor Doe's views, given that the Member felt that not enough homes were being built, on the potential for the Council to use prudential borrowing to build, in partnership, market rent homes which would then give a return to the Council to make the scheme viable. In addition to providing much needed and good quality housing this approach would also offer security of tenure and a good landlord service.

Councillor Doe replied that it was very difficult to forecast temporary accommodation costs as there were so many variables involved. However, costs were being managed. With regard to borrowing to build new homes, Councillor Doe commented that he would discuss this with MHS Homes and the Chief Finance Officer and, if it had potential, he would look at it but at the moment he remained sceptical about the viability of such schemes. Councillor Doe welcomed the proposed visit to Kingsley House, as long as the privacy of customers was not affected.

A Member referred to the current legislation regarding serving S21 notices (i.e. notice to quit) on tenants. This led to tenants being subject to the same legal process and also receiving the same advice from the Council regardless of their circumstances. Councillor Doe replied that he had some sympathy with this point and he would look into it. If there was a case he would make representations to the Department for Communities and Local Government asking for the legislation regarding S21 notices to be changed.

A Member made the point that new legislation effectively turned landlords into immigration officers and could result in them leaving the sector.

A Member noted that Brighton and Hove Council had bought properties in order to rent them out to homeless people and asked what would happen if the Council ran out of accommodation for the homeless. Councillor Doe replied that Medway was not at that stage but, should it happen, then difficult decisions would have to be made. He undertook to look into the Brighton scheme and see if it was relevant for Medway.

### **Adult Learning**

A Member commented on the improvements in the service in recent years and congratulated the staff on this.

### **Decision:**

The Committee agreed to note the report.

**723 Attendance of the Portfolio Holder for Business Management**

Members received an overview of progress on the area within the terms of reference of this Committee covered by Councillor Rupert Turpin, Portfolio Holder for Business Management, i.e.

- Bereavement and registration services
- Income generation
- Revenues and benefits
- Risk management
- Business management
- Commissioning

Councillor Turpin responded to Members' queries and comments as follows:

**Bereavement and registration services**

A Member referred to the fact that the specialist cremator supplier had entered into voluntary administration in 2013, leaving the installation of functioning cremators and abatement incomplete. He asked what deficiencies had been identified in this procurement exercise and also the extent of the Council's financial exposure. Councillor Turpin replied that the furnaces were still operating but action was needed to improve them. If the Council was unsuccessful in the legal case then the exposure could be significant, but that could not be quantified at this stage. In terms of the procurement process, only one company was able to install the furnaces according to the Council's specifications and Budget. There had been many factors in favour of the preferred company and the standard procurement processes had been followed. There were lessons to be learned and while there had been good reasons at the time for the decisions taken, in retrospect a different course of action might have been preferable. A Member asked if the lessons learned report could be brought to the Committee. Councillor Turpin agreed to the request.

Another Member commented that one of the reasons the works at the Crematorium were so impressive was due to early cross party Member involvement in the improvement programme and suggested this should be replicated when other proposals were being drawn up. He referred to the new crematorium in Gravesham and asked if there were any concerns this would impact on income for the Council. He also asked whether, both from an equalities perspective and a source of income generation, the Council would consider making representations to local MPs about allowing heterosexual couples to enter into civil partnerships. On the new Gravesham crematorium, Councillor Turpin replied that this would have an effect on the Council, but given the increasing population and the fact that Medway would be significantly cheaper with a good reputation, he was confident about the future. Concerning

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civil partnerships he was not sure he saw the point of two different forms of ceremony and would not be making representations on that point.

A Member asked what the contingency plans were, should the furnaces break down. The Committee was advised that robust contingency plans were in place including reducing services, reciprocal agreements with other crematoria and staff working extra hours.

In response to a question about whether changes to marriage law were a risk or an opportunity, Councillor Turpin commented that there was a risk due to demands from secular groups to be allowed to carry out civil ceremonies, meaning potentially anyone could become a registrar. This could affect income to the Council but it was also an opportunity as new registrars would need to be licenced by the Council. He hoped to make better use of the Council's historic buildings to improve the marriage service and plans were being developed to pursue that. A Member queried whether Eastgate House would be a venue for weddings after its refurbishment. If it was not to be, then the Corn Exchange facilities would need to be improved to remain competitive. Councillor Turpin stated that due to the ongoing refurbishment works at Eastgate House there were no plans at the moment to hold weddings there.

### **Income generation**

A Member asked if income generation was a cross cutting part of Councillor Turpin's portfolio and also for his views on the balance between maximising income through charging against the risks of social exclusion. Councillor Turpin replied that it was cross cutting and the merits of each proposal would be weighed up with social issues taken into account and any extra income would then be spent on services. His approach was not about maximising income through charging at any cost.

With reference to the improvements outlined to improve adult social care income collection a Member felt that the approach outlined in the report could create more risks than benefits and end up creating more inefficiencies and a worse service for vulnerable people. She hoped that these measures to generate extra income would not lead to delays for people. Councillor Turpin replied that nothing was being rushed into regarding telephone assessments and careful evaluation would take place following a trial. The intention was to have the right mix between telephone assessments and face to face meetings. A Member asked what percentage of adult social care clients' contributions to their care package (£9m pa) was collected and whether any administrative fees were charged by the Council. Councillor Turpin replied that it was impossible to obtain 100% collection rates. He undertook to provide to all members of the committee the information about the shortfall and also whether any administrative fees were charged.

Regarding the decision by Cabinet to deliver CCTV services via a local authority trading company, a Member asked why the Council had not retained responsibility and offered this service to others. Members were advised that the decision had been taken because a company had the capacity to trade freely

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and swiftly in a competitive environment, and expand and generate profits for the Council. Details of the paper to Cabinet would be sent to Members.

### **Revenues and benefits**

A Member noted that some assessment staff were choosing new career paths because of uncertainty about the future in the lead up to the full introduction of Universal Credit and expressed concern about the prospect of more good quality staff deciding to leave after Universal Credit had been introduced. Councillor Turpin replied that a new team was being established which he hoped would mitigate against these risks. The team still had a lot of work to do and assessments still needed to take place.

### **Decision:**

The Committee agreed to:

- a) note the report
- b) request that the report on the lessons learned from the procurement process for the purchase of specialist cremator supplies be submitted to this Committee
- c) note that a briefing note will be provided to Members on what percentage of adult social care clients' contributions to their care package is collected and whether any administrative fees are charged.

## **724 Council Plan 2016/17 - 2020/21**

### **Discussion:**

The Assistant Director, Communications, Performance and Partnerships introduced this report which set out the key elements of the new 2016/17 to 2020/21 Council Plan, including the Plan's objectives, key performance indicators, projects and ways of working.

Tabled at the meeting was an updated version of Appendix 2 to the report which included commentaries on the key performance indicators.

A Member queried whether the Council Plan was intended to focus on the Council's transformation agenda, rather than capture all Council business, and expressed the view that, if it was the former, then the priorities as proposed captured the transformation agenda the Council should be taking forward. The Assistant Director confirmed that was the case and this would be made clear when the matter was considered by Cabinet and Council.

A Member welcomed the plan to increase the energy efficiency of street lighting by using LED technology and queried its scope and how performance would be measured. The methodology for creating and safeguarding jobs was also

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queried, i.e. was this a snapshot or measured over a period of time. With regard to street lighting the Committee were advised that plans were at a very early stage but the possibility of replacing all street lighting through prudential borrowing was being considered. Many columns were old and therefore some presented a potential risk as well as being inefficient. The methodology for creating and safeguarding jobs would be clarified outside the meeting.

A Member referred to the proposed target of 28% of children social work substantive posts not filled by permanent social workers and commented that this did not appear to be very aspirational. The Assistant Director commented that the Council was aspirational in this area but the target reflected national and local difficulties in recruiting and retaining social workers. Once the social work recruitment plan for 2016/17 was in place, officers would look at whether this target could be stretched.

Another Member commented that, as a new Councillor, it was difficult to judge the appropriateness of the KPIs without any information about the action plans in place to achieve the targets. The Assistant Director confirmed that the detailed actions were contained in project and service plans, but that level of detail was not reported to Business Support Overview and Scrutiny Committee as part of the process of considering the Council Plan.

### **Decision:**

The Committee agreed to note the Council Plan for 2016/17-2020/21 and its Indicators and Key projects, acknowledging that the new 3 key priorities (Medway: a place to be proud of; Maximise regeneration and economic growth and Supporting Medway's people to realise their potential) had been devised to reflect the Council's transformation agenda and were not intended to reflect the whole range of Council services.

## **725 Draft Capital and Revenue Budgets 2016/2017**

### **Discussion:**

The Chief Finance Officer introduced a report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2016/17.

A Member asked whether officers had carried out a sensitivity analysis of the impact on business rate income of a downturn in the economy. The possibility of looking at the effects of the 2007 economic downturn on business rates to gauge the likely impact was referred to.

The Chief Finance Officer replied that an extensive analysis as suggested had not been carried out but the Council was aware of the risks and also who the large business rate payers were. He felt that a bigger risk to the Council was an influx of business rate appeals and this was an issue which would be referred to in the budget report to Cabinet in February.

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Another Member referred to the fact that the current £1,500 discount for all retail, pubs, cafes (excluding banks and betting establishments) with rateable values below £50,000 would end on 31 March 2016 and asked what the Council was doing to prepare businesses for this. Reference was made to the possibility that further businesses could be lost from Chatham high street although another Member felt there were grounds for optimism given a number of new businesses were looking to locate in Chatham

The Chief Finance Officer agreed to provide a briefing note for Members on how many businesses in Medway would be affected by this change, the Council's strategy to help them prepare for it and discussions that had taken place with the Federation of Small Businesses.

Reference was made to ongoing work to explore opportunities to generate revenue through commercial charging. Whilst it was accepted that in the current financial situation it was appropriate to look at all potential areas for income generation, some Members felt that Cabinet should balance the advantages of increased income against the risks of social exclusion as a result of increased charges. The Chief Finance Officer responded that officers were looking at all possibilities to bridge the budget gap. He added that any budget proposals involving significant charge would include a diversity impact assessment.

In response to a query about the £6.3m public health commissioning draft budget, the Chief Finance Officer agreed to provide a briefing note on what services this was spent on.

A Member asked if a possible decrease in council tax collection rates as a result of the likely reduction in the maximum council tax discount available from 75% to 65% had been taken into account when producing the draft budget. The Chief Finance Officer responded that the Council collected a high proportion of Council Tax and that the proposed changes to the council tax reduction scheme had assumed a 1% reduction in council tax collection overall.

A Member referred to the £543,000 income included in the 2016/17 draft budget in respect of the registration and bereavement service and asked for more detail about the assumptions being made behind this figure given the market could change with the new crematoria commissioned by Gravesham Council which could impact in income to the Council's crematoria service. The Chief Finance Officer undertook to provide this detail.

### **Decision:**

The Committee agreed to:

- a) note the draft capital and revenue budget for 2016/17, proposed by Cabinet on 24 November 2015, insofar as they affect this Committee
- b) note that a briefing note on changes to business rates and the public health commissioning draft budget will be provided to the Committee



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- c) ask Cabinet, when considering proposals for income generation through commercial charging, to take into account the social impact of such proposals and balance the advantages of increased income against the risks of social exclusion to Council services and facilities.

### **726 Draft Capital and Revenue Budget Proposals 2016/2017 (report back from Overview and Scrutiny Committees)**

#### **Discussion:**

The Chief Finance Officer presented a report which set out the comments of all Overview and Scrutiny Committees on the provisional draft budget for 2016/17 proposed by Cabinet on 24 November 2015.

A Member asked for details of the outcome of public consultation on the draft budget. The Assistant Director, Communications, Performance and Partnership replied that, as was normal practice at Medway, public consultation on the draft budget itself had not taken place but the Citizen's Panel had been asked for their views on what the main priorities should be for the Council and also on a range of options about how best to deliver services given limited resources. Following a question she confirmed that this had been done at panel wide level through a survey and no further qualitative work, for example focus groups to gather more in depth views had been carried out. In response, some Members commented obtaining qualitative information would have been helpful to the process and that it was common practice for most Councils to consult the public on the draft budget and this should be part of the process in Medway.

A Member referred to the briefing note on social impact bonds which was to be provided to the Children and Young People's Overview and Scrutiny Committee and asked that this also be sent to Members of this Committee.

#### **Decision:**

The Committee agreed to:

- a) note the comments from individual Overview and Scrutiny committees, as set out in Section 3, and forward these comments to Cabinet on 9 February 2016.
- b) note that a briefing note on social impact bonds requested by the Children and Young People's Overview and Scrutiny Committee would also be sent to Members of this Committee.

**727 Housing Revenue Account - Revenue and Capital Budgets 2016/17**

**Discussion:**

The Head of Housing Management introduced this report which presented the Housing Revenue Account (HRA) capital and revenue budgets for 2016/17 and also provided details of proposed rent and service charges levels for 2016/17.

Members were referred to paragraph 3.1 of the report which stated that the impact of new rent setting measures introduced by the Government for social housing landlords to reduce weekly rent by 1% in 2016/17 and for the following three years, meant a reduction of income of approximately £6.7m. The Head of Housing Management advised that further evaluation had led to a revised reduction of income of approximately £5.4m, an improvement of some £1.3m. This still presented challenges for the Business Plan which currently assumed annual rent increases. A Member commented that this Government policy would have a detrimental impact on all housing authorities' HRA business plans and ran counter to the principles of localism and devolution.

During the discussion the following points were made:

- given that Universal Credit would be paid monthly, whether anything could be done to help tenants on those occasions where the rent cycle entailed 5 weeks in a month - in order to avoid them being chased for arrears unnecessarily
- It was queried why non council tenants had to pay VAT on garage rents while council tenants did not.

The Head of Housing Management replied that, with regard to the first point, officers were looking at this issue before Universal Credit was fully introduced. He undertook to provide clarification on the second point.

**Decision:**

The Committee agreed to recommend to Cabinet:

- a) that the rent cycle move from a 50 week rent payment year to a 52 week rent payment year for both the housing stock and garages.
- b) a proposed rent decrease of 1% for the housing stock as set out in Appendix A to the report (based upon 52 collection weeks).
- c) a rent increase of 2% for garages.
- d) that the service charges and increases as set out in Appendix B of the report for 2016/17 be approved.
- e) that the revenue budget for the HRA Service for 2016/17 as per Appendix C of the report be approved.

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- f) that the provision for the repayment debt continues to be based on a minimum revenue payment of 2% on the 2016/17 HRA opening outstanding debt.
- g) to increase the 2016/17 HRA housing building development programme amount by the available RTB 1-4-1 capital receipts and remaining from 2015/16 MRP payment as set out in paragraph 9.5 of the report.

### **728 6 Month Review of Welfare Reform Task Group Review**

#### **Discussion:**

The Chief Finance Officer introduced a report which provided Members with the third bi-annual update on progress made with the Committee's recommendations from the Welfare Reform in-depth review, which were agreed by the Cabinet on 2 September 2014.

A Member asked if the proposals on Local Welfare Provision to be considered by Cabinet would reflect the views of this Committee. He also asked, regarding the "pay to stay" policy, whether sufficient staff were in place to deal with this. Commenting on a remark in the report that Kent County Council had seen less use of food banks, he commented that this may well be because the County Council had a better system of local welfare provision scheme than Medway.

The Chief Finance Officer replied that £100,000 provision had been made in the medium term financial plan for local welfare provision and this was reflected in the budget proposals. Regarding "pay to stay" the Committee were advised that one of the Council's responses to the government consultation paper on this was that three extra administrative posts would be needed. Regarding the food bank, this was just an update and no conclusions had yet been drawn.

Members asked for a briefing note on the tendering exercise for local welfare provision.

#### **Decision:**

The Committee agreed to note the progress made against the actions from the review.

### **729 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

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Scrutiny Committees.

With regard to the current pattern of receiving 6 month reviews of welfare reform task group it was agreed that 6 monthly reports on welfare reform would continue, including the initial recommendations from the Task Group for Members to reflect back on.

### **Decision:**

The Committee agreed to:

- (a) note the work programme (set out in appendix 1 to the report).
- (b) agree the proposed changes to the current work programme set out in paragraph 3 and
- (c) note the work programmes of all overview and scrutiny committees (set out in appendix 2 to the report).

**Chairman**

**Date:**

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