

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

**Thursday, 25 August 2016**

**6.30pm to 8.10pm**

**Record of the meeting**

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

**Present:** Councillors: Avey, Carr (Chairman), Clarke, Freshwater, Griffiths, Hall, Maple, Murray, Royle and Tejan

**Substitutes:** Councillors:  
Griffin (Substitute for Wildey)  
Kemp (Substitute for Opara)  
Purdy (Substitute for Etheridge)

**In Attendance:** Marc Blowers, Head of Housing Management  
Perry Holmes, Chief Legal Officer/Monitoring Officer  
Michael Turner, Democratic Services Officer  
Phil Watts, Chief Finance Officer

**224 Apologies for absence**

Apologies were received from Councillors Etheridge, Opara and Wildey.

**225 Record of meeting**

The record of the meeting held on 7 July 2016 was agreed and signed by the Chairman as correct.

A Member referred to minute no. 143 (c) regarding the call in of various land disposals and expressed his disappointment that the Cabinet had not supported the Committee on this issue.

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

There were none.

**227 Declarations of interests and whipping**

Disclosable pecuniary interests

There were none.

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### Other interests

In relation to agenda item 6 (Government Consultation: 100% Business Rates Retention), Councillor Carr disclosed that that he was a Member of the Kent and Medway Fire and Rescue Authority and Councillor Tejan disclosed that as Company Secretary for South Maritime Residents Limited he represented some local businesses.

Councillor Griffiths disclosed an interest as a trustee of Danecourt Special Needs School.

## **228 Universal Credit and Welfare Reforms - Six Monthly Progress Report**

### **Discussion:**

The Chief Finance Officer introduced this report which provided Members with a progress report regarding Universal Credit and welfare reforms and also the work of the Welfare Reform Officers Working Group, including a revised action plan developed by the Group

With regard to the contract for Local Welfare Provision, a Member asked when the review of the contract arrangements would be completed and what the maximum period was for extending this contract. The Chief Finance Officer advised that the Council was looking to package together a number of contracts for services such as debt advice and advocacy and this would include local welfare provision. The contract for the latter had been extended until September 2017 as more time was needed to finalise the procurement process. A new contract would be in place from September 2017. A Member queried whether this approach regarding procurement was suitable as some organisations would be prepared to bid for debt advice and advocacy contracts but not for local welfare provision, which was a very specific and distinct service. Officers clarified that the Council recognised local welfare provision was a distinct service and the procurement process allowed for organisations to bid for contracts within the overall package where they felt particular services worked well together. A Member made the point that the uncertainty the extensions created for people was unhelpful and decisions should be made sooner rather than later. The Chief Finance Officer acknowledged the concern but felt that it was better to extend the contract and get it right and not rush into a decision.

A Member referred to the 572 people in Medway expected to be affected by the introduction of the benefit cap and, noting that awareness raising roadshows had not been well attended, asked what could be done to individually target people. The point was also made that the Government was now reviewing the welfare reform and universal credit programme and therefore the Council should be flexible in its approach, given the possibility of changes. The Head of Housing Management advised that the Department for Work and Pensions had provided the Council with the details of 23 Council HRA tenants likely to be affected by the benefit cap and officers would visit them to explain the changes. The Chief Finance Officer added that the Council was looking to identify those

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affected and decide how best to provide support, given the risk that some could end up applying to the Council for statutory services. There were web based tools available, at a cost, which allowed people to input their personal information and find out how they were affected by the reforms.

More generally the Council was raising the profile of the changes with key partners and helping them so they were confident in providing advice to people affected and there was more of a one stop shop approach in Medway.

In response to a question about how to access Taktix, the directory of support and advice used within the Council to make vulnerable people aware of the services available, officers advised that this could only currently be accessed within the Council but as part of the digital transformation programme it was likely to be possible that access would be extended to partners.

A Member referred to paragraph 5.2 which stated that there had been an increase in larger households approaching the Council for housing advice and facing homelessness due to not being able to afford rents and asked if this was evidence of an unintended consequence of the reforms which could lead to the overall welfare bill increasing. Officers undertook to provide information outside the meeting on the significance of the reference to larger households.

Officers also undertook to provide information on how many people in Medway would have been affected by the benefit cap when the threshold had been set at £26,000 and also what benefits were included and excluded from the cap.

### **Decision:**

The Committee agreed to note the revised action plan at Appendix 1 and also the progress made to date.

## **229 Government Consultation: 100% Business Rates Retention**

### **Discussion:**

The Chief Finance Officer introduced this report which advised that on 1 July 2016 the Government had commenced consultation on proposals for local authorities and their preceptors to retain 100% of the business rates collected, in return for the cessation of central grant support to local government. The report sought the Committee's views on the Council's response to these proposals and the 36 questions asked by Government prior to consideration by Cabinet on 6 September, where a final response to the consultation would be agreed.

Members made the following comments in relation to the proposed response:

*Question 1: Which of the grants and responsibilities identified at Appendix 2 do you think are the best candidates to be funded from retained business rates?*

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A Member argued strongly that public health funding should continue as a ring fenced grant in order that the positive work so far in Medway on public health would continue and was not lost. Reference was also made to the possible devolution of responsibility for attendance allowance and the point was made that, should this happen, then the Council needed to learn lessons from how Local Welfare Provision had been dealt with.

*Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?*

A Member asked for clarification in relation to what tax raising powers were being referred to in the proposed response. The Chief Finance Officer responded that this was primarily a reference to business rates and the rationale was that devolution deals at present came with additional funding but if they were to be funded through 100% business rates retention then the Council would need some flexibility to raise taxes in order to meet commitments.

*Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?*

A Member emphasised that this issue was of critical importance in terms of the whole concept of 100% business rates retention. The Council had no control over large businesses closing down or relocating out of the area. Therefore with the move to 100% business rates retention, this was the biggest risk facing local government finance in decades. A Member asked that Cabinet make this point more robustly in order to emphasise this issue in its response to Government.

*Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?*

There was support for the position expressed in the proposed response that elected mayors should not be given additional powers. It was argued that if there was no appetite locally for an elected mayor then a council should still have the maximum powers available to a local government body. Whilst this point was made in the proposed response it was felt it should be further emphasised.

The point was also made that there was a difference of opinion amongst Members of the Council regarding combined authorities, with some Members opposed under any circumstances and others prepared to consider the idea if it meant Medway received additional resources.

On a more general point, a Member referred to the risk management section in the report and argued that there needed to be a reference to the need to focus on increasing income streams as a risk mitigation measure. The Chief Finance Officer undertook to look at ensuring the corporate risk register was more reflective of the risks and mitigations.

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### **Decision:**

The Committee agreed to recommend to Cabinet the proposed response to the consultation, as laid out at Appendix 1, and ask Cabinet to consider the Committee's comments, as set out above, when agreeing the final response to Government.

### **230 Revenue Budget Monitoring 2016/17 - Quarter 1**

#### **Discussion:**

The Chief Finance Officer introduced this report which detailed the revenue budget forecasts as at the end of June 2016.

A Member referred to the £963,000 overspend on SEN transport and asked why the significant saving originally expected would not now be delivered and also how realistic the original budget had been. The Chief Finance Officer responded that the baseline budget information had been flawed, which had led to the savings target of £1m being over estimated.

A Member commented that a major reorganisation in children's social care would take effect next month. As a result there would be less reliance on agency staff and it was hoped that the effects of this would be seen in the round 2 budget monitoring.

A Member referred to an increase in the number of children with special needs in expensive placements outside Medway. The Chief Finance Officer acknowledged this was a pressure and commented that some children of asylum seekers in Kent were placed in Medway which affected capacity in Medway, leading to local children being placed out of area. In response to a question why this was not budgeted for if the Council was aware this was happening, the Chief Finance Officer commented that the Medium Term Financial Plan reflected projections about children in care and also included targeted savings. The issue was around difficulties in making the savings rather than the baseline budget being wrong. A Member asked if the Council had any control over whether value for money was being achieved. The Committee was advised that contracts were monitored and if outcomes were not delivered then, potentially, children in care would be moved to a different placement.

The Chief Finance Officer undertook to look at an issue raised by a Member about children in care at a school in Medway being transported to Ashford by taxi paid for by the Council.

Some Members re-iterated the need for realistic budgets to be set so that there was proper accountability. In terms of external placements, a Member queried whether a national trend for fostering agencies to recruit foster carers from Councils by offering higher payments had been seen in Medway. If so, it was suggested that this might be an issue the Children and Young People's O&S Committee may want to look at. Another Member commented that the Council

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had seen some foster carers with private agencies returning to the Council as they recognised the Council offered a better service. The Chief Finance Officer replied that as part of the Council's digital transformation programme, the fostering process was being reviewed with a view to making it more user friendly and this would hopefully lead to more foster carers being recruited by the Council.

A briefing on the latest position regarding Non Domestic Rating appeals was agreed.

### **Decision:**

The Committee agreed to note the result of the first round of revenue monitoring for 2016/17 and also the forecast position and proposed management action set out in the report.

## **231 Capital Budget Monitoring 2016/17 - Quarter 1**

### **Discussion:**

The Chief Finance Officer introduced this report which presented the capital monitoring for the first quarter of the financial year, including outturn forecasts and reference to any new schemes for approval.

A Member referred to the projected overspend of £496,000 on the relocation and expansion of Abbey Court school and asked if any lessons had been learned and also what other programmes might be affected as a result of the overspend. Officers responded that a new contractor had been appointed after the original contractor had requested an additional £4m be allocated to the project by the Council. The overspend referred to would be funded from the overall Basic Need Programme through efficiencies identified after reviewing all schemes in the programme. At this point it was not expected that any schemes in the programme would be affected.

A Member asked for an update on when the planning application in respect of Rochester Airport would be considered. The Chief Legal Officer advised that it was expected that the planning application would be considered at the end of the calendar year or early 2017.

A Member referred to the All Saints café improvement works being placed on hold for a short period of time and commented this was unacceptably vague in terms of Members being able to hold the Council to account.

### **Decision:**

The Committee agreed to

- a) note the forecasts and the new schemes identified in paragraph 4.2 of the report, and;

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- b) note that Cabinet agreed the virement at paragraph 4.1 of the report and recommended to Council the new schemes funded from developer contributions at paragraph 4.3.

### **232 Update on Responsible Gambling**

#### **Discussion:**

The Chief Legal Officer introduced this report which updated Members on the voluntary partnership relating to the promotion of responsible gambling in Medway through the Medway Responsible Gambling Partnership.

In discussing the report Members welcomed the cross party involvement with the partnership and also welcomed any involvement from public health.

#### **Decision:**

The Committee agreed to note the report.

### **233 Update on Responsible Gambling**

#### **Discussion:**

The Democratic Services Officer introduced this report which advised the Committee of the current work programme.

#### **Decision:**

The Committee agreed to

- a) note the current work programme (Appendix 1 to the report);
- b) agree the changes to the current work programme as set out in paragraph 3 of the report;
- c) note the work programmes of all overview and scrutiny committees (Appendix 2 to this report), and;
- d) hold a special meeting be held in early January to consider the outcome of the business rate relief consultation.

### **Chairman**

#### **Date:**

**Michael Turner, Democratic Services Officer**

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