

HEALTH AND ADULT SOCIAL CARE OVERVIEW AND SCRUTINY COMMITTEE

24 JANUARY 2017

CALL-IN: HEALTH AND WELLBEING TRADED SERVICES

Report from: Andrew Burnett, Interim Director of Public Health

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Summary

This report advises the Committee of a notice of call-in received from six Members of the Council of the Cabinet decisions (174/2017 and 175/2017) to approve the establishment of a subsidiary of Medway Commercial Group, to be called MCG Health and Wellbeing, or a suitable alternative, to deliver public health services as set out in the attached Cabinet report (attached as Appendix 1).

The Committee must consider the Cabinet decisions and decide either to take no further action, to refer the decisions back to Cabinet for reconsideration or to refer the matter to full Council.

Reason for Urgency

The Chairman is asked to accept this report as urgent because the next meeting of the Committee after 24 January takes place on 16 March 2017. Consideration of the report by the Committee at this meeting would risk a delay to the establishment of a subsidiary of Medway Commercial Group from 1 April 2017, as per the Cabinet decision. In accordance with Chapter 4, part 5, paragraph 15.4 of the Council's Constitution, once a decision has been called in, it must be considered by the next available meeting of the relevant Overview and Scrutiny Committee.

1. Budget and Policy Framework

- 1.1 In accordance with Chapter 4, part 5, paragraph 15.3 of the Constitution with regard to decisions, Cabinet decisions 174/2017 and 175/2017 have been called-in to this Committee by six Members of the Council.

2. Background

- 2.1 The Cabinet considered this matter on 17 January 2017 and the discussion and the decisions are set out in paragraphs 2.2 to 2.6 below

2.2 Discussion

The Cabinet report provided details of proposals to create a traded service for the delivery of health and wellbeing services (attached as Appendix 1). It provided details of six potential models and recommended the establishment of a Local Authority Trading Company, specifically as a subsidiary of Medway Commercial Group (MCG), enabling the combined team to bid for upcoming health and wellbeing commissioning opportunities in Thurrock, Kent and East Sussex.

2.3 The report stated that the company would be a subsidiary of MCG and would be 100% owned by Medway Council, which provided a number of safeguards and mitigated key risks.

2.4 The report stated that, given the service delivery model for Medway residents was not changing, it was not considered necessary to undertake a Diversity Impact Assessment on the proposals.

2.5 An exempt appendix (Appendix 2, attached to the Exclusion of the Press and Public agenda item) set out the outline business case, options appraisal and detailed business case.

2.6 Cabinet Decision

Decision number:

Decision:

174/2017

The Cabinet approved the establishment of a subsidiary of Medway Commercial Group to be called MCG Health and Wellbeing, or a suitable alternative, to commission and deliver public health services as set out in this report, from 1 April 2017.

175/2017

The Cabinet agreed to delegate authority to the Chief Legal Officer, in consultation with the Leader, the relevant Portfolio Holder(s) and Chair of the MCG Ltd Board to finalise the governance arrangements for the new company and complete any necessary legal requirements and any other arrangements as necessary.

The Cabinet noted that the Chief Executive will make the necessary appointments to the new subsidiary board for Health and Wellbeing Services and any other MCG Subsidiary Boards subsequently established under his delegation from Full Council in consultation with Group Whips and having taken into account the views of the Leader and the Chair of MCG Ltd Board.

2.7 Reasons for decision

With Local government funding restrictions continuing to reduce overall budgets and the ring fence coming off the Public Health Grant by 2020, trading services provides an opportunity to generate income and deliver more efficient services in Medway.

- 2.8 The above decisions were subsequently called in by six Members of the Council. The reason for the call in is as follows:

“This decision is being called in to allow for full scrutiny prior to a substantial change in Council structures.”

3 Director’s Response

- 3.1 Medway Council is in an almost unique position in having its own public health provider arm, which thus has substantial ‘inside’ understanding of Council requirements as well as an excellent track record in service delivery. This service is thus particularly well placed to go to market with service offers that are both of a type and in a style likely to appeal to other councils (as well as NHS organisations) to help address population-level health needs.

- 3.2 With the Public Health Grant decreasing year-on-year, and its current ring-fence likely to be removed by 2020, generating income by trading services in which we have substantial expertise is an important way of providing a funding stream to support such services for Medway residents.

- 3.3 It is important to note that this proposal will not change the way that public health services are provided to Medway residents; rather, it is intended to better secure their continuation.

4. Options

- 4.1 The options open to this Committee in dealing with this call in are to:

- a) ask Cabinet to reconsider its decisions if Members have concerns about them (setting out in writing the nature of any concerns), or
- b) refer the matter to full Council so Council can decide whether or not to object to the decisions and, if so, then refer them back to Cabinet for reconsideration, or
- c) to consider the matter and accept the Cabinet decisions.

- 4.2 In accordance with rule 15.8 of the constitution, Overview and Scrutiny Committees should normally only use the power to refer a matter to the full Council for consideration with a request for referral back to the decision-maker if it considers either:

- a) that the decision is contrary to the policy framework or contrary or not wholly in accordance with the budget;
- b) where a request for call-in is signed by six or more members representing at least two political groups.

5. Risk Management

- 5.1 Risk management is addressed in section 5 of the Cabinet report attached as Appendix 1.

6. Financial and legal implications

- 6.1 The financial and legal implications are set out at sections 7 and 8 of the Cabinet report attached as Appendix 1.
- 6.2 In accordance with rule 15.3 of the constitution, six members of the Council may call in a decision for scrutiny by the relevant Overview and Scrutiny Committee.

7. Recommendations

- 7.1 The Committee is asked to consider the called-in Cabinet decisions and decide either to:
 - 7.1.1 Accept the Cabinet decisions 174/2017 and 175/2017 set out in paragraph 2.6 of this report and to take no further action or;
 - 7.1.2 Refer the decisions back to Cabinet for reconsideration, setting out the reasons for the referral back or;
 - 7.1.3 Refer the decisions to full Council so Council can decide whether or not to object to the decisions and, if so, then refer them back to Cabinet for reconsideration (taking into account the advice in paragraph 4.2 above).

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Appendices

- Appendix 1 – Report to 17 January Cabinet meeting – Health and Wellbeing Traded Services
- Appendix 2 - Exempt Appendix (attached to the Exclusion of the Press and Public agenda item)

Background papers

None