

Medway Council
BUSINESS SUPPORT OVERVIEW AND SCRUTINY
COMMITTEE

2 February 2010
7:00 pm to 10:00 pm
RECORD OF THE MEETING

PRESENT:

Committee members: Councillors Andrews, Avey, Kenneth Bamber (Chairman), Brake, Carr, Tony Goulden, Griffiths, Harriott, Juby, Stephen Kearney and O'Brien

Substitute members: Councillor Bhutia (for Councillor Mackinlay)
Councillor Bright (for Councillor Hunter)

In attendance: Stephanie Goad, Assistant Director (Communications, Performance and Partnerships)
Mick Hayward, Chief Finance Officer
Peter Holland, Committee Co-ordinator
Andy Larkin, Finance Support Manager
Andy McNally-Johnson, Senior Accountant
Deborah Upton, Assistant Director (Housing and Corporate Services)

568 RECORD OF THE MEETING

The record of the meeting held on 10 December 2010 was signed by the Chairman as correct subject to minute 477 being amended to read "that Directors or the Chief Executive will have to sign off such exemption requests prior to approval by the Monitoring Officer."

569 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Hunter and Mackinlay.

570 DECLARATIONS OF INTEREST

Councillor Griffiths declared a personal interest in any reference to NHS Medway (formerly Medway PCT) on the grounds that he is a Non-executive Director of the Trust and in any reference to Danecourt School as his wife is an employee there.

Councillor O'Brien declared a personal interest in any reference to the health service on the grounds that a member of his family works for the health service.

Councillor Tony Goulden declared a personal interest in any reference to Luton Infant School as he is a governor at the school.

The Chairman stated that he would leave the room whilst the Portfolio Holder for Customer First and Corporate Services was held to account and that the Vice-Chairman would chair this agenda item.

571 WORK PROGRAMME

Discussion:

Members were presented with a report that advised them of the current work programme that allowed them to adjust it in the light of latest priorities, issues and circumstances.

Members were concerned that the officers' response to a petition presented to the Council asking that the scheme manager at Longford Court, Rainham (sheltered housing) was to be replaced had been before the Health and Adult Social Care Overview and Scrutiny Committee on 21 January 2010. Members considered that in fact this petition was within the Business Support Committee's terms of reference as it related to the operational management of the Council's housing stock and concerned the employment of staff and their terms and conditions.

Members agreed that the Assistant Director, Housing and Corporate Services should report back to both overview and scrutiny committees in relation to this petition.

Decision:

The Committee agreed to request that:

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- (a) the Assistant Director, Housing and Corporate Services should report back her investigations in relation to the petition presented to the Council asking that the scheme manager at Longford Court, Rainham, is not replaced to both the Health and Adult Social Care and Business Support Overview and Scrutiny Committees;
- (b) work undertaken by all overview and scrutiny committees in the last cycle and to be considered at the next cycle of meetings is noted.

572 ATTENDANCE OF THE PORTFOLIO HOLDER FOR CUSTOMER FIRST AND CORPORATE SERVICES

Discussion:

The Portfolio Holder addressed the Committee outlining the main achievements within areas of her portfolio:

- the draft Sustainable Communities Strategy had been drawn up in conjunction with the Local Strategic Partnership and would be considered by this Committee, Cabinet and full Council in the next few months
- the Council had received the results of the latest Comprehensive Area Assessment at the end of the last year and this stated that the Council was performing well in relation to its targets and had received a 3 out of 4 star rating
- the Contact Centre and the Customer First team had successfully relocated from the Civic Centre to Gun Wharf with minimum service disruption
- Customer First had entered into a range of new collaborative initiatives including the Chatham Regeneration enquiry helpline and the NHS switchboard had been extended to receive calls for the new NHS Medway administrative building
- a new telephone system had been installed providing place in queue announcements, which had been well received by customers
- Customer First had been reaccredited with the Charter Mark

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- the satisfaction scores achieved when customers were asked about Customer First staff performance were extremely positive and included results of 93% for staff being helpful, 94% for staff being friendly and 94% for staff being patient
- in relation to the Human Resources department, sickness levels had been reduced to below four days per person per year which was significantly below target levels
- a new apprenticeship scheme had been introduced and was extremely successful and there were plans to introduce a pre-apprentice scheme in March 2010
- Members had received a full and varied schedule of training
- in relation to ICT, all servers had been moved to Gun Wharf and the Regional Data Centre was also based in Gun Wharf and the Council was now hosting KCC servers at Gun Wharf
- there were plans for the Council to have a new website in the near future
- in relation to the Bereavement Service, a new Mercury Abatement Scheme was being progressed and the service had received 100% satisfaction rating in a recent survey.

Members asked about:

- the Council's apprenticeship scheme, including the skills and qualifications achieved by apprentices
- effects the recent cold weather had on the Contact Centre and the Bereavement Service
- proposals for the Council to receive "E-Petitions"
- whether the statistics relating to the results of the customer experience surveys included lost calls
- the lack of public toilet facilities at the new Register Office.

Decision:

- (a) Councillor Janice Bamber agreed to raise the issue of the lack of public toilets at the new Register Office with officers and to report back to Members of the Committee as to whether the statistics relating to the results of the programme of customer experience surveys included lost calls.
- (b) A proposal was put forward to ask Portfolio Holders being held to account to produce a written report in advance of the meeting outlining the main achievements within the areas of their portfolios, but the Committee voted not to take this further.
- (c) The Committee thanked Councillor Janice Bamber for attending the meeting and the answers she had provided.

573 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2010/2011

Discussion:

The Chief Finance Officer presented a report that asked the Committee to scrutinise the Council's Treasury Management, Investment Strategy and Minimum Revenue Provision Strategy along with Treasury Management Practices and associated schedules. It was noted that the report incorporated changes that arose from the new Chartered Institute of Public Finance and Accountancy (CIPFA) code and Department for Communities and Local Government (CLG) consultation in the light of the Icelandic situation and financial crisis.

The Chief Finance Officer reported that this Committee would receive both annual and mid-year monitoring reports and that there was a commentary in relation to Treasury Management in the regular monitoring reports that were received by the Committee. He noted that his Treasury Management Team were astute in monitoring how the financial markets were performing and received regular advice from consultants SECTOR. The Committee was advised that the Council did use external fund managers (INVESTEC) to manage part of the Council's investments, however the Council's in-house team had out-performed the external fund managers in recent years.

The Chief Finance Officer stated that the Treasury Management Scheme of Delegation set out at Appendix 4 of the report required some

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constitutional changes and he agreed to circulate these changes to Members adding that the changes would need to be approved by Council.

Members immediately prior to the meeting had received training from consultants SECTOR and the Chief Finance Officer stated that as per the new CIPFA code Members would receive regular training in relation to Treasury Management.

Members queried whether it would be possible to take over the KCC debt. The Chief Finance Officer reported that he was committed to taking back the KCC debt but this would only take place when it would be financially viable to both Councils. In that regard Members were informed that rescheduling of debt often involved penalties and this was a factor to be taken into account in any rescheduling exercise, including that such as the KCC debt.

Members were surprised that Santander had received a good credit rating despite being a Spanish Bank and Spain not being an approved country for investment and also queried that Iceland was rated as a AAA rated country prior to it's collapse. The Committee asked how could Members be sure that the Council was investing in countries whose economies would not collapse.

The Finance Support Manager responded that the Council used a sophisticated system to assess the credit worthiness of a Counterparty. Part of that process was an assessment of the credit status of the country supporting the bank. In addition the country limit, with the exception of the UK, restricted exposure to a maximum of £40 million in any one country. The Chief Finance Officer also advised that his team formed a judgement based on the best intelligence and they did everything possible to reduce risk.

Members were concerned that there could be a lack of governance in relation to the Chief Finance Officer being solely responsible for monitoring the interest rate market and adopting a pragmatic approach to changing circumstances.

The Chief Finance Officer responded that it was important that he had the necessary delegations in order to manage the cash flow of the authority and take advantage of opportunities as they arose. However

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the new Code required a more structured approach to reporting treasury activity to members.

Members asked the Chief Finance Officer whether the Council was using the Asset Life Method in relation to the Council's Minimum Revenue Provision (MRP) and were advised that officers used a mix of methodologies for the MRP calculation including the Asset Life Method where appropriate.

Decision:

Members noted the Treasury Management Strategy, Treasury Management Practice statements and schedules and recommended the report to Cabinet for its consideration on 16 February 2010.

574 CAPITAL BUDGET MONITORING 2009/2010

Discussion:

The Chief Finance Officer introduced a report that presented the capital monitoring for the period to November 2009, with an outturn forecast for 2009/2010 and future years.

Members noted that there had been a low uptake of empty homes loans and asked officers how they planned to promote such loans.

The Assistant Director, Housing and Corporate Services responded that further promotion for this scheme was being organised and that it was hoped that the scheme would be fully expended in 2010/2011. It was noted that the Council had exceeded its empty homes target and was well above the target having no more than 1.6% of empty homes in Medway.

Decision:

Members noted:

- (a) the spending and funding forecasts at Tables 1 and 2 of the report;
- (b) the additions to the capital programme as detailed in section 5.1.1 of the report;
- (c) the virements as detailed in paragraph 5.1.2 of the report.

575 REVENUE BUDGET MONITORING 2009/2010

Discussion:

The Chief Finance Officer presented a report that summarised the revenue monitoring position for the current year based on actual income and expenditure to November 2009. It was noted that, after management action, where appropriate, the outturn forecast for 2009/2010 currently stood at a £280,000 underspend which after eliminating the Designated Schools Grant (DSG) overspend of £384,000, gave an overall underspend on general fund services of £664,000.

Members asked the Chief Finance Officer whether he expected any significant variances before the end of the year. The Chief Finance Officer responded that there was at present a £500,000 shortfall in the treasury account, however, officers were looking at ways of combating this including a review of MRP calculation. He also reported a significant recovery of VAT paid over to Her Majesty's Revenue and Customs (HRMC) of some £2.5 million that was not yet reflected.

Members noted that to date the vacancy savings target for Business Support of £480,000 had been exceeded by £839,000 and were concerned that if the Council built on it's vacancy savings it could make the budget unsafe. The Chief Finance Officer responded that the vacancies consisted of a mixture of both long-term vacancies and the "churn-factor" as replacing vacancies can take up to three to four months.

Decision:

Members noted the forecast outturn position for 2009/2010.

576 DRAFT CAPITAL AND REVENUE BUDGET PROPOSALS 2010/2011

Discussion:

The Chief Finance Officer introduced a report that presented the Cabinet's draft capital and revenue budgets for 2010/2011, including the key features and significant pressures within the Business Support Directorate.

Members asked whether the demolition of the Civic Centre was going to be completed on time. The Assistant Director, Housing and Corporate Services responded that the demolition would be completed by June

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2010 and would also be completed under budget.

Members noted that the Council's new website was costing £250,000 and asked the Assistant Director, Communications, Partnerships and Performance to provide them with a detailed breakdown of these costs.

Decision:

- (a) Members noted the report and asked that their comments and suggestions were incorporated into the discussion of the Council's overall capital and revenue budget proposals for 2010/2011 considered later in this agenda.
- (b) Members requested that the Assistant Director, Communications, Partnerships and Performance provide them with a detailed breakdown of the costs of the Council's new website in a briefing note.

577 DRAFT CAPITAL AND REVENUE BUDGET PROPOSALS 2010/2011

Discussion:

The Chief Finance Officer presented a report that set out the comments of all Overview and Scrutiny Committees on the initial budget plan for 2010/2011 proposed by Cabinet on 24 November 2009.

Decision:

Members noted the comments and requests from individual Overview and Scrutiny Committees, as indicated in Section 3 and Appendix 1 of the report, together with comments made in relation to the Business Support Directorate by this Committee earlier in this agenda and recommended that these are forwarded to Cabinet on 16 February 2010 for consideration.

578 DRAFT COUNCIL PLAN

Discussion:

The Assistant Director, Communications, Partnerships and Performance introduced a report that presented the Council Plan 2010-13 prior to consideration by Cabinet on 16 February 2010 and Full Council on 25 February 2010. It was noted that the Council Plan was rolled forward and refreshed each year and that this was a sister document to the budget and that if changes were made to resource allocation in the setting of the final budget, this plan may need to be amended to ensure consistency.

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The Assistant Director, Communications, Partnerships and Performance explained the various elements of the plan and set out the changes that had been made to the plan this year.

Members felt that the statement, contained within the delivering priorities section of the plan, that the first new houses on Rochester Riverside would start to be built within 2010/11 was unrealistic. The Assistant Director, Communications, Partnerships and Performance responded that she would check with Medway Renaissance to ensure that this information was correct and amend if necessary.

Members noted the progress that had been made in the last two years to better align financial and service planning. They considered that this linkage would be further enhanced if draft performance targets were included as part of the plan when it and the draft budget were considered. The Assistant Director Communications, Performance and Partnerships agreed that this would strengthen the process, subject to the caveat that targets may need amending if changes were made to resource allocation in the setting of the final budget.

Members were pleased to note that the outcome “treating elderly people with dignity and respect” was contained within the updated draft plan.

Decision:

Members noted the report and asked that their comments are incorporated into the report that is considered by Cabinet on 16 February 2010.

579 HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 2010/2011

Discussion:

The Assistant Director, Housing and Corporate Services presented a report that detailed how the Housing Revenue Account (HRA) revenue and capital budgets had been drafted and explained the business objectives for the Housing Revenue Account in 2010/2011. The report gave details of the Revenue and Capital Budgets for 2010/2011 and asked the Committee to recommend to Cabinet the new rent and service charge levels commencing April 2010.

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It was noted that there were no plans to change garage rents as some of them were in poor condition and Members were informed that garages would be looked at as part of the stock condition survey currently being carried out by surveyors at present.

Members asked to be provided with information in relation to how many garages were unlet and for details of how long they have been unlet.

Members were further informed that officers were looking at ways to reduce the void turnaround target of 25 days in the following year but noted that large Housing Associates were also struggling with void management. It was noted that a review of the HRA Business Plan would be completed in June 2010, following the completion of the remaining 75% stock condition survey and that following a consultation process the plan would then be presented to Members for approval. Officers stated that an Asset Management Plan was also being produced and that this would include a proper programme of planned maintenance which would also be reflected in the HRA Business Plan.

The Assistant Director, Housing and Corporate Services stated that she was looking into how to run the service more efficiently and in a more streamlined way.

Members were concerned that leaseholders, especially elderly leaseholders did not understand the breakdown of service charge bills and asked the Assistant Director, Housing and Corporate Services to provide Members with an example of breakdowns for service charges for leaseholders.

Members noted that rent arrears were a problem and reported that there was a need to look at ways for helping people in hardship and to chase poor payers. Members were also concerned that elderly people in leasehold accommodation may not be able to afford the service charge for their properties.

The Assistant Director, Housing and Corporate Services stated that her team could consider sending out a leaflet on debt advice with bills. Members stated that there was a need for housing officers to use what intelligence they could get that might suggest that a resident was in need prior to sending out debt advice leaflets.

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Members stated that there was a need to be more robust with bad debtors and that it was important not to let debts accrue.

Decision:

Members noted the report and recommended to Cabinet that:

- (a) the proposed revenue and capital budgets for 2010/2011, inclusive of an average rent increase of £0.99 per week (based upon 50 collection weeks and equating to an increase of 1.46%);
- (b) that service charges for 2010/2011 reflect the costs incurred in providing that service, where possible, and that costs increase by no more than 5.0% over that charged in 2009/2010. The average increase will be 1.72%;
- (c) Cabinet agree in principal to increases in service charges from 2011/2012 to 2014/2015 inclusive at levels shown in Table 2 of this report in order that costs of providing services not currently being recovered will do so, and to note that officers are currently considering ways of reducing the service charges through efficiencies.

Members also asked:

The Assistant Director, Housing and Corporate Services to provide Members with an example of breakdowns for service charges for leaseholders and information in relation to how many garages were unlet and for details for how long they had been unlet.

Chairman

Date

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