

Medway Council
Meeting of Business Support Overview and Scrutiny
Committee

Thursday, 28 November 2019

6.30pm to 10.03pm

Record of the meeting

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

Present: Councillors: Buckwell (Chairman), Hackwell, Khan, Maple, Opara, Tejan (Vice-Chairman), Wildey and Williams

Substitutes: Councillors:
Curry (Substitute for Andy Stamp)
Fearn (Substitute for Etheridge)
McDonald (Substitute for Johnson)
Osborne (Substitute for Murray)
Purdy (Substitute for Clarke)

In Attendance: Katey Durkin, Head of Finance Strategy
Jan Guylar, Head of Legal Services, Local Land Charges and Licensing/Deputy Monitoring Officer
Michael Kelly, Head of Category Management
Carrie McKenzie, Assistant Director - Transformation
Simon Swift, Acting CEO - Medway Commercial Group
Phil Watts, Chief Finance Officer

449 Apologies for absence

Apologies for absence were received from Councillors Clarke, Etheridge, Johnson, Murray and Stamp.

450 Record of meeting

The record of the meeting held on 24 October 2019 was agreed and signed by the Chairman as correct.

451 Urgent matters by reason of special circumstances

There were none.

452 Disclosable Pecuniary Interests or Other Significant Interests and Whipping

Disclosable pecuniary interests

There were none.

Other significant interests (OSIs)

There were none.

Other interests

There were none.

453 Attendance of the Portfolio Holder for Resources

Discussion:

Members received an overview of progress on the areas within the terms of Reference of this Committee covered by Councillor Adrian Gulvin, Portfolio Holder for Resources, i.e.:

- Transformation and Digital Services
- Council Plan and Service Improvement
- Business and Administration Support Services
- Complaints Policy and Management
- HR
- ICT
- Legal
- Property
- Category Management//Procurement
- Travellers

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

- **Public Works Loan Board** – a Member asked what the impact would be on the Council of the decision by the Treasury to increase the cost of borrowing from the Public Works Loan Board. Councillor Gulvin commented that this decision was unhelpful but was unlikely to have any impact on the Council at present due to the Council's cautious approach to borrowing and the fact the Council had anticipated the increase and borrowed in advance. Medway Development Company would need to carefully assess future projects in the light of the increased cost in borrowing.
- **Transformation and Digital Services** – a Member queried whether it would be possible for parking permits to be issued digitally instead of a paper permit given there were now systems which could read vehicle registration plates. Councillor Gulvin acknowledged this would be more

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convenient and as part of the transformation agenda various options were being explored. There were though potential security issues which would need to be addressed. In terms of consultation with residents, any new service would be tested with the public to ensure it was user friendly.

- **Re-organisation of front line services** - referring to the expected savings of £406,000 from this re-structuring, Councillor Gulvin explained that every effort had been made to not reduce front line services and to end up with a structure that improved services. A Member expressed the hope that there would be no redundancies amongst community wardens and commented it would be helpful for Members to see the outcome of the consultation.
- **Tell us Once Service** - a Member asked if this service, which allowed residents to tell the Council and the Government just once about a death, could be expanded to other life event such as moving home. Councillor Gulvin agreed with the need to expand this across other services so the Council acted in a more joined up way. The point was made that vulnerable people in particular needed to be assured that their information was being processed correctly.
- **Travellers** – regarding the possibility of a permanent site in North Kent, Councillor Gulvin acknowledged this would make it easier for the team to deal with unlawful incursions. Some sites were being looked at although a permanent site was expensive and difficult to secure support for.
- **Council Property Portfolio** – a Member asked if details of the Council's current property portfolio could be sent to all Members.
- **Mountbatten House and the Pentagon Centre** – a Member emphasised the importance of meaningfully involving the public in the plans for the development of these sites. Councillor Gulvin commented the Council needed to demonstrate it had a scheme for the development of Mountbatten House before it could be compulsorily purchased. Local firms of architects had been asked to provide outline ideas, some of which were very encouraging, and there would then be public engagement.
- **Permitted Development rights** – Councillor Gulvin gave a commitment that neither the Council nor Medway Development Company would exercise these rights as otherwise it would not be tenable to criticise others for doing so.
- **Smart Cities** – regarding a suggestion that a Member briefing on Smart Cities take place, it was clarified that a briefing for Members had taken place last year and the issue had also been covered as part of the Transformation briefing in the induction programme following the elections.
- **Windows Server 2008** – a Member commented that Microsoft would soon not be supporting this product and asked what plans were in place to replace this support. Councillor Gulvin commented that work was in hand to address this and the Council would continue to invest in the Data Centre, which also presented opportunities to generate income.
- **Capital receipts** – a Member asked how likely it was that the expected capital receipts of £3.1m would be achieved by March 2020. Councillor Gulvin replied that in recent years around £4m per annum had been

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achieved but given the Council's shrinking assets and the change in emphasis from selling assets to developing them, this was now more difficult to achieve.

- **Child care court proceedings** – a Member queried how realistic the target of 26 weeks for average court proceedings was. Councillor Gulvin commented there had been some very difficult cases but the trend was downwards. Performance was about average in comparison to other councils.
- **ICT/homeworking for staff** – a Member asked if thought had been given to more staff working from home on occasion to save money and help the environment. Councillor Gulvin stated he was keen to encourage working from home and there needed to be a shift in culture amongst managers so there was more of an emphasis on outcomes and less on assessing performance based on time spent in the office.

Decision:

The Committee agreed to:

- a) thank Councillor Gulvin for his attendance, and;
- b) ask that details of all Council properties (freehold and leasehold) be sent to Members.

454 Procurement Strategy

Discussion:

Members considered a report regarding progress made against the Procurement Strategy 2016-21, including additional objectives which had been suggested from the National Procurement Strategy for Members' consideration.

Regarding the Procurement Team's income target of £250,000, the Head of Category Management clarified that it was based on providing procurement support to delivering capital projects and charging a fee on the awarded value for doing so. Whilst the team had delivered all of the capital projects the target was unlikely to be met.

A Member asked what was likely to replace the OJEU procurement process when EU law no longer applied, commenting that while this presented a chance to make savings a proper process still needed to be in place for large contracts to ensure quality and value for money was achieved. Members were advised that the procurement rules would remain largely unchanged after Brexit.

Regarding the extent to which the voluntary sector were aware of the measures in place to support SMEs, the Head of Category Management commented that the Council had been very successful in engaging with SMEs but would look at what more could be done.

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A Member asked when the councillor development programme on procurement would be developed and was advised that the December 2019 timescale referred to in the report was likely to slip to early 2020.

A Member queried whether the risk implications addressed in the report fully reflected the risks which were described in the appendices in relation to meeting the Strategy's objectives. The Head of Category Management undertook to review the wording.

Decision:

The Committee agreed to:

- a) note the progress made against the Procurement Strategy 2016-21, and;
- b) note the new proposed strategic objectives set out in Appendix 2, including progress against the 2 objectives carried forward, and refer Members' comments to Cabinet

455 Council Plan Monitoring Performance Report and Risk Register Review Quarter 2 2019/20

Discussion:

Members considered a report which summarised performance in Quarter 2 2019/20 on the delivery of the programmes and measures in the Council Plan which fell within the remit of the Committee and also presented the Quarter 2 2019/20 review of the Strategic Risk Register.

A Member referred to the funding allocated to provide additional support and accommodation over the winter months and asked if this was new funding, what was meant by winter months and whether the Council would be working with partners to help rough sleepers during colder weather spells. The Head of Financial Strategy confirmed that the Council would continue to work with its partners when the Severe Weather Emergency Protocol was activated.

A Member noted that 20% of the 6 measures of success that fell within the remit of the Committee were significantly below target and asked what the impact of this was on Medway and its residents. Members were advised this related to one measure (number of private sector properties improved as a result of the Council's intervention) and the team were confident this target would be met by the end of the year. It was clarified that the figure of 72 private sector properties improved as a result of the Council's intervention referred to complaints received where the Council was in a position to intervene and the total number of complaints would be provided. Noting the reference to a fire safety risk, a Member considered more detail should have been provided, in the light of the Grenfell Tower tragedy. The Chief Finance Officer undertook to raise this with the Strategic Risk Management Group.

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A Member commented that the decision not to include Brexit on the corporate risk register could affect the credibility of officers who were working with their counterparts in regional groups on Brexit related issues. The Chief Finance Officer advised that risks relating to Brexit featured in operational risk registers at service level.

Regarding the action plan to address the issues raised in the Ofsted Inspection of Children's Services report, a Member asked if the Council was in a position to fund this. The Chief Finance Officer assured Members that significant additional funds were being allocated to children's services and resources had also been more effectively redeployed.

A Member asked if the work generated for the Council by the new Medway Task Force, set up to tackle and reduce violent crime, could be resourced. The Chief Finance Officer advised additional resources had been allocated.

A Member queried why the Council was looking to use a private company to fine people for littering when street cleanliness performance had improved. The Committee was advised that the litter enforcement proposal was aimed at tackling littering at source in order to change behaviours in the longer term.

Whether there was a need to update the risk relating to the Pentagon Centre given the likelihood of corporate retail values changing was queried. The Chief Finance Officer confirmed that consultants had advised the Council on the risks involved in purchasing the Centre and the price paid largely reflected the risks involved. If there was a drop in retail values then in the long term the revenue benefits of rents from the property would compensate for this.

Regarding the residents with jobs and skills outcome, a Member asked for details of the quality of skills and jobs the Council was attempting to encourage.

Regarding complaints to the Local Government Ombudsman, Members were advised that the Council compared well compared to other councils.

Referring to the 18 new apprentices, it was noted that most of these roles were administrative or in customer services.

Decision:

The Committee agreed to:

- a) note the quarter 2 performance of the measures of success used to monitor progress against the Council's priorities;
- b) note the quarter 2 review of the Strategic Risk Register, and;
- c) request details of all Brexit risks (either directly related to Brexit or incidental to it) that are contained in the operational risk registers.

456 Revenue Budget Monitoring - Round 2 2019/20

Discussion:

Members considered a report which presented the results of the second round of the Council's revenue budget monitoring for 2019/20.

The Chief Finance Officer commented that the forecast outturn for 2019/20 represented a forecast pressure of £6.695 million. However, following a moratorium on spending and management of vacancies across the Council, he expected the situation to improve significantly by Quarter 3.

Members discussed the following issues:

- **The Housing Infrastructure Bid (HIF)** – the Chief Finance Officer advised that the £1.1m original investment by the Council to prepare the Bid had been met from reserves. Due to a delay in the Government making a decision, the Council had proceeded at risk and allocated a further £850,000 from reserves. The Bid had been successful and the Council would receive £170m, with the £850,000 sum charged against that.
- **Use of agency staff in Children's Services** – in response to a question whether the use of expensive agency staff was sustainable, the Assistant Director – Transformation advised that the Council was very much aware of the significant costs of employing agency staff. There could also be an impact on children and families given agency staff did not always have the same background knowledge that experienced staff had. The Council was encouraging agency staff to become a permanent member of staff by making them aware of the overall package of benefits and training available to permanent employees. Efforts were being made to attract new members of staff, including an active recruitment campaign overseas.
- **The Castle Concerts** – regarding the overall losses incurred by the concerts and the action plan to prevent further losses, Members were advised that the concerts had lost £333,000 this year and a report would be considered by Cabinet soon on options for the future.
- **Aut Even** – a Member queried why the home was still open when a decision had been made to close it and re-provide the service at Parklands. The Chief Finance Officer replied that the delay had been due to obtaining registration from the Care Quality Commission on the Parklands site.
- **Parking Services shortfall** – regarding why this shortfall was so large, Members were advised that the budget had been set on the basis of stretching the income targets. However, these targets had not been achieved due to a range of issues including new Controlled Parking Zones not being implemented, the closure of a number of Council car parks as a result of the Council's regeneration agenda, and a reduction in parking charge penalties as more people used the RingGo app to pay, which meant they were less likely to overstay.

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- **Gillingham Business Park** – as to whether this was a one off or an annual pressure, the Chief Finance Officer advised this overspend was due to an increase in the charge from the new managing agent and he would clarify whether this was a permanent budget pressure.
- **Deangate Ridge** - a Member queried why there was a pressure of £86,000 (the full year business rates charge for the site) when the site was occupied by Medway Norse. In response the Committee was advised that Medway Norse partly occupied the site for use as a depot which in turn affected the site's rateable value.
- **Job losses and vacancies** - a Member made the point that in order to balance the budget there would be a need for redundancies and the deletion of vacant posts which would have an impact on staff. He asked if further information on the extent of this could be reported in the Quarter 3 monitoring report, including actions taken by Medway Commercial Group and Medway Norse. Officers advised that the number of posts would reduce but actual job losses would be kept to a minimum. The Council was effective in redeploying people at risk of being made redundant but could not guarantee there would be no compulsory redundancies.
- **Risks** – a Member suggested that the full extent of the financial risks facing the Council were not adequately described in the risk section of the report and also the significant overspend showed that the mitigation processes had failed. The Chief Finance Officer advised that the budget monitoring process was designed to give early notice of problems but did not in itself resolve any overspends. In that sense the monitoring process had worked. The Chancellor's Spending round had allocated more money to local government and he considered that the risk of not setting a balanced budget, which in the summer had been high, was now not as great.

A Member queried how sustainable it was for the Council to have to rely on one-off government grants to set a balanced budget. The Chief Finance Officer agreed that the lack of certainty around how local government was funded was unhelpful, commenting that one off grants represented a recognition from the Government that councils had not received sufficient funding. The Government had allocated more for adult social care and SEN services but did not fully recognise the pressures in children's services.
- **Reserves** – in response to what the current levels of reserves were, the Chief Finance Officer acknowledged they were at the lower end of the spectrum but he was seeking to protect reserves and add to them.

Decision:

The Committee agreed to note the results of the second round of revenue monitoring for 2019/2020 and that Portfolio Holders will work with senior officers to identify a range of measures to reduce expenditure within their portfolio areas.

457 Capital Budget Monitoring - Round 2 2019/20

Discussion:

Members considered a report which presented the results of the second round of the Council's capital budget monitoring for the financial year 2019/20.

Members discussed the improvement works needed at the Medway Tunnel, which were forecast at £672,104 over budget for this financial year. It was argued that the Government should be lobbied to take on responsibility for the tunnel. Members were advised that whilst there was no budget or funding for this work at present, maintenance to Medway Tunnel was continuing to ensure its operational safety. Discussions about government funding were ongoing with the Department for Transport, including the Council submitting a Challenge Funding Grant Bid for Medway Tunnel. A decision on this funding application was expected at the end of December. However, if no further Government grant was secured then Council funding would be required. A Member asked for a paper on how the tunnel could be funded, including details of the decision to acquire it, commenting it was critical that the tunnel remained open. The Chief Finance Officer undertook to provide a Member briefing on the funding requirements for the tunnel.

A Member queried why the Council was being asked to fund the £25,000 cost of the totem at Rochester Station, arguing this should be met by partners and not the Council. It was proposed that officers should be recommended to seek to obtain funding for the £25,000 cost of the Rochester Station Totem before Council was asked to agree to fund this from the capital programme. It was also proposed that Cabinet should be recommended that the Command of the Heights overspend should not be funded from reserves but instead be funded from the Great Lines Heritage Park Fund and, if that was not sufficient, then from other S.106 monies. Upon being put to the vote these proposals were not agreed.

In response to how the Medway Development Company (MDC) project at Whiffens Avenue was forecast to underspend by £1.7m, the Chief Finance Officer replied that this was due to a reduction in the number of units being delivered and a change in the form of the building. The £1.7m underspend would go back to MDC holding scheme for future projects.

Decision:

The Committee agreed to:

- a) note the results of the second round of capital budget monitoring for 2019/20;
- b) note that Cabinet has recommended the following to Full Council:

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- i) that the capital programme is increased by £102,259 in respect of the additional cost identified for Mercury Abatement as set out in paragraph 3.5 of the report, funded from borrowing;
 - ii) that the budget for Command of the Heights is increased by £397,259 reflecting additional resources as set out in paragraph 3.6 of the report;
 - iii) that the capital programme be increased by £22,942 in respect of the additional costs on Rochester Station Totem as set out in paragraph 3.8 of the report, to be funded from capital receipts;
 - iv) that the capital programme be increased by £4.1 million for the HRA new Build Phase live as set out in paragraph 3.11 above, to be funded 70% from borrowing and 30% from 'Right to Buy' capital receipts in line with the existing scheme;
 - v) that the capital programme be increased by £300,000 to create the HRA Buy Back scheme, to be funded from HRA Reserves and Right to Buy receipts, as set out in paragraph 3.12 of the report, and;
 - vi) that the Capital Programme be increased by £380,000 in respect of the ICT Data Centre works, to be funded from prudential borrowing as set out in paragraph 3.14 of the report.
- c) note that the Cabinet has agreed that £200,000 be vired from the Strood Town Centre SELEP funded scheme to the Medway City Estate Connectivity SELEP funded scheme.

458 Draft Capital and Revenue Budget 2020/21

Discussion:

Members considered a report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2020/21.

Noting there was a need to carry out a 90 day consultation before making large numbers of staff redundant, a Member asked how this could take place before the Council budget meeting and what proposals there were in the draft budget to reduce staff numbers. Officers advised that there were no significant proposals which would trigger the requirement to carry out a 90 day consultation period.

A Member argued that the Council's decision not to consult the public on the draft budget proposals was flawed. The Council also needed to manage the communications issues around receiving £170m from the Housing Infrastructure Fund at the same time as agreeing revenue budget reductions. The point was made that there had been a recent 14% increase in Members' Allowances and it was disappointing staff were likely to receive a 1% pay increase following discussions negotiations with the trade unions which, for some, were not genuine negotiations. Another Member made the point that some Councillors would see a reduction in their Special Responsibility Allowance.

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Decision:

The Committee agreed to:

- a) note that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2020/21 and beyond, and;
- b) note the proposals outlined in the draft capital and revenue budgets and forward the proposals to the individual Overview and Scrutiny Committees.

459 Work Programme

Discussion:

Members considered a report regarding the Committee's current work programme, which allowed Members to adjust it in the light of latest priorities, issues and circumstances and provides an opportunity to shape and direct the Committee's activities over the year.

It was noted that Members' items on housing were likely to be submitted.

Decision:

The Committee agreed to:

- a) agree to the proposed changes to the Committee's work programme as set out in paragraph 3.3 of the report, and;
- b) note the work programmes of all the Overview and Scrutiny Committees.

460 Medway Commercial Group - Progress Report

Discussion:

Members considered an update report which set out the budgetary projection for Medway Commercial Group (MCG) for 2019-20 and also reported on a number of reviews taking place to inform the Business Plan for 2020-23. A resume of future business development opportunities was set out in an exempt Appendix.

A Member welcomed the decision that MCG would now concentrate on its original core areas but questioned why the CCTV service was not being brought back in-house given some councils had left the partnership. The Acting CEO of MCG advised that CCTV was integrated with the tele-health care business and it was not straightforward to separate the two elements and that service costs would increase if these services were separated. The Acting CEO of MCG advised that the Business Plan for 2020-23 would be looking at

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Business Development Opportunities for CCTV as part of growing this part of the MCG Portfolio.

Regarding the number of permanent and temporary staff employed by MCG, officers advised the number of FTEs would be included in the business plan.

A Member suggested MCG should re-brand itself to help obtain new business. The Committee was advised the MCG Board had considered this issue and the benefits of changing the branding of the company would be detailed in the new Business Plan.

It was clarified that the decrease in the management fee had no bearing on levels of pay within MCG.

Members asked that their thanks be relayed to Chris White, the previous Acting CEO of MCG for his work in helping to stabilise MCG over the last few months.

Decision:

The Committee agreed to note the report.

461 Exclusion of the press and public

Decision:

The Committee agreed that the press and public should be excluded during consideration of the exempt appendix to agenda item 12 (Medway Commercial Group – Progress Report) because consideration of these matters in public would disclose information falling within paragraph 3 of Schedule 12A of the Local Government Act 1972 (i.e. information relating to the financial or business affairs of any particular person) and, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Chairman

Date:

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