

Medway Council
Meeting of Business Support Overview and Scrutiny
Committee

Thursday, 30 January 2020

6.32pm to 10.49pm

Record of the meeting

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

Present: Councillors: Buckwell (Chairman), Etheridge, Hackwell, Johnson, Khan, Maple, Murray, Opara and Wildey

Substitutes: Councillors:
Sylvia Griffin (Substitute for Tejan)
Paterson (Substitute for Andy Stamp)
Tranter (Substitute for Williams)

In Attendance: Mark Breathwick, Head of Housing
Perry Holmes, Chief Legal Officer/Monitoring Officer
Andrew Mann, Partnership Director, Medway Norse
Carrie McKenzie, Assistant Director - Transformation
Simon Swift, Head of Highways and Parking Services
Michael Turner, Democratic Services Officer
Phil Watts, Chief Finance Officer

628 Chairman's Announcement

The Chairman announced that this would be Carrie McKenzie's last Committee meeting before she joined Moat Housing Association in February. Carrie had joined the Council in September 2011, initially as the Head of HR and Organisational Change and quickly rose through the ranks culminating in her appointment as Assistant Director - Transformation in September 2017. Carrie had been an exceptional officer and on behalf of the Committee the Chairman thanked her for the support and advice she had given to this Committee in recent years and also, more generally, for her service to the Council. Members wished Carrie well in her new role at Moat Housing Association.

629 Apologies for absence

Apologies for absence were received from Councillors Clarke, Stamp, Tejan and Williams.

630 Record of meeting

The record of the meeting held on 28 November 2019 was agreed and signed by the Chairman as correct.

631 Urgent matters by reason of special circumstances

There were none.

632 Disclosable Pecuniary Interests or Other Significant Interests and Whipping

Disclosable pecuniary interests

There were none.

Other significant interests (OSIs)

There were none.

Other interests

Councillor Johnson disclosed that he was a trustee of Home Start Medway, an organisation referred to in agenda item 5 (Attendance of the Deputy Leader and Portfolio Holder for Housing and Community Services).

Councillor Tranter disclosed an interest in relation to Agenda item no 12 (Medway Commercial Group – Six Monthly Progress Report and Business Plan Adoption) as Gravesham Borough Council were a client of a business he operated and used Medway Commercial Group (MCG) for security services and dealt with MCG on behalf of Gravesham Borough Council.

633 Attendance of the Deputy Leader and Portfolio Holder for 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.

- All Housing Services (including HRA)
- Homelessness and Housing Options
- Adult learning
- Libraries and Community Hubs
- Voluntary Sector
- Climate Change
- Medway Commercial Group
- Medway Development Company

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Councillor Doe responded to Members' questions as follows:

- **Rough sleepers** – in response to what lessons may have been learned from the case referred to in the report of a highly challenging and vulnerable rough sleeper who had been housed, the Deputy Leader commented that this showed the Council did not give up on people but due to the difficulties he presented had been placed in a half-way house environment. The Council had recently been awarded £840,000 funding to tackle rough sleeping, with an additional amount dedicated to helping ex-offenders. While rough sleeping could never be completely eradicated, having the team engage with homeless people on the street had been effective in bringing numbers down, showing the importance of preventative work.
- **Re-letting void properties** – regarding difficulties in re-letting properties vacated by someone in sheltered accommodation due to a specific disability, which was then re-let to a tenant with different issues, with the consequent potential to cause disruption, the Deputy Leader advised that all sheltered accommodation units were carefully managed and any disruption would be dealt with as tenants deserved a good quality service. Sheltered accommodation could not be provided indefinitely in the case of someone whose needs did not warrant this.

Regarding younger people with neurological conditions who did not meet the criteria for sheltered accommodation and what support was available as part of the Armed Forces Covenant, the Deputy Leader stated that the Council was in regular contact with the armed forces and tried to ensure that veterans received a comprehensive service from the Council. The age limit in sheltered accommodation was 60 but where someone did not meet the criteria attempts would be made to find suitable accommodation.

- **Children in Temporary Accommodation (TA)** – the Deputy Leader stated that the housing team worked well with children's services to meet the needs of children placed in TA. In response to what this joined up service was like, the Deputy Leader stated the Council housed children in as good accommodation as possible and any children with needs were referred by the housing team to children's services. However, he was not in a position to provide any further details of the care provided by social services.
- **Affordable Housing** – in terms of what type of housing would be delivered through the Housing Strategy and whether there would be any more social housing, the Deputy Leader commented that all schemes should be mixed tenure where possible. Recognising there were not enough council homes, the Council was building new homes and if more funding became available then even more would be built.
- **Support for staff** – in response to a query about how staff at Kingsley House were supported given the stressful nature of their jobs, the

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Deputy Leader recognised the team worked under considerable stress while providing an exceptional service. They were able to access the same levels of support as other employees.

- **Rent arrears and Universal Credit** – in response to whether universal credit had caused an increase in rent arrears, the Deputy Leader commented that universal credit was meant to encourage financial responsibility but he did not believe it was working as intended and should be reviewed again by the Government, as Universal Credit continued to have an adverse effect on rent collection levels.
- **Older people in rented accommodation** – regarding what could be done to help people in the private rented sector when their income reduced dramatically on retirement but their rent remained at a high level, the Deputy Leader noted this issue was a wider problem. Often people in this situation were in accommodation no longer suitable for their needs and the Council was trying to increase the number of smaller high quality social housing units to enable those affected to downsize.
- **Storage** - in response to a case of a tenant on Universal Credit and with debts who had been made homeless and had to pay for expensive storage facilities, the Deputy Leader sympathised with anyone in this situation and undertook to look at what help the Council could provide in the future.
- **At risk of homelessness** – reference was made to a possible item for a future meeting on the effectiveness of the support the Council offered to people at risk of becoming homeless, including the Home Bond scheme and the Local Welfare Provision Scheme. The point was made that rental fees to property companies could amount to thousands of pounds.
- **Sofa surfers** – accepting that rough sleepers should be the Council's priority, the point was made that there were a large number of "sofa surfers" who were not visible to the Council. The Deputy Leader commented that if people in this situation did not approach the Council then it was difficult to help them but possibly more could be done to communicate to them how the Council could help.
- **Adult Learning Take up figures** – regarding how take up could be increased, the Deputy Leader advised that a new Business Plan was being drawn up with the aim of increasing numbers and adopting a more commercial focus. Numbers had not increased as a drop in unemployment meant government funding had reduced. Information was requested on where people who accessed the service lived (by postcode) and whether the creation of a single centre had affected take up across Medway. The Deputy Leader stated the service would be expanded into Community Hubs and potentially the health service as well as the possibility of delivering courses on-line. As to whether the lack of academic courses was a gap which should be addressed, the

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Deputy Leader commented that in order to provide a class sufficient numbers were first needed.

- **Community Hubs** - the Deputy Leader undertook to provide details of how many partners used the Hubs, adding he wished to see more partners use them, subject to space constraints.
- **Medway Development Company (MDC)** - a query was made about the potential to move into the private rental sector market. The Deputy Leader commented on the need to be clear on the risks of such a move. MDC would be focusing on its original objectives before deciding whether to build rental accommodation.
- **Climate Change** - noting the poor air quality levels in Chatham it was suggested that the Climate Change Advisory Group did not have the ability to make a difference and there was not enough joint working across the Council on climate change. The Deputy Leader acknowledged there was an urgent need to take action on climate change. He considered that there was effective co-operation across the Council on climate change.
- **Medway Commercial Group** – the Deputy Leader was invited to attend, as Chairman of MCG, when the Committee considered a report on the investigations into concerns at MCG. The Deputy Leader noted that some of the losses incurred by MCG were a result of internal re-charges and the company was now moving to having service level agreements with the Council.

Decision:

The Committee agreed to:

- a) thank the Deputy Leader for his attendance;
- b) invite the Deputy Leader to attend when the Committee considered the report on the outcome of concerns at Medway Commercial Group, and;
- c) add to its work programme consideration of the Adult Education Business Plan.

634 Medway Norse Update

Discussion:

Members considered a report which represented a review of the performance of the Joint Venture from the perspective of the Council client for the second quarter of the 2019/20 financial year. It was accompanied by an update on the Joint Venture's achievements and financial performance prepared by the Partnership Director.

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The Partnership Director advised Members that the quarter 3 results would show a sizeable increase in the rebate to the Council, with a further rebate of £120,000 expected. Also, in 2019 the vans used by Medway Norse had been replaced with new low emission vehicles.

The following issues were discussed:

- **Winning new business** – the ambition Medway Norse had to win new business was queried, noting that being seen to be competitive would demonstrate that the Council itself was obtaining value for money from Medway Norse. The Partnership Director assured Members that Medway Norse was still ambitious to win commercial work. This year Medway Norse had won contracts with the NHS and also for the delivery of facilities management to local businesses. The next progress report would include more detail about contracts won.
- **Tree planting** – reference was made to an offer to Members that Medway Norse would maintain any trees for a year bought by Members using their ward improvement funds and how this did not represent what should be a strategic approach to tree planting, the Partnership Director advised that tree planting and maintenance was not happening on an ad hoc basis.
- **Pest Control Service** – regarding concerns expressed about the efficiency of the pest control booking process, the Partnership Director commented that this was not a concern he had come across but would look into the matter.
- **Deangate Ridge** – responding to concerns about Medway Norse vehicles parked at Deangate Ridge causing congestion and frustration among local residents, the Partnership Director clarified that only small service vehicles were parked there. The Chief Legal Officer added this was a temporary arrangement and a result of having to quickly find a site during the transition of the waste collection service to Medway Norse.
- **Villager Bus** - the Partnership Director clarified that this service still operated but use by the community had decreased. The bus could only run where there were enough passengers to ensure the service did not to make a loss.
- **Climate Change** - in response to actions taken by Medway Norse, Members were advised that the new waste collection depot would be energy efficient and environmentally friendly, including charging ports to enable the fleet to switch in part to electric vehicles.
- **Use of herbicides in public places** - the Partnership Director confirmed that Medway Norse would be spraying in accordance with the recent Cabinet decision and glyphosate would not be used in play areas.

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- **SEN Transport** – in response to comments that some schools were reporting that transport for SEN children was repeatedly late, the Partnership Director advised that Medway Norse delivered SEN transport to a small number of schools. The contract had been won last year and due to the challenging nature of some children's needs staff had required training. The situation was improving but lateness was still an issue in a small proportion of the journeys. Medway Norse were required to transport children to schools as directed by the Council and when vehicles were full this could lead to time constraints.
- **Support from Norse Group** – in response to a question about whether Medway Norse received sufficient support from the Norse Group to reflect the increase in the services delivered by Medway Norse, the Partnership Director commented that they received financial and central services support from Norse but would receive additional support when requested.
- **Incident at Rochester Castle Gardens** – a request was made for the outcome into the investigation of an incident at the Castle gardens where a Medway Norse employee had been trapped beneath a cast iron gate. The Partnership Director advised the report into the incident was with the Council but had not yet been published and he would prepare a briefing for Members. The member of staff involved was due to return to work shortly.
- **Waste Collection Service** – in response to concerns from Members about poor levels of service in two areas, the Partnership Director stated that he had not been made aware of any significant concerns. Members could report problems via the Council's website or by telephone. If necessary they could contact him and he would progress any issues.

Decision:

The Committee agreed to note the report and request a briefing on the accident at Rochester Castle involving an employee of Medway Norse, as mentioned above.

635 Housing Revenue Account Capital and Revenue Budgets 2020/21

Discussion:

Members considered a report regarding the Housing Revenue Account (HRA) capital and revenue budgets for 2020/21, including details of proposed rent and service charge levels for 2020/21 and the latest revised forecasts of the HRA Business Plan.

The following issues were discussed:

- **Universal Credit (UC)** – concern was expressed that 53% of all current rent arrears were attributable to the 13% of council tenants on UC. In

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response to whether this situation might worsen, the Head of Housing acknowledged UC was a significant challenge and the situation would probably worsen to an extent. Residents were supported by the Council to ensure they received as much income as possible but certain things, such as the lead in time for UC, were outside its control. The Council's performance on rent arrears was good in comparison with others.

- **Housing Building Development Programme** – the Head of Housing advised that he did not have any data on performance in comparable authorities but would look at whether some comparative data could be obtained.
- **Lifting of HRA Cap** – regarding the lifting of the HRA borrowing cap it was queried when the work mentioned to analyse and understand the sustainability and level of borrowing the Council could afford to undertake further new house building programme in the future would be completed. The Head of Housing advised that specialist advice was being sought on this, which should be received within the next three months.
- **Business Plan** – the levels of discount available under the right to buy scheme were queried and also how these properties were being replaced. Why the loss of properties was projected over 30 years while the figures for new builds only covered the next two years was also questioned. Members were advised that the maximum discount under Right to Buy was 70% of the property's value or £82,000, whichever was the lower. The Plan factored in a loss of 10 homes per year and a further 32 new homes in 2021/22, representing what was in the pipeline now. More analysis would be done to see what more could be afforded over the period of the Business Plan, which would then be amended accordingly.
- **Government policy on rent charges** – as to whether any new Government policies on rent charges were expected, the Head of Housing commented that there was no certainty in the long term but over the next 5 years rents could be increased by CPI + 1% per annum.

Decision:

The Committee agreed to recommend the following to Cabinet:

- a) a proposed rent increase of CPI plus 1% for the housing stock, as set out in Appendix A to the report, (based on 52 collection weeks) with effect from 6 April 2020;
- b) the baseline garage rent for Council tenants be increased by 30 pence per week to bring in line with non council tenants garage rent with effect from 6 April 2020;
- c) that a rent increase of 5% to be applied to all garage tenure types with effect from 6 April 2020;
- d) that the service charges increases/decreases, as set out in Appendix B of the report for 2020/21, be approved;

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- e) that the revenue budget for the HRA Service for 2020/21, as per Appendix C to the report, be approved;
- f) that the proposed capital budget of £0.3m be approved for buying ex council or/and acquiring properties from the open market to be funded from the HRA revenue reserves and 1-4-1 capital receipts, as set out in section 8.6 of the report;
- g) that the provision for the repayment of debt based on annuity based payment on the HRA's outstanding debt to be £0.340m for 2020/21 be approved, and;
- h) that the revised 30 year HRA Business Plan model, as attached at Appendix D to the report, be approved.

636 Draft Capital and Revenue Budget 2020/2021

Discussion:

Members considered a report which provided an update on progress towards setting the Council's draft capital and revenue budgets for 2020/21. The draft budget was based on the principles contained in the Medium Term Financial Strategy (MTFS) 2019-2024 approved by Cabinet in September and reflects the latest formula grant assumptions.

A discussion took place about the £725,000 pressure in the draft budget in relation to Pentagon Centre income. The Chief Finance Officer advised that external advice had been sought on income levels before the Centre had been purchased and an assumption had been made in the 2019/20 budget of £2.6m rental income, offset by the cost of borrowing, leaving a net income figure of £1m. The Council's agents had now identified further risks which were shown in the 2020/21 budget as a potential pressure of £725,000. The latter was a worst case scenario and the revised estimate was closer to £0.5m. The pressure was caused by a number of rent free periods negotiated when rent reviews had taken place. Rental income would decrease next year and was then expected to increase. The Council was looking into the adequacy of the external advice it had received on this matter.

Decision:

The Committee agreed to 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.

637 Draft Capital and Revenue Budget Proposals 2020/2021 (Report back from other O&S Committees)

Discussion:

Members considered a report which set out the comments of all Overview and Scrutiny (O&S) Committees on the provisional draft budget for 2020/2021 proposed by Cabinet on 19 November 2019.

The following issues were discussed.

- **Reserves** – clarification was sought that the budget gap would not be addressed by the use of what were now limited reserves. The Chief Finance Officer commented that the latest draft budget included new pressures but benefited from a surplus on the collection fund. Although the latter was a one off source of funding, the council tax base was growing at an accelerated rate and additional business rate income was expected. The draft budget addressed previous over ambitious income targets and also the need to invest significantly in children’s services. It was a robust budget but the Chief Finance Officer acknowledged it was underpinned by one off resources to an extent.
- **ILACS funding** – regarding a comment that it was difficult to identify in the draft budget the increased funding in children’s services following the ILACs inspection, the Chief Finance Officer advised that the draft budget contained an additional £7m for children’s services in response to the ILACS inspection. Much of this would fund additional staffing, but also reflected a significant increase in funding to meet the increasing number and cost of placements. The plan was to reduce social worker’s high caseloads to help with recruitment and retention and to encourage more agency staff to become Council employees.
- **High Needs Reserve Deficit/SEN** – concern was expressed about the likelihood of SEN pressures increasing, but with even less funding available. The Chief Finance Officer commented that SEN funding was now the biggest financial risk. The decision to ring fence deficits to the Dedicated Schools Grant (DSG) was helpful but the additional DSG funding was still inadequate to meet the SEN pressures. He asserted that the Government would have to increase the funding as this was a national issue, however policy changes were also needed. The revised deficit recovery plan in Medway would not close the funding gap, but would go a long way to achieving this.

Members asked for information about how SEN children placed in Medway were funded and whether their needs were met by the authority who placed them. A briefing paper was requested, to include wider issues around housing, responsibilities more generally and how effective communications were between Medway and the other councils involved.

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Regarding a recent announcement from the Chancellor that government departments needed to identify 5% savings, the Committee was advised it was too early to say what the impact on local government might be.

Decision:

The Committee agreed to:

- a) refer the comments from the individual Overview and Scrutiny Committees, as set out in Section 3 of the report, together with those pertinent to this Committee as considered earlier in this agenda to Cabinet on 4 February, and;
- b) request a briefing note on the funding of SEN children placed in Medway by other local authorities, including wider issues such as housing, responsibilities more generally for SEN looked after children and how effective communications were between Medway and the other councils involved.

638 Council Plan Refresh 2020/21

Discussion:

Members considered a report which presented a final summary of proposals for the measures that would be used to track performance against the Council Plan 2020/21.

The additional measures relating to children's services were welcomed and would help O&S Members to monitor progress.

The point was made that the Audit Committee also had an important role in identifying and minimising risks, ensuring value for money was achieved and providing an early warning of problems. The Chief Finance Officer advised that the internal audit plan for next year had an increased focus on children's services and additional funding had been agreed for the IRO service within Children's Services. As the difficulties in children's services had not been identified in advance, all of the tools available to Members should be deployed to identify similar issues in the future.

A discussion took place regarding the relationship between children's services targets in the Council Plan and Directorate targets and whether O&S Members should be able to access information on the latter where this was shared with Portfolio Holders.

Reference was made to the proposal to remove the target that measured the percentage of looked after children who achieved the required standard in GCSE English and maths. The point was made that it was still important to understand how this cohort were performing and it was suggested this should be monitored by the Corporate Parenting Board.

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Reference was made to the issue raised by the Commissioner for Children's Social Care about addressing the deficit of £10.3 million on the DSG High Needs reserve and the plan to work with the Clinical Commissioning Group to ensure NHS funding was provided in all appropriate cases. Noting that the NHS contribution to funding SEN placements in Medway had been historically quite low, the Committee asked if the Commissioner could help by raising it with the CCG, as well as the issue of high waiting lists for children's medical services. This suggestion would be raised with the Director of People – Children and Adults Services and the outcome would be reported to Members.

Regarding partnership targets, it was argued that the proposal to remove targets because responsibility rested with a partner was misguided as there was a democratic mandate to ensure that Medway as a place functioned effectively.

Decision:

The Committee agreed to:

- a) note the proposed changes to programmes and measures of success as listed in Appendix 1 to the report,
- b) recommend that, following the proposed removal from the Council Plan of Measure N101 (the percentage of looked after children who achieve the required standard in GCSE English and maths) that performance be monitored by the Corporate Parenting Board.
- c) note that those Council Plan measures still awaiting a proposed target, namely a proposed new qualitative measure on the calibre of social work and NI154 (net homes provided) will be further considered by the Corporate Management Team and that Full Council will be asked to delegate authority to the Chief Executive, in consultation with the Portfolio Holder for Resources, to agree the final measures.

639 Work Programme

Discussion:

Members considered a report regarding the Committee's current work programme.

Decision:

The Committee agreed to:

- a) note the Committee's work programme and also the work programmes of the other overview and scrutiny committees;
- b) ask for a report at the April meeting on the Local Welfare Provision Scheme, and;

- c) request a Briefing Paper on the Council Tax Discretionary Relief Scheme, including who the scheme was aimed at, criteria for selection and take up figures.

640 Medway Commercial Group - Six Monthly Progress Report and Business Plan Adoption

Discussion:

Members considered a report which provided a six monthly progress report on the Medway Commercial Group (MCG) performance over the last 6 months and also MCG's Business Plan for the next three financial years that was due for formal approval by Cabinet on the 4th February 2020.

The following issues were discussed:

- **Telecare** – some scepticism was expressed about projected growth levels and the underlying assumptions. The point was made that other providers were entering what was a crowded market and could charge less than MCG. The Business Plan was predicated on a significant growth in the Telecare business. MCG's unique selling point was its ability to provide access to Council services that Telecare customers might need, but this did not feature in the Business Plan. The Acting CEO of MCG emphasised the Telecare growth figures were projections based on a positive income performance to date and the Business Plan did include a target for Year 1 around developing a Product and Marketing Strategy to support growth of the Telecare Business. The reference to 25 additional clients per month included both individuals and organisations and the next six monthly progress report to Business Support Overview & Scrutiny would include a detailed breakdown on Telecare Income Performance.
- **Recruitment service to Children's Services** – the Assistant Director-Transformation clarified that the MCG board had previously decided to provide the recruitment service to Children's Services for free in order to support the latter's budget position but this charge had now been re-instated.
- **CCTV** - noting the expected procurement opportunities within the next three months to offset the loss of two councils from the CCTV partnership, it was queried whether it would not be better to delay this and have a period of stability. The Acting CEO of MCG advised that an incremental approach was being adopted to securing CCTV Business Growth as reflected in the Business Plan.
- **Organisational reputation of MCG** – whether this should be added to MCG's risk register was queried and the Acting CEO of MCG undertook to consider that.
- **Change in brand** – noting the proposal to re-brand MCG, it was argued that it would be better to delay this given the outcome of the police investigation could further damage the MCG brand.

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- **Educational services** – whether the Board had adequately considered whether this service should continue to be provided was queried. The Acting CEO of MCG advised that the Business Plan contained a commitment to review this service to ensure it was a natural fit and was commercially viable, noting that Educational Services had a good trading performance but the net margins were relatively small.
- **Management fees and corporate re-charges** – the Acting CEO of MCG clarified that corporate re-charges related to MCG's overhead costs while the management fee was the sum MCG was required to pay back to the Council.
- **Police investigation** – noting this had already taken several months it was queried whether the police could be asked for an update on when it might conclude. The Chief Legal Officer advised he had discussed timings with the police and expected to be able to give a confidential update to the Committee at a meeting in the near future.
- **Viability of Business Plan** – some Members commented they remained sceptical about the viability of MCG and did not have confidence in the Business Plan. Whether MCG would deliver value for money was also queried.

Decision:

The Committee agreed to:

- a) note the six monthly performance report for MCG and its Business Plan for the next three financial years, and;
- b) recommend to Cabinet that the timing of when to re-brand MCG should be carefully considered.

641 Exclusion of the Press and Public

The Committee agreed to exclude the press and public during consideration of the exempt appendix to agenda item 12 because consideration of this document in public would disclose information falling within paragraph 3 of Schedule 12A of the Local Government Act 1972 and that, in all the circumstances of the case, the public interest in maintaining the exemption, outweighed the public interest in disclosing the information.

Chairman

Date:

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