

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

**Thursday, 24 November 2022**

**6.00pm to 9.17pm**

**Record of the meeting**

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

- Present:** Councillors: Buckwell (Chairman), Tejan (Vice-Chairman), Clarke, Curry, Johnson, Maple, Opara, Wildey and Williams
- Substitutes:** Councillors:  
Browne (Substitute for Murray)  
Cooper (Substitute for Khan)
- In Attendance:** Samantha Beck-Farley, Chief Organisational Culture Officer  
Mark Breathwick, Head of Strategic Housing  
Katey Durkin, Chief Finance Officer  
Michael Kelly, Head of Category Management  
Andy McNally-Johnson, Head of Corporate Accounts  
Stephen Platt, Democratic Services Officer  
David Reynolds, Head of Revenue Accounts

**398 Apologies for absence**

Apologies for absence were received from Councillors Etheridge, Khan, Murray and Rupert Turpin.

**399 Record of meeting**

The record of the meeting of the Committee held on 20 October 2022 was agreed and signed by the Chairman as correct.

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

There were none.

**401 Disclosable Pecuniary Interests or Other Significant Interests and Whipping**

Disclosable pecuniary interests

There were none.

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### Other significant interests (OSIs)

Councillor Tejan declared an interest in the Council Plan Performance Monitoring Report and Strategic Risk Summary Quarter 2 2022/23 as the Director of a company at the Innovation Centre and in the Capital Budget Monitoring Round 2 2022/23 report as a Director of Kyndi Ltd.

### Other interests

Councillor Curry declared an interest in the Council Plan Performance Monitoring Report and Strategic Risk Summary Quarter 2 2022/23 as Chair of the Green Spaces Forum.

Councillor Opara declared an interest as she worked with people not in education, employment or training.

## 402 Procurement Strategy 2021 to 2025 - 2022 Update Report

### **Discussion:**

Members considered a report regarding progress made against the 2021-2025 Procurement Strategy and additional objectives to take forward into 2023.

The following issues were discussed:

- **Assurance that the 2021 scores of 3 had not slipped** – The Head of Category Management offered to share the supporting information behind the list of objectives to give the level of assurance sought.
- **The ability of contractors to provide the service Medway expected in the face of increasing inflation and utilities costs** - The Head of Category Management advised that whilst no issues had been experienced with current contractors, this was not always the case with those bidding for new contracts.
- **Risk management table** – It was suggested that the reputational risk rating of D2 on the Risk management table was too low, given the importance of getting procurement right. The Head of Category Management explained that the table only related to the adoption of the strategy, not the function itself which the strategy supports.
- **Contract and relationship management skills and knowledge** – Concern was expressed about officers' limited understanding of contract management and the over reliance on contractors' written reports to provide assurance that value for money was being achieved. The Head of Category Management said that officer training was being delivered through the adoption of the strategy. The standardisation of how the Council managed contracts was also helping.

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- **Climate change and social value** – The inclusion of social value in the strategy was welcomed although the view was expressed that there needed to be a stronger link with climate change. The Head of Category Management said that social value had been delivered in many projects over the past 12 months and the team worked closely with the climate change team.
- **E-procurement system** – The Head of Category Management said integrating the e-procurement system with other e-systems such as finance was being explored.

### Decision:

1. The Committee noted the achievements of the second year of the 2021-2025 Procurement Strategy as outlined in Appendix 1 with updated comments.
2. The Committee considered the delivery of the objectives marked for carry forward in Appendix 1 and referred its comments to Cabinet.

## 403 Council Plan Performance Monitoring Report and Strategic Risk Summary Quarter 2 2022/23

### Discussion:

The Committee considered a report which summarised performance during Quarter 2 of 2022/23. The report also presented a review of strategic risks.

The following issues were discussed:

- **SR29, Income reduction due to Covid** – It was suggested that this risk be expanded to cover income reduction due to the cost-of-living crisis. In response the Chief Finance Officer said that this would be monitored; at present leisure services income was holding up well.
- **HC4, the number of private sector properties improved as a result of Council intervention** – Assurance was sought that the Council was doing all it could to avoid a situation like the tragedy that had recently occurred in Rochdale. There was a concern that incidents of damp and mould might get worse as people kept windows closed to reduce energy costs. The Head of Strategic Housing said that the Council had a number of resources in place to address this. With regard to the Council's social housing stock, resident liaison officers fostered positive relationships with residents and stock condition surveyors contacted all tenants over the year, specifically asking if there were any issues with damp and mould. This proactive approach included taking preventative measures such as gutter repairs. With regard to private housing stock, enforcement action was taken where appropriate. The Head of Strategic Housing said that there might need to be a refocus within the housing teams to give these issues higher priority. Asked about the potential to use smart technology to detect mould and damp, he said

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that discussions had been held with a company on such a device for the Council's housing stock. He would speak to the Council's larger social landlords to establish if they had any similar plans.

- Asked specifically about fire hazards following recent incidents, the Head of Strategic Housing said that the fire stopping measures that were in place had contained the fires on those occasions. He agreed that there was a need to raise awareness about fire hazards, particularly material stored in communal areas, and undertook to initiate a fire awareness campaign. When such incidents occurred, officers would sticker the items requesting that they be removed within a certain timeframe. If they remained, they would be removed and stored, and destroyed if not claimed.
- **Housing policies on hazards** – Further information was sought on types and gradings of hazards, particularly within private housing stock. The Head of Strategic Housing said that these were detailed with the Enforcement and Licensing policy and the Damp and Mould policy, and he would share both of these with Members. He agreed that more work could be done with supported housing providers so that they could advise vulnerable tenants on various hazards.
- **W6CP, Satisfaction with refuse collection – Citizens' Panel result** – It was questioned how this had received a 'green' score when recycling rates had dropped below 50%. It was suggested that the refuse collection service was failing, and a more accurate representation was required in reports. There was concern that the 'green' scores might not always be right. The Chief Organisational Culture Officer said that the way in which performance was being managed was being reviewed to improve the narrative, with training provided to officers who contributed to performance reports.
- **Future Government funding** – The Head of Strategic Housing confirmed that future funding for the rough sleeping initiative would be provided up to 2025 but domestic abuse funding beyond the current year had not yet been confirmed.

### Decision:

1. The Committee considered the Q2 2022/23 performance against the measures used to monitor progress against the Council's priorities and noted the amended Strategic Risk Summary as set out in Appendix 3 of the report.
2. The Committee noted the classification of risks as live or managed as set out in sections 2.7 and 2.8 of the report.

#### **404 Business Support Department Risk Register Summary**

##### **Discussion:**

The Committee considered a report presenting the Departmental Risk Register for the Business Support Department, following a request by the Committee at its meeting of 25 August 2022.

The following issues were discussed:

- **BSD02, Externally hosted systems** – The need for being ahead of hackers was stressed as the potential for this to cause serious problems was high. The Chief Finance Officer said that regular vulnerability scans were undertaken and there were no significant concerns about the robustness and data management of the main financial management and revenue and benefits systems.
- **BSD12, Homelessness** – It was suggested that the reference to tackling cold weather should be amended to tackling adverse weather, to include extreme heat. The Head of Strategic Housing confirmed that the severe weather protocol had been activated during the summer months this year.
- **Legal Division** – Asked why the Legal Division risks were not included in the register, the Chief Finance Officer said that the Assistant Director, Legal and Governance was reviewing individual service risk registers to decide what needed to be on the Divisional level register.
- **BSD10, Interest rate risk impacting affordability of capital programme** - Asked for clarification on the comment in the further controls column about the cessation of non-essential spend as a temporary measure, the Chief Finance Officer explained that all schemes in the capital programme had been approved by Cabinet and Council, therefore this would only be on a small scale, as a further opportunity to manage the risk down. It could only involve incidental parts of a scheme that were not fundamental for the deliverability of the desired outcomes.
- **BSD07, Capacity of HR to support Children and Adults Services** – Members welcomed, and were assured, by the current controls associated with this risk.

##### **Decision:**

1. The Committee noted the Business Support Directorate Risk Summary as shown in Appendix 1: BSD Risk Summary of the report.
2. The Committee recommended to the other overview and scrutiny committees that they have sight of Directorate risk summaries as outlined in section 2.2 and 2.3 of the report.

**405 Capital Budget Monitoring - Round 2 2022/23**

**Discussion:**

The Committee considered a report presenting the results of the second round of the Council's capital budget monitoring process for 2022/23.

The following issues were discussed:

- **Withdrawal of Section 106 developer contributions** – Clarification was sought on the process and it was advised that, to limit the risk to the Council, the commencement of schemes was generally only approved once Section 106 contributions had been received. The exception to this was education schemes where the Council has a statutory requirement to deliver places but there would be transparency about any changes to the funding arrangements.
- In terms of planning, where the developer subsequently sought to reduce their S106 financial contribution, clarification of the implications for the planning consent would be sought from the Head of Planning.
- **Decision making process for the Members' priorities fund** – Officers would provide a briefing note.
- **Capital funding for schools** – Clarification was sought on the source of funding; how much was covered by the basic needs grant and how much was borrowing. Officers advised that in recent years there had not been a basic needs grant and so there had been a reliance on Section 106 contributions. In some cases, there had been borrowing in lieu of those contributions. A £17million basic needs grant had been received this year as a one-off grant in recognition of the need to provide extra school places.
- **Proposed Cornwallis School** – Asked for details of the funding, officers explained that the Council's contribution would be in the region of £500,000 with most of the funding being provided by the Department for Education.
- **Aut Even property** – Asked for an update on the use of the building, officers undertook to consult with colleagues in Children and Adults Services and provide an update.
- **Maintenance of the English coastal path now that it was completed** – Officers would seek clarification and respond outside of the meeting.
- **HIF programme funding** – In response to a range of issues raised, the Chief Finance Officer said that the HIF grant was based on a bid which contained certain specific aspirations. Any alterations would require the agreement of Homes England and any slippage of the timetable would be reported to Cabinet.

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- **Innovation Park Medway (IPM)** – Clarification was sought on whether the anticipated levelling up funding would be sufficient to cover the proposed building at IPM. The Chief Finance Officer said that, like all schemes, it was backed by a viability assessment and consideration would need to be given to what was deliverable should the level of funding be less than anticipated. Any changes would go through the usual governance process.
- **Medway Development Company (MDC)** – With regard to the withdrawal of Section 106 contributions, the Chief Finance Officer said that close communications were maintained with MDC and they were committed to push forward with schemes in Medway that would not otherwise happen. Any reduction in schemes would be subject to the formal governance process. Regular conversations were held with MDC to ensure that business cases were robust.
- In response to a question on the loan to MDC, the Chief Finance Officer explained that this was not a large up-front loan but a series of cash flow loans. There were no concerns regarding MDC's ability to meet their liabilities to the Council.
- **Regeneration underspend** – It was asked why the £24,000 underspend did not include Splashes redevelopment scheme. Officers explained that this was a timing issue, and it would be included in the Round 3 revenue monitoring report.

### Decision:

The Committee noted the results of the second round of capital budget monitoring for 2022/23, and the management actions to resolve the projected overspend in Children's and Adults which would be the subject of a future report to both Cabinet and Council.

## 406 Revenue Budget Monitoring - Round 2 2022/23

### Discussion:

The Committee considered a report presenting the results of the second round of the Council's revenue budget monitoring process for 2022/23.

The following issues were discussed:

- **Transfer of funds from the high needs block to the general fund** – Clarity was sought in relation to the safety valve programme and officers advised that the Council's inclusion in the programme was awaiting Ministerial agreement but that the monitoring reflected the position of the DfE on what could be charged to the Dedicated Schools Grant.
- **Planning overspend** – Concern was expressed regarding the worsening position and clarification was sought. Officers advised that the main reason



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was around recruitment and the use of consultants. A briefing note was requested on the breakdown of charges to individual service budgets, for example to cover Counsel fees, when planning appeals were made.

- **Operation London Bridge** – Asked if Government funding was available in relation to this, officers confirmed that to date no information had been received from the Cabinet Office.
- **Pentagon Centre** – Asked about discussions to address the ongoing pressures, officers advised that, despite being below target levels, income still exceeded expenditure. Once the first-floor refurbishment had been completed and was back in use, the position would improve.
- **Legal Services overspend** – Concerns were expressed about the ambitious savings targets that had been set, given the reliance on locum staff. Officers advised that this mainly related to children's social care work. The structure of Legal Services was under review to address the challenges with recruitment and retention, including succession planning.
- **Medway Norse** – Clarification was sought about pressure on the core contract, and officers advised that they would check with the service.
- With regard to Medway Norse's vehicles, clarification was sought on why the Council, rather than Norse, was paying to switch their vehicles to hydrogenated vegetable fat. Officers said that they would provide a response outside of the meeting.
- **Green spaces budget** – It was requested that consideration be given to increasing this budget as it had been frozen for two years and investment in it would bring considerable benefits in terms of social value. It was noted that there was an underspend in Environmental Services and clarification was sought about whether this could be transferred to the Green spaces budget. Officers advised that any underspends would be used to reduce the overall Council overspend.
- **Medway Concessionary Fares Scheme** – With reference to the reported reduction in the contract price due to the reduced number of journeys, further information was sought on the reason for this reduction. Officers undertook to take this up with the Integrated Transport Team.
- **City fibre permit scheme** – It was clarified that this provided an income for the Council and enabled it to control when the works took place.
- **Savings within Internal Audit** – Asked what type of work was not being done as a result of staff shortages, officers advised that the team was part of the initial cohort of the Medpay review. The service constantly reviewed its workload on a risk-based approach to ensure that the highest risk areas continued to be addressed.



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- **Housing Benefit** – Clarification was sought, and the Chief Finance Officer explained that the Council did not receive full subsidy for all benefit paid, leading to a subsidy gap. She also advised that the Council had a good record in recovering housing benefit overpayments.

### Decision:

The Committee noted the results of the second round of revenue budget monitoring for 2022/23 and that Cabinet had instructed senior management to continue to exercise tight control to reduce expenditure within their areas and to identify a range of management actions to reduce expenditure or increase income.

## 407 Draft Capital and Revenue Budget 2023/2024

### Discussion:

The Committee considered a report setting out the Council's draft capital and revenue budget for 2023/24. The Chief Finance Officer advised that it had been prepared prior to the Chancellor's Autumn Statement so did not reflect the impact of the announcements made.

The following issues were discussed:

- **Council Tax rate** – Asked about anticipated Council Tax increases in other unitary authorities, the Chief Finance Officer said that there had been conversations with other authorities and all were facing significant budget challenge. While the decision to raise Council Tax was a difficult one, given affordability, if councils did not take advantage of the flexibility to raise Council Tax, in future years they were left behind as Government funding allocations reduced as a result.

### Decision:

1. The Committee noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2023/24.
2. The Committee commented on the proposals outlined in the draft capital and revenue budgets and forwarded proposals to the individual overview and scrutiny committees.
3. The Committee noted the timetable for consideration by overview and scrutiny is as follows:

Business Support	24 November 2022
Children & Young People	29 November 2022
Health & Adult Social Care	1 December 2022
Regeneration, Culture & Environment	8 December 2022
Business Support	25 January 2023

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Cabinet  
Council

7 February 2023  
23 February 2023

### **408 Work programme**

#### **Discussion:**

The Committee considered a report setting out its current work programme and those of the other overview and scrutiny committee.

Members were advised that, in addition to the Forward Plan items listed in the report, the Council's draft revised Contract Procedure Rules were due to be considered by Audit Committee on 10 January 2023, prior to Cabinet and Full Council on 7 February and 23 February respectively. Members expressed a preference to add this item to the Committee's agenda for 25 January 2023.

#### **Decision:**

The Committee:

1. Agreed the committee's work programme at Appendix 1 of the report, subject to the inclusion of the draft revised Contract Procedure Rules on the agenda for the meeting of 25 January 2023; and
2. noted the work programmes of the other overview and scrutiny committees at Appendix 2.

**Chairman**

**Date:**

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