

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

Thursday, 31 August 2023

6.00pm to 8.00pm

Record of the meeting

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

Present: Councillors: Tejan (Chairperson), Myton (Vice-Chairperson), Animashaun, Bowen, Browne, Crozer, Hubbard, Jones, Joy, Lawrence, McDonald, Louwella Prenter and Williams

Substitutes: Councillors:
Kemp (Substitute for Hackwell)

In Attendance: Keith Baker, Head of Technology
Samantha Beck-Farley, Chief Organisational Culture Officer
Paul Boyd, Head of Business Change
Bhupinder Gill, Assistant Director, Legal and Governance
Gemma Gilley, Head of Benefits and Financial Welfare
Andy McNally-Johnson, Head of Corporate Accounts
David Reynolds, Head of Revenue Accounts
Teri Reynolds, Democratic Services Officer
Phil Watts, Chief Operating Officer

215 Apologies for absence

An apology for absence was received from Councillor Hackwell.

216 Record of meeting

The record of the meeting held on 13 July 2023 was agreed by the Committee and signed by the Chairperson as correct.

217 Urgent matters by reason of special circumstances

There were none.

218 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.

219 Local Authority Trading Companies

Discussion:

The Assistant Director, Legal and Governance introduced the report which provided details of a recent Cabinet decision to change the governance model of the Council's Local Authority Trading Companies (LATCOs), by replacing Councillor representation on the boards of directors with independent directors (executive or non-executive) and to establish shareholder boards to perform the shareholder responsibilities. He explained work to implement the decision was ongoing with Articles of Association and Memorandums of Understanding being drafted.

Members then raised a number of comments and questions, which included:

- **Costs incurred** – in response to a question about expenses incurred, the Assistant Director explained that external advice had been sought although no invoices had yet been received, but it was not anticipated to be excessive as documents produced by the external expert had been predominantly generic templates. He added that the arrangements had not been reviewed since the LATCOs establishment and with a number going into failure elsewhere, it had been prudent to undertake this review.
- **Urgent decisions** – when asked how urgent decisions would be managed, the Assistant Director confirmed that a scheme of delegation would sit under each Memorandum of Understanding to ensure the powers existed when needed.
- **Role of non-executive directors** – concern was raised about the level of expertise of those occupying these positions and the risks to the Council should they make decisions that were contrary to the Council's best interests. The Assistant Director explained that the shareholder boards would be sub-committees of the Cabinet and would have access to senior officer support when carrying out business. He added that clear and detailed job profiles would be produced and a recruitment process that would ensure applicants had the relevant skills, knowledge and experience to carry out the role effectively.
- **Shareholder oversight** – in response to questions and concerns as to how this would be ensured the Assistant Director confirmed that the Memorandums of Understanding would set out the shareholder's expectations and priorities. In addition, the shareholder boards would receive reports detailing performance and delivery against objectives

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and targets as well as financial and risk information. Concern was raised that the arrangements left inadequate oversight in relation to operational decision making. In response the Assistant Director explained that an officer of the Council would be nominated as the lead to receive all papers so that they could be reviewed in the context of the Council's priorities, aspirations and best interests and where it was considered to be a contrary action being proposed, this could be referred to the shareholder board for consideration, to ensure that oversight.

Decision:

- 1) The Committee noted the Cabinet's decision, as set out in paragraph 2.2 of the report.
- 2) The Committee noted progress in the establishment of the three shareholder boards.

220 Council Plan Performance Monitoring Report & Strategic Risk Summary Quarter 1 2023/24

Discussion:

The Chief Operating Officer explained that the style of these reports had been changed to assist in focussing the Committee's attention on the areas which fell within its remit and were therefore within the Committee's gift to scrutinise. The finance monitoring reports would be undertaking the same model going forward, as these would now be reported to each relevant overview and scrutiny committee.

The Chief Organisational Culture Officer then introduced the report which summarised the performance and strategic risks, relevant to the Committee's remit.

Members then raised a number of questions and comments, which included:

- **Climate change strategic risk score** – a Member asked why this score had been amended from All to CIII. The Chief Organisational Culture Officer explained that it had not been possible for an officer from the Climate Change Team to attend the meeting but explained that the Climate Change Action Plan had recently undergone an internal audit to provide assurance that an effective action plan and associated governance arrangements were in place. The formal audit opinion was that this risk management objective was green (complete) but had recommended that a climate change action plan risk register be established, which was in progress.
- **Cyber security and data breaches** – reference was made to the score of the cyber security strategic risk being CI and it was asked why this was not higher. In response, the Chief Information Officer explained that it was an inherent managed risk and that CI represented the score following mitigations put in place by the Council in response to the risk.

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He added that the ICT Team constantly reviewed the environment and new tools available to assist with such risks or to reduce risk of data breaches, such as the recent introduction of sensitivity labelling to prevent sensitive data being shared.

Decision:

The Committee noted the Q1 2023/24 performance of the programme that fell under the remit of this committee (Appendix 1) and noted the strategic risks that fell under the remit of this committee (Appendix 2).

221 Capital Budget Monitoring 2023/24 Round 1

Discussion:

The Head of Corporate Accounts introduced the report which set out the results of the first round of the Council's capital budget monitoring process for 2023/24. There was a projected underspend of £149.7m, none of which related to the remit of this committee.

Members then raised a number of questions and comments, which included:

- **Member Priorities Schemes** – some disappointment was shared at the removal of this facility which had previously provided Councillors with a small budget to invest in their wards. Others expressed their support in its removal, stating that it enabled the budget to be spent more effectively across the whole of Medway.
- **ICT infrastructure** – reference was made to capital spend on ICT infrastructure and whether the Council running its own data centre was the right and most cost effective decision. In response the Chief Operating Officer reassured Members that options had been considered and that operating a hybrid model (with some use of cloud based systems) was the most effective in terms of cost and in managing service delivery. He added that the Council had been running its own data centre for some time and also sold the service to some third parties, such as schools.

Decision:

The Committee noted the results of the first round of capital budget monitoring for 2023/24.

222 Revenue Budget Monitoring 2023/24 Round 1

Discussion:

The Head of Revenue Accounts introduced the report which set out the results of the first round of the Council's revenue budget monitoring process for 2023/24, projecting an overspend of £17.3m, £2.4m of which related to this Committee's remit.

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Members then raised a number of questions and comments, which included:

- **Opportunities for additional funding** – in response to a question about whether the Council had exhausted all opportunities for additional funding, officers explained that most in-year grants offered by the Government related to Capital funding. There were sometimes in-year revenue Government grants offered in relation to national pressures, such as the cost of living crisis and previously the pandemic, but otherwise, the only opportunity the Council had to raise additional revenue was by raising fees and charges, which itself had to be balanced against the cost of living crisis and its impact on Medway residents. It was added that the Government intended to provide an additional revenue grant relating to adult social care but the Council was awaiting further guidance on the details and therefore it would not be reflected until later rounds of monitoring.
- **Monday free parking** – in response to a question about what impact there had been on income from the decision to not charge for parking in 10 town centre Council car parks on a Monday, the Chief Operating Officer confirmed that the decision had been reflected in the budget build set for 2023/24. It had been too early to analyse the impact this decision had had on income, but this was something that the Regeneration, Culture and Environment Overview and Scrutiny Committee could request to be included in latter monitoring reports.
- **Corporate Management Team overspend** – further information was requested on the references to £200k (expected corporate property rationalisation review), £81k (treasury expenses) and £60k (budgeted miscellaneous receipts). In response, officers explained that the £200k related to one of the measures announced by the previous Leader of the Council in his budget speech in February to reduce the budget gap. This work was ongoing and without any detail or certainty, was shown as a pressure at this stage. The £81k treasury expenses related to an increase in interest rates and a subsequent impact on borrowing. The £60k related to an historic income target relating to unidentified income, which was represented as a pressure as it was yet to become clear if this would be achieved.
- **Housing Benefits Subsidy** – in response to a query about this £867k projected overspend, officers confirmed that this did not relate to administration costs but largely to payments the Council had to make in accordance with the law for housing benefits claimants in temporary accommodation, those in specified (supported) housing and pensioners (i.e. those claims not transferred to the Department for Work and Pensions under Universal Credit). The Government paid local authorities to administer Housing Benefit for such claims through a subsidy scheme, and some did not attract 100% subsidy, representing a budget pressure for the Council.
- **HR income** – reference was made to the income target which was forecast to not be achieved. Officers explained that the Council delivered services to schools and third parties but some were choosing to buy services elsewhere as they became parts of bigger academy trusts.

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- **Legal Services** – when asked about the projected overspend in Legal Services, officers confirmed it was largely down to the use of locums. The service was undergoing a Medpay review and restructure to strengthen its position for recruitment and retention, which it hoped would manifest in a reduced overspend than that currently forecast. This led to a further question around staff retention generally and the impact it had. Officers confirmed that Medway did suffer from high staff turnover and therefore work was under way across a number of services to implement a career progression framework. It was added that Medway had high success at early career entry and apprenticeships opportunities.

Decision:

- 1) The Committee noted the results of the first round of revenue budget monitoring for 2023/24.
- 2) The Committee noted that Cabinet approved the virement of £500,000 from the Independent Fostering Agency budget to the internal fostering budget to reflect the increased internal fostering rates.
- 3) The Committee noted that Cabinet had instructed the Corporate Management Team to implement urgent actions to bring expenditure back within the budget agreed by Full Council.
- 4) The Committee agreed to receive a report on the Council's use of locums and related costs at a future meeting.

223 Cost of Living Crisis Response Plan 2023/24

Discussion:

The Chief Operating Officer introduced the report which set out the activity in place across the Council to support Medway's residents to mitigate some of the impact of the cost of living crisis.

Members then raised a number of questions and comments, which included:

- **Support of the plan** – many Members spoke in support of the Plan and how it would enable the Council to identify and assist families that were in financial difficulty due to the current cost of living crisis. Members reflected on its importance, particularly for those families that may be just above the low-income threshold to access other avenues of support.
- **Low income family tracker (LIFT)** – in response to a question for more information, the Head of Benefits and Financial Welfare explained that LIFT was a tool used by staff to identify and target people who were struggling or at risk of arrears and may be eligible for financial assistance. She offered to include detail on any impact so far in a report

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on welfare which was due to be presented at the Committee's next meeting.

- **Refer Kent** – in response to a question for more information the Head of Benefits and Financial Welfare explained that the tool, already used by Kent County Council, enabled the Council and its partners, particularly the community and voluntary sector, to refer and signpost people to organisations that could assist in meeting their particular needs.

Decision:

The Committee noted the Cost of Living Crisis Response Plan 2023-2024 for Medway as set out at Appendix 1.

224 Work Programme

Discussion:

The Democratic Services Officer introduced the report which set out the Committee's work programme for 2023/24. She referred to section 6 of the report which provided information about the selection of in-depth scrutiny topics. She explained the Committee were invited to put forward suggestions and provided the following updates from the other overview and scrutiny committees:

- the Regeneration, Culture and Environment Overview and Scrutiny Committee had made two suggestions;
 - Public Transport/Active Travel
 - New Social Housing Regime
- the Health and Adult Social Care Overview and Scrutiny Committee had suggested one topic:
 - the impact of air quality on health
- the Children and Young People Overview and Scrutiny Committee had not put forward any suggestions at the meeting and would deal with the topic suggestions via the Chairperson, Vice-Chairperson and Opposition Spokesperson.

Members then debated possible topics to put forward, including the suggestions put forward by officers as set out in the report. Two suggestions were made; air quality, as it was felt this was a cross cutting issue impacting on many services and issues, and Medway 2.0 as it was considered a really important issue given how digitisation could be transformative for many services and their users.

Decision:

- 1) The Committee agreed the work programme at Appendix 1 to the report.

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- 2) The Committee noted the work programmes of the other Overview and Scrutiny Committees at Appendix 2.
- 3) The Committee identified the following two potential Task Group topics for consideration at a meeting of Overview and Scrutiny Committee Chairpersons, Vice Chairpersons and Opposition Spokespersons:
 - Air Quality
 - Medway 2.0

Chairman

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