

**MAIDSTONE BOROUGH COUNCIL**

**MINUTES OF THE CORPORATE SERVICES OVERVIEW AND  
SCRUTINY COMMITTEE MEETING HELD ON TUESDAY 4  
OCTOBER 2011**

**PRESENT:** Councillors Mrs Wilson, Mrs Gooch, Yates, Barned,  
English, Hogg, Paine, Pickett and de Wiggondene

**62. The Committee to consider whether all items on the agenda should be web-cast.**

That all items be web-cast.

**63. Apologies.**

Apologies were received from Councillor Gibson.

**64. Notification of Substitute Members.**

Councillor Butler substituted for Councillor Gibson.

**65. Notification of Visiting Members.**

Councillors Burton, Collins, Garland, Hotson, Ring and Vizzard attended as Visiting Members with interests in Item 8 on the agenda, 'The Council as a Business?' Review.

**66. Disclosures by Members and Officers:**

There were no disclosures.

**67. To consider whether any items should be taken in private because of the possible disclosure of exempt information.**

It was agreed that all items be taken in public as proposed.

**68. Minutes of the Meeting held on 6 September 2011**

The Committee discussed minute 59, 'The Council as a Business?' Survey Results, on page 7 of the agenda. Concerns were raised on the wording of the minutes which could be perceived as suggesting that the entire review focus had shifted from examining how savings and income could be generated in a more innovate manner to developing a 'business-like' culture. It was agreed that wording should be altered slightly to ensure the minute reflected the Committee's true intentions.

**It was resolved:**

- a) That the first line of the second paragraph of minute 59 should be changed to read 'the Committee discussed the review topic and considered if a focus' from 'the Committee discussed the review topic and considered if the focus'; and
- b) That the minutes of the meeting held on 6 September 2011 be agreed as a correct record of the meeting and duly signed by the Chairman.

**69. 'The Council as a Business?' Review**

The Chairman welcomed John Taylor, Chair of the Economic Development and Regeneration Local Strategic Partnership Sub Group, Victoria Wallace, Chief Executive at Leeds Castle, Elaine Collins from the Marden Business Forum and the Network of Rural Business Forums, Councillor Chris Garland, Leader of the Council and Managing Director of Atia Financial Bookkeeping and Councillor David Burton, Managing Director of Burtons Medical Equipment Ltd.

The debate began with by questioning how the Council was regarded as a Business and the consideration that there was a difference between entrepreneurial spirit and a business like approach. Members agreeing with the panel of witnesses that they were two very different concepts and that how you run a business was 'business-like'. The Committee felt that Councils were being actively encouraged to run their organisations like businesses but felt they should not be in direct competition with local private businesses.

Councillor Burton spoke of the difference between business like and entrepreneurial. He referenced a Machiavellian definition used by the Leader of the Council which defined an entrepreneur as someone who knew the difference between opportunity and profit and charged for it. He felt Car Parking was an area that as an entrepreneur it would be easy to make a profit from but for the council it would be at odds with its role which was more about social engineering than exploiting its assets for profit. Councillor Burton described his own experiences from a business perspective where he had experienced the public sector competing with the private sector. He spoke of the manner in which the public sector had undercut the private sector by offering a premium service that was not costed to include the overheads such as in house finance departments and rental costs. This led to the misconception that they were making a profit, when in fact they were operating at a loss.

Mr Taylor provided a similar example to the Committee where the public sector had taken over the running of patient transport only to find out six months later that it was no longer financial viable. The original provider refused to come back as their trust had been broken. Mr Taylor emphasised that trust was paramount in business. Mrs Collins suggested

good practices in this area such as the approach taken by the private sector with IT providers. She told the Committee that this was a service that was market tested annually and could be taken back fairly through a tendering process at any stage.

It was felt that Maidstone Borough Council had been entrepreneurial in the past with the development of Fremlin's Walk in the Town Centre and in hosting the Radio 1 Big Weekend which were two large projects brought to fruition by the authority. Ms Wallace stated that the Council were already acting in an entrepreneurial manner in running the Leisure Centre, the Hazlitt Theatre and various events. She made particular reference to Proms in the Park which was a free event. It was felt that by not charging for events the Council could be seen to be putting itself in competition with the private sector and behaving in a non business like manner, charging would demonstrate a belief in what was on offer.

Members discussed the possibilities of local authorities generating an income with advantages for both sectors referring to power stations and telephone boxes that were once areas developed by the public sector and provided a benefit to the private sector. With reference to this they highlighted the future infrastructure of rail and road as areas that could be developed by the public sector to aid the private sector. It was felt that there were services provided by the Council that would not be of interest to the Private Sector. The Leader responded by explaining that he was not critical of this outlook referencing the High Street Regeneration as a capital project that would create a better environment for Maidstone. He felt that when there were capital funds available to invest in projects then this was an important area for the Council but it was not something that should be looked to on an annual basis. Members discussed niche services that the Council already offered such as street naming.

Ms Wallace explained that her business was essentially a charity with a trading arm and clearly defining each area of the business was vital. She explained that every part of the business at Leeds castle generated a small surplus income but if an area was not and it was something that they wanted to provide then it would be cross subsidised. This was done in order to achieve the outcomes of the business. She told Members that there were 'grey areas' but the council needed to be very clear about who it was in each of its services. She stressed the importance of this way of thinking. Mrs Collins agreed with this and suggested that the Council would benefit from an outside influence who could evaluate what the council could offer from a business perspective.

The Leader of the Council, Councillor Chris Garland, explained the current position of the Council, informing the Committee and the panel of witnesses on the way in which the Council had taken a business like approach by sharing back office functions such as Revenues and Benefits, with Swale and Tunbridge Wells as part of the Mid Kent Improvement Partnership (MKIP) which had achieved the desired economies of scale. He spoke of the partnership's aspirations to sell their services to other authorities. Councillor Garland told Members he was concerned about

taking money out of an already struggling economy if the council were to seek to generate an income. He felt that encroaching on the private sector would be detrimental to a stagnant economy. Councillor Garland advised that a business like approach through shared services had already provided half a million pounds of savings and the business improvement unit at the council would work to continue to reduce processes and create efficiencies. The council were focused on this and there was more to do.

Members felt that the council needed to be the most efficient body possible and discussed the way in which the law was changing which would enable the Council to choose to be a business as well as the argument for outsourcing its services. They highlighted the Localism bill and the power of general competence which could change the way of the council provided some services. They felt that there were important lessons to be learnt citing examples given by the panel of their negative experiences with other public sector organisations. The Committee agreed with regards to Capital Projects like the High Street Regeneration you had to spend money to attract businesses. They also highlighted the use of Environmental Enforcement Officers who issued Penalty Charge Notices for litter dropping as an efficient service that was now paying for itself.

Councillor Burton informed the Committee he would not consider the prospect of outsourcing within his own business and would prefer to keep a service and run it himself for a profit. He advised trying harder and being more frugal. He said he considered outsourcing to be the soft option that could possibly cost more. He said this was an area where he would like to see entrepreneurial spirit. Ms Wallace explained that the catering at Leeds Castle generated £2 million but they were only recouping £30,000 profit annually. This was managed by an external provider and Leeds Castle received £600,000 of the profit providing a certainty in income without the risk. She told Members if they were confident that they could provide the best service than they should. The panel highlighted the Town Hall, now empty and needing a use, something the Committee were exploring as part of the 'Council as a Business?' Review. The Leader informed the panel that this was being explored and possibilities could include the Private Sector being brought in to provide a service, with possibilities including a Coffee Shop.

The Panel were asked if they could each give one example of what Maidstone Borough Council could do to help businesses to flourish and suggested: as little as possible, only what is statutory, mandatory and necessary; to work with Kent County Council to provide Broadband in rural areas; to stick to planning deadlines; to provide broadband in other areas too; and to be simpler to deal with, processes can be obstructive. The panel were in agreement with each other on the suggestions they made. Councillor Dennis Collins told the Committee that the three most important elements of business were value for money, reliability and trust.

The Chairman invited John Foster, Economic Development manager at the Council to give his thoughts in summary of the debate. He told the

Committee that it had been an interesting debate to listen to. He spoke of the way in which his team communicated with the business world through the Chamber of Commerce. Mr Foster informed the Members that policies and strategies put in place by the Council did not impact negatively on the business community because rural economies forums were used as sounding board. Mr Taylor expressed the opinion of the business community in relation to the current economic climate, informing the Committee that there was an appreciation that times were hard but that the best services provided by the council in the most efficient manner would help businesses move forward.

The Chairman thanked the panel of witnesses for an enthralling debate which had generated the desired internal philosophical discussion.

## **70. Future Work Programme and Scrutiny Officer Update**

The Committee discussed the Forward Plan in relation to their future work programme. Members focused on the Parish Services Scheme 'To consider the outcome of the concurrent functions review and agree the new Parish Services Scheme.' Councillor Gooch declared an interest in this item as Chairman of Barming Parish and Councillor English as KALC secretary. Members felt that the issue was 'budgetary' and that the Committee's second meeting in November should be considered for this item.

The Committee discussed the localisation of Council Tax benefit consultation and asked that a copy be circulated to Members as soon as it was available.

The Community Halls Audit was also discussed as an item on the future work programme. It was suggested that the lead officer at Kent County Council also be included as a witness.

The Scrutiny Officer asked Members to provide her with dates for a visit to the Prison's Print facility.

### **It was resolved:**

- a) That the Parish Services Scheme should be scheduled to come to the Corporate Services Overview and Scrutiny Committee on 29 November 2011;
- b) A copy of the Council's response to the consultation on Council Tax Benefit should be circulated via email to the Committee by the Scrutiny Officer;
- c) The Committee should provide the Scrutiny Officer with their availability for a visit to the Prison's Print Unit; and
- d) The Community Halls Audit Officer at Kent County Council should be sought as a witness for a future Meeting.

**71. Duration of Meeting**

6.31 p.m. to 8.37 p.m.