

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Scrutiny Committee**
held on Friday, 20th July, 2012 at Council Chamber, Municipal Buildings,
Earle Street, Crewe CW1 2BJ

PRESENT

Councillor J P Findlow (Chairman)
Councillor G Merry (Vice-Chairman)

Councillors S Corcoran, W S Davies and R Domleo S Hogben (Substitute)

Apologies

Councillors G Baxendale and D Newton

12 ALSO PRESENT

Councillor P Raynes Finance Portfolio Holder
Councillor P Mason Cabinet Support Member

13 OFFICERS PRESENT

Lisa Quinn – Director of Finance and Business Services
Peter Hall - Head of Property Services
Mark Nedderman – Senior Scrutiny Officer

14 MINUTES OF PREVIOUS MEETING

RESOLVED – That the minutes of the meeting held on 12 June 2012 be confirmed as a correct record and signed by the Chairman.

15 DECLARATIONS OF INTEREST

There were no declarations of Interest.

16 DECLARATION OF PARTY WHIP

There were no declarations of a party whip.

17 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present who wished to speak.

18 BUSINESS GENERATION CENTRE -TASK AND FINISH GROUP RECOMMENDATIONS

The Committee considered a report of the Head of Regeneration relating to Cabinet's response to the final report of the Business Generation Task and Finish

Group which undertook a review of the Council's four Business Generation Centres (BGCs) in 2010/2011.

The response of Cabinet was set in the context of the Council's Economic Development Strategy which required the development of stronger sub-regional collaborative approaches in order to address emerging economic challenges faced by the borough.

The final report of the Task and Finish group which had been considered by Cabinet in January 2012 had made a number made of recommendations including:

- Declaring surplus to the Council's requirements the BGC at Thomas Street Congleton
- Entering into partnership with a local higher education establishment to promote new businesses within the 3 remaining BGCs at Brierley Street Crewe, Scope House Crewe and Sandbach
- The vacation by Cheshire East building control staff of the BGC at Sandbach.

It was reported that the Council would drive the conclusion of the wider sub-regional review and explore the possibilities for an alternative delivery model which sought to provide conditions under which incubation businesses could flourish. Consideration of a future delivery model would include the possibility of engagement with a partner, or combination of partners.

Cabinet had therefore suggested that existing facilities located at Sandbach and Crewe continue to be retained as Business Generation Centres pending the outcome of the wider sub-regional review and the agreement of a future delivery model.

In addition, the Committee was informed that possible developments in respect of future innovation centre provision would continue to be explored and the potential benefits and interdependencies of both this and the Council's business support programme would be explored as part of the wider review into the future provision of business and incubation support.

The disposal of the BGC at Thomas Street, Congleton was being progressed in accordance with the recommendations of the Disposals Team, subject to the approval of the Portfolio Holder for Prosperity & Economic Development.

In response to a question regarding the steps the Council took to market buildings where vacancies occurred, Peter Hall, Assets Manager explained that the Council routinely advertised on the Council's website and occasionally used external advertising on the open market.

The Committee expressed its concern that little progress had been made in respect of the principal recommendations of the Task and Finish group to date, and sought assurances that progress would be made as soon as possible.

RESOLVED –

- (a) That the report be received;
- (b) That it be noted that the Committee has concerns about the pace of progress, particularly with regard to the recommendation to secure a partner and recommends that the Head of Regeneration expedites all of the Cabinet recommendations as soon as possible.

19 2011/12 FINAL OUTTURN PERFORMANCE

The Committee considered a report of the Director of Finance and Business Services and Strategic Director Places and Organisational Capacity relating to the 2011/2012 final outturn. The report provided summary and detailed information about the Council's financial and non-financial performance at the final outturn stage of 2011/2012.

Annex 1 of the report provided an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.

Annex 2 provided details of service financial performance for the 2011-2012 financial year. It focused on the key financial pressures which the Council's services had faced, and areas of high financial risk to the Council. The annex highlighted significant changes to the forecasts reported at the Three Quarter Year review (TQR).

Annex 3 provided a summary of the key performance headlines for the year.

The key points to emerge at the final outturn stage, were:

Service Revenue Outturn

The overall service overspend was £10.5m which represented a £0.5m improvement from TQR. This overspend had been further reduced by £2.3m following the capitalisation of Voluntary Redundancy costs, giving a net overspend of £8.2m.

An under spend on capital financing, together with contributions from earmarked reserves and other unbudgeted income had mitigated this by £5.2m. However this had been partly offset by the charging of PFI costs to revenue, approved allocations from balances, and other corporate items of £3.2m.

Reserves

After allowing for the £5.1m budgeted contribution to balances, the final general reserve position was £11.4m. The Director of Finance and Business Services reported that this position remained adequate in risk terms.

Capital Programme

Expenditure of £50.2m had been incurred against a budget of £72.3m. A review of the shortfall of £22m was being undertaken to assess the extent

of slippage required to be carried forward, and the re-profiling of future years' forecasts.

Debt

Outstanding debt over 6 months old at 31 March 2012 stood at £2.6m.

Performance

From the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the year, 45% of measures either achieved or exceeded their target at 2011/12 Year End.

In response to a question about the difference between the figure listed as the net overspend in connection with the service revenue outturn in paragraph 1.6 of the report and the £52 million listed in the income and expenditure statement, the Director of Finance and Business Services informed the committee that the two positions were not comparable due to a number of notional entries and technical adjustments that were required in the Statement of Accounts.

In response to a further question regarding discrepancy between the ring fenced grants figure which had reduced from £248 million to £219 million, the committee was informed that the discrepancy was a result of adjustments attributable to Academy schools.

In explanation of the collection rates for Council tax and NNDR which were both down by 1%. It was reported that the figures were not 'in-year' rates, but were in fact the overall collection rates for each year to date. The Council expected to collect 99% within three years in each case and the final position was expected to be above 99%.

Additional questions were asked relating to the final compensation claim figure in connection with the Alderley Edge by pass; whether as a result of the Council having fewer staff would the Council's contributions to the pension scheme have to increase; were permanent revenue overspends carried forward into subsequent years and if so how much did Cheshire East carry forward; would the Council consider reviewing its investment strategy to pay off loans; and in relation to the possible use of Council cash balances rather than borrowing externally

The following answers were provided:

- Claims relating to the Alderley East bypass were likely to span a number of years. The likely value of claims was being risk assessed but was not clear yet. Compensation for Alderley Edge by pass would be reflected in the reserves strategy.
- The budget had been adjusted to take account of overspends and the £8.2 million overspend had substantially been factored into the 2012/13 budget. At the end of the first quarter it would become apparent whether this had been successful.

The relocation costs in relation to staff were reducing as the contractual requirements were coming to an end. The final position was expected to be below original projections.

The decrease in staff had had an impact on the level of contribution to the Pension Fund. However it was suggested that there might be a step change in the level of employer contribution at the next review.

- The Council could not use cash flow to repay debt but could earmark some capital funding to pay off debt; however this would take funds away from other Council priorities and had not been applied to date. In terms of investments, the Council had a watching brief on the £20m invested through Investec, which had a longer term focus when it came to investment returns.
- The Council in the main had not borrowed externally. However, recently the Council had borrowed externally, in line with the Treasury Management Strategy, when rates had been favourable.

RESOLVED – That the report be received and noted

20 MACCLESFIELD TOWN HALL - MEETING FACILITIES

The Committee considered a report of the Assets Manager concerning the newly refurbished meeting room facilities and Macclesfield Town Hall. The Committee was informed that all rooms were now available to be booked for meetings involving Members of the Council.

RESOLVED – That the report be received and noted.

21 WORK PROGRAMME PROGRESS REPORT

The Committee considered a report of the Borough Solicitor regarding the 2012/13 work programme.

RESOLVED –

- (a) That the report be received;

- (b) That a report on the new benefits arrangements be submitted to the September meeting;
- (c) That the Director of Finance and Business Services be requested to report back to a future meeting on the progress of the change in policy in respect of second homes council tax discounts.

22 SINGLE LEGAL ENTITY (SLE) AND PROCUREMENT UPDATE

The committee considered a report updating the committee on the latest position relating to the development of a separate legal entity for HR Finance and ICT to enable these shared services to operate on a more commercial footing. The report also outlined proposals in relation to the development of the procurement function at Cheshire East.

The Director of Finance and Business Services informed the Committee that Cheshire West and Chester Council and this Council had decided in principle that an SLE was the desired route to provide shared services for HR Finance and ICT services. A decision was expected to be taken on this matter by the shared services joint committee in September 2012. She also explained that although the two Council's would prefer to have a partner on board, it was unlikely that a suitable partner would be identified before a decision was taken to proceed to an SLE.

In relation to procurement, the Council had agreed to participate in a project to explore the potential for a shared strategic procurement function involving the Association of Greater Manchester (AGMA) authorities. Proposals were now in place to create a Strategic Procurement Unit consisting of four of the ten AGMA authorities.

RESOLVED – That the report be received and noted.

23 FORWARD PLAN - EXTRACTS

The Committee considered items listed in the current forward plan.

RESOLVED – That the Forward Plan be received.

The meeting commenced at 10.30 am and concluded at 12.35 pm

Councillor J P Findlow (Chairman)