

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Scrutiny Committee**
held on Friday, 25th November, 2011 at Council Chamber, Municipal
Buildings, Earle Street, Crewe CW1 2BJ

PRESENT

Councillor J P Findlow (Chairman)
Councillor D Newton (Vice-Chairman)

Councillors G Barton, G Baxendale, S Corcoran, W S Davies, F Keegan,
B Moran, G Morris and D Topping

Apologies

Councillors B Burkhill

150 **ALSO PRESENT**

Councillor D Flude

151 **OFFICERS PRESENT**

Lisa Quinn – Director of Finance and Business Services
Caroline Simpson – Head of Regeneration
Julie Davies – HR Strategy and Policy Manager
Amanda Rudham – HR Policy Manager
Wendy Clarke – Interim Category Manager - Procurement
Mark Nedderman – Senior Scrutiny Officer

152 **MINUTES OF PREVIOUS MEETING**

RESOLVED – That the minutes of the meeting of the Committee held on 1
November be approved as a correct record and signed by the Chairman.

153 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

154 **PUBLIC SPEAKING TIME/OPEN SESSION**

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

155 **EXCLUSION OF PUBLIC AND PRESS**

That the press and public be excluded from the meeting during consideration of
the following items pursuant to Section 100(A)4 of the Local Government Act
1972 on the grounds that they involve the likely disclosure of exempt information
as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act
1972 and public interest would not be served in publishing the information.

TEMPORARY AGENCY STAFF

Councillor D Flude attended the meeting and addressed the Committee in respect of this matter.

Julie Davies, Amanda Rudham and Wendy Clarke attended the meeting and gave a presentation on the procurement of a new temporary agency staff contract for Cheshire East and Cheshire West and Chester.

The Committee also considered a report of the Director of Finance and Business Services and Head of Human Resources.

The current contract with Reed Specialist Recruitment Ltd expired on 31 March 2012 and work was ongoing to manage arrangements for the re-tender of the contract on a partnership basis with Cheshire West and Chester.

The Council had decided to proceed with a joint tender exercise with Cheshire West and Chester using the Managed Service for Temporary Agency Resources Framework (MSTAR) using a Vendor Neutral model which would mean that the Council would deal indirectly with a number of agencies allowing greater flexibility to meet the Council's diverse business requirements.

Six suppliers had been invited to tender for the contract and 5 responses had been received on 28 October 2011, which were currently in the process of being evaluated. It was anticipated that contract would be awarded on 24 January 2012 and implemented between January and March 2012.

RESOLVED –

- (a) That the report be received;
- (b) That the agency contract be reviewed again in 6 months time.

At this point in the proceedings, the public and press were re-admitted to the meeting.

QUARTER 2 FINANCE /PERFORMANCE REPORT

The Committee considered a report of the joint report of the Director of Finance and Business Services, Strategic Director Places and Organisational Capacity, summarising the detailed information about the Council's financial and non-financial performance during the first half of 2011/12.

The report contained the following information:

Annex 1 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 projections of service financial performance for the 2011-12 financial year. It highlighted the key financial pressures which the Council's services were facing, and particularly focused upon areas of high financial risk to the Council.

Annex 3 provided a summary of the key performance headlines at the end of Quarter One.

The report highlighted the following key points to emerge at the half year stage:

Service Revenue Outturn

- The Council was forecasting a £16m overspend against services' budgets.
- Around £6.6m of this could be mitigated by unallocated contingencies, capital financing under spend, surplus grants, and capitalisation of VR costs.
- The Council was seeking to identify further significant remedial actions to address the net £9.4m budget shortfall.

Reserves

- Together with the budgeted contribution to balances, and other items including surplus earmarked reserves, it was estimated that the level of general reserves at 31st March 2012 would be approximately £10.5m, before the impact of any further remedial measures were taken into account. The 2011-14 Reserves Strategy included an original forecast reserves position as at 31st March 2012 of £15m with a risk assessed minimum level of £14.7m.

Capital Programme

- The forecast variance from budget of £16.6m in 2011-12 was largely explained by slippage, with costs being re-phased to future years.

Debt

- The level was broadly in line with position at end of 2010-11 financial year.

Performance

- Of the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the first half of the year, 36% of measures were reported as performing below target and agreed tolerances.

The Resources Portfolio holder attended the meeting and together with the Director of Finance and Business Services answered member's questions and provided the following additional information:

- The net reserves figure for 2012/13 was £10.5m.
- In connection with Academy schools, funding was taken from the Council and given direct to the Academy School, which was a neutral position. However, assumptions had been made by Central Government about the central funding position. At the moment the government were making guesses about the number of academies and the speed of the programme. There had been a consequential impact on formula grant and this could get worse. This situation applied to free schools also.
- The worst case scenario of a £16 million overspend included an element of the target savings of £35 million set last year not being achieved.
- The situation regarding additional costs of £3.5million arising from school redundancies, was being dealt with by the Strategic Director Children and Adult Services through the Schools Forum to positively drive this figure down.
- Children and Families had saved more than its targeted savings as set out on page 18 of the report, paragraphs 6 and 7.
- The target saving for the end of year in Children and Families would be £ 1million.
- The question of schools reserves was being discussed robustly with the Schools Forum and suggestions were being considered to devolve services to schools, for instance, school transport.
- Service Managers had been set a target of achieving efficiencies amounting to 2%.
- Last year the Council had faced a peak in redundancies resulting from the Chancellor's emergency budget cuts, impacting on Children & Families Services in particular. Assurances were given that this would not happen again.
- It was anticipated that there would be an overspend of £2.5m in children's safeguarding. It had proved very difficult to contain costs but the Council was looking at the capital programme to fund the construction of a new school to save money on out of borough placements.
- There were exceptional additional costs associated with car parking attributed to NNDR – re-evaluation of business rates.
- In next years budget it was anticipated that a target of £1m growth would be set only in adult services. The Council was considering measures that other authorities such as Trafford had used in connection with commissioning of services.
- The best estimate of the projected overspend in adult services was £2m
- The Council would continue to make best use of slippage within the Capital programme. The programme was currently under spent by £0.7 million.
- The Resources Portfolio Holder was confident to achieve a reserves position of £14.7m.

WORK PROGRAMME PROGRESS REPORT

The Committee reviewed the work programme for 2011/2012.

RESOLVED – That the report be received and the items relating to Shared Services and Agency Staff be subject to a review in 6 months time.

159 **BUSINESS GENERATION CENTRES**

Caroline Simpson attended the meeting and reported upon the progress of the Business Generation Centre report produced by this Committee in the summer of 2011. Caroline explained that a formal response to the report would be considered by Cabinet in January 2012 and that many of the recommendations contained within the report recommendations had been positively received.

RESOLVED – That the report be received.

160 **FORWARD PLAN - EXTRACTS**

The Committee considered items listed in the current forward plan.

RESOLVED – That the Forward Plan be received and noted.

The meeting commenced at 10.00 am and concluded at 12.30 pm

Councillor J P Findlow (Chairman)