

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Scrutiny Committee**
held on Tuesday, 4th September, 2012 at Committee Suite 1, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors G Baxendale, B Burkhill, S Corcoran, W S Davies, F Keegan,
D Neilson and D Newton

31 ALSO PRESENT

Councillor P Raynes – Finance Portfolio Holder
Councillor B Moran – Performance Portfolio Holder
Councillor P Mason – Cabinet Support Member
Councillor L Smetham – Cabinet Support Member

32 OFFICERS PRESENT

Lisa Quinn – Director of Finance and Business Services
Amanda Rudham – HR Policy Manager
Michael Sellers – Procurement Officer
Stephan Van Arendsen – Senior Manager Corporate Finance
Nick Jones – Senior Finance Advisor Pensions
Liz Rimmer – Benefits Manager
Paul Manning – Senior Manager Revenues
Mark Nedderman – Senior Scrutiny Officer

33 MINUTES OF PREVIOUS MEETING

RESOLVED – That subject to the deletion of the of name Councillor P Hayes and its replacement by the name of Councillor P Raynes in the list of 'others present', the minutes of the meeting of the Committee held on 16 August 2012 be confirmed as a correct record and signed by the Chairman.

34 DECLARATIONS OF INTEREST

There were no declarations of interest.

35 DECLARATION OF PARTY WHIP

There were no declarations of the existence of a party whip.

36 PUBLIC SPEAKING TIME/OPEN SESSION

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

37 TEMPORARY AGENCY STAFF CONTRACT

Amanda Rudham HR Manager presented a report updating the Committee on the use of temporary agency workers at Cheshire East Council and provided feedback on the implementation of the new agency workers contract with Commensura which commenced on 1 April 2012.

In April 2012, the Council appointed Commensura as a neutral vendor supplier. This method of agency contract meant that Comensura did not employ any agency workers directly, but managed a supply chain of a wide range of recruitment agencies that were better placed to meet the Council's diverse needs.

Overall spending on agency workers for 2011/12 was approximately £6.8 million. Up to July 2012 in the current financial year, the Council had spent £1.2 million which if extrapolated for the full year would amount to approximately £3.72 million.

Amanda informed the Committee that the category with the highest demand for agency workers was manual workers, but that this category included a very wide range of jobs. Although the current average tenure of agency workers was 22 weeks, many contracts were for as little as one or two days.

In response to a question about the benefits of creating 'banks' of workers, Amanda informed the Committee that discussions were being held with Commensura regarding the possibility of creating 'talent pools' in high demand areas to improve the service.

RESOLVED – That the report be received and the progress made in connection with the new agency workers contract in terms of improved performance in relation to management of agency workers, economy and efficiency be welcomed.

38 BENEFITS UPDATE

Liz Rimmer attended the meeting and presented a report on Welfare Reform.

The Welfare Reform Act received Royal assent on 8 March 2012 and introduced the Government's proposals to reform welfare to improve work incentives, simplify the benefits system and to tackle administrative complexity.

The main changes were summarised as follows:

Housing Benefit

From April 2011

- The rates of Local Housing Allowance (LHA), payable to those in private-rented accommodation, restricted to a maximum of a 4-

bedroomed property, as opposed to the previous 5-bedroom limit for large households

- An overall maximum cap on the rates of LHA applied
- The LHA rates set at the 30th percentile of market rents rather than the median.
- Private Rented claimants, with a disability and a non-resident carer, allowed an extra bedroom where there is a need for overnight care.

From January 2012

- Single people, aged under 35, renting in the private sector, limited to the rate for shared accommodation (such as houses in multiple occupation, bedsits) similar to the restriction in place for those under 25, rather than the rates for self-contained accommodation previously allowed.

From April 2012

- LHA rates frozen for 12 months, rather than reviewed monthly.

From April 2013

- Working age claimants in Social Sector accommodation to have Housing Benefit reduced if calculated as under occupying their home (14% reduction for one extra bedroom, 25% for two or more spare bedrooms).
- Benefits Cap introduced to Housing Benefit
- A new Single Fraud Service to be introduced merging the Fraud teams from all Councils with those teams from DWP and HMRC
- LHA rates to be increased on the lower of the average market rents or the rate of CPI.

Council Tax Benefit

Council Tax Benefit to be abolished from April 2013. Following this, each Council to be responsible for introducing a replacement Localised Council Tax Support Scheme, the cost of which would be 10% less than the current Council Tax Benefit Scheme.

The Council was identifying potential options to deliver a Localised Council Tax Support scheme and was shortly due to carry out a full public consultation to inform its decision making.

Benefits Cap

A Benefits Cap was to be introduced in order to ensure that no workless family (subject to a number of exempt categories) could receive more in welfare than the average earnings for working households. The provisional figures were:

- £350 per week - Single people

- £500 per week - Couples/Lone Parents

Universal Credit

Universal Credit was due to be introduced from October 2013 for new out-of-work claims and April 2014 for new in-work claims to replace the following main benefits:

- Employment and Support Allowance (Income related)
- Housing Benefit
- Income Support
- Job Seeker's Allowance (Income based)
- Tax Credits (Working Tax Credit and Child Tax Credit)

It was expected that claims would be made digitally (on-line or telephone)

Disability Living Allowance (DLA) and Personal Independence Payment (PIP)

From April 2013 through to March 2016, DLA to be abolished for those of working age, and replaced with PIP.

Incapacity Benefit and Employment Support Allowance

Since 31st January 2011, this replaced by Employment and Support Allowance.

Social Fund

From April 2013 the Social Fund to be abolished and responsibility for its replacement is to be shared with Councils.

RESOLVED – that the report be received and noted.

39 PENSIONS UPDATE

Stephan Van Arendsen gave a presentation on the Cheshire Pension Fund.

He informed the Committee of progress made in respect of an announcement made by the Local Government Association (LGA) on 31 May 2012, of joint proposals with Trades Unions, relating to the Local Government Pensions Scheme (LGPS)

The Committee was informed that the major issues facing Cheshire East Council were:

- The 2010 valuation had highlighted across all LGPS Funds including Cheshire, a decrease in active membership and combined increase in deferred and pensioner membership
- Specifically in relation to Cheshire active membership had decreased from 50% to 45% between 2007 and 2010

- All employers were downsizing and that this was expected to lead to further active membership reductions
- Arrangements had to be considered in the event of significant future opt outs
- Councils were outsourcing services
- The number of contractors within the scheme was increasing – consideration would need to be given to the contribution strategies in place to ensure that they were the most effective that could be achieved

The Cheshire Pension Fund Committee had considered all of these issues and they now formed a key part of the pension fund managers' work plan leading up to the next valuation (2013).

The proposed scheme involved moving from a final salary scheme to career average revalued earnings. Other changes included much higher contribution rates for higher salaried officers.

RESOLVED – That the presentation be received and noted.

40 REVIEW OF DISCRETIONARY RATE RELIEF POLICY

The Committee considered a report of the Director of Finance and Business Services relating to a review of the Council's Discretionary Rate Relief Policy.

Cabinet at its meeting held on 20 August 2012 had deferred consideration of the report to allow this committee to comment on the proposals.

The current discretionary rate relief policy was approved by Cabinet on 2 December 2008. Changes introduced within the policy had led to some anomalies. In particular, the current policy gave protection to certain ratepayers where relief under the Council's Policy was less than that received from former legacy billing authorities. The protection offered currently was not time limited.

All organisations currently in receipt of legacy protection had been written to explaining that the Council was currently reviewing its policy. Organisations had been informed that one of the proposals under consideration was to remove the protection in order to ensure that the discretionary relief policy was up to date, robust and fair to all ratepayers in Cheshire East.

The report included a schedule containing the names of all the ratepayers that would be affected by a change in policy on legacy protection. It was reported that 2 organisations had not received the correspondence and could not have responded, and the Director of Finance and Business Services was requested to double check that all of the organisations had in fact been written to. The impact on individual organisations was likely to be variable and needed to be taken into account

In response to a question about the total amount of saving that would be achieved by removing legacy payments, the Committee was informed that it would be £3,590. However it was explained that the intention of the policy review was to ensure a fair and equitable policy for all existing and future rate payers. It was noted by the Committee that in cases of genuine hardship, there were discretionary powers which enabled the Council to award rate relief.

The Committee concluded that although it supported the principle of reviewing the policy to remove legacy arrangements, it suggested that as there were likely to be consequences for the Council, such as potential additional requests for relief under the hardship rules which may outweigh any savings accrued under the current policy review proposals, these issues needed to be addressed and quantified before Cabinet makes a formal decision.

RESOLVED - That although the Committee supports the principle of reviewing existing legacy arrangements in relation to discretionary rate relief, Cabinet is requested to investigate further the consequences of removing legacy protection, to ensure that any savings made are not outweighed by additional costs being borne by the Council in relation to cases of hardship.

41 WORK PROGRAMME PROGRESS REPORT

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

RESOLVED – That the report be received;

42 FORWARD PLAN - EXTRACTS

The Committee considered items listed in the current forward plan.

RESOLVED – That the Forward Plan be received.

The meeting commenced at 2.00 pm and concluded at 4.05 pm

Councillor J P Findlow (Chairman)