

Economy and Business Improvement Overview and Scrutiny Committee

Monday, 23rd January, 2012
6.00 - 7.20 pm

Attendees	
Councillors:	Malcolm Stennett (Chairman), Tim Cooper, Paul Massey (Deputy Chair), Paul McLain, Lloyd Surgenor, Pat Thornton and Peter Jeffries
Co-optees:	
Also in attendance:	Jane Griffiths, Councillor Steve Jordan, Councillor Colin Hay and Councillor John Webster
Apologies:	Councillors Garth Barnes, Jon Walklett and Andy Wall

Minutes

- 1. APOLOGIES**
Apologies were received from Councillors Garth Barnes, Jon Walklett and Andy Wall.
- 2. DECLARATIONS OF INTEREST**
None declared.
- 3. MINUTES OF THE LAST MEETING**
The minutes of the last meeting of 28 November 2012 were approved as a correct record.
- 4. PUBLIC QUESTIONS AND PETITIONS**
None received.
- 5. MATTERS REFERRED TO COMMITTEE**
None.
- 6. BRIEFING FROM CABINET MEMBERS**
The Leader referred to the action plan of the Gfirst Local Enterprise Partnership (LEP) which had been circulated to the committee. He acknowledged that it was now out of date but hoped it would give members an idea of the areas of work that the LEP were addressing. He had also contacted Gfirst with regard to them attending the next meeting of this committee on 5 March and he would advise their response in due course.

In response to a question regarding the bridge repairs at the M5 motorway junction, his understanding was that the work had been put back to March 2013 but he had no further information at this stage.

7. GENERAL FUND AND HRA REVENUE AND CAPITAL - REVISED BUDGET 2011/12 AND INTERIM BUDGET PROPOSALS 2012/13 FOR CONSULTATION

With the agreement of the committee, this item was taken as the first main item on the agenda.

The Cabinet Member Finance and Community Development introduced the general fund budget proposals in the form of the Cabinet report dated the 13 December.

The Cabinet Member explained that the budget process for the coming year had been easier than expected. This was as a result of targeted decisions that had been made in the last budget round but also the Icelandic bank decision which had been dealt with more expeditiously than expected. In addition £250k of New Home Bonus had been built into the 2012/13 base budget and the impact of HRA self-financing was a positive one. On top of this a predicted overspend of more than £500k had been addressed by an immediate freeze on recruitment, supplies and services.

The Cabinet Member highlighted the following structural issues, which included low level investment interest. Car parking income continued to decline, as was the case nationally. Concessionary fares also played a role in this decline. The Garden Waste scheme had not generated as much income as envisaged and whilst the scheme funded itself the estimated revenue had been reduced in next year's budget.

Whilst this year's budget saw the continuation of the council tax freeze the Cabinet Member warned that the situation would be very difficult in the following financial year as there would effectively be 5 % uplift in the level of council tax.

Mark Sheldon, Director of Resources gave a brief presentation on the budget.

The following responses were given by the Cabinet Member Finance & Community Development and Accountant, to questions from members of the committee;

A member asked why the staff savings seemed to be relatively low at only 5 full-time equivalents out of 514 considering all the commissioning reviews that were currently taking place. The Director Resources referred members to appendix 4 which listed the savings to be achieved from the various restructuring projects. Additional staff savings would be made in future years within the Medium Term Financial strategy (MTFS).

A member asked the Director of Resources whether he was happy with the reserve balances set out in appendix 5. In response the Director advised that he was currently working on his section 25 report for Council where he would give his view on these matters. He was satisfied that a general reserve at just over £2 million exceeded the top end of the recommended range for this reserve. He acknowledged that other reserves would go down during the term

of the MTFS but this was expected as some of the reserves had been earmarked to support specific initiatives previously identified. The reduction in the maintenance reserve would be offset by the contribution being made over the term of the MTFS. On balance he was happy with the reserves as currently set however the council was due to receive significant receipts from the sale of Midwinter and North Place and this would provide an opportunity to review the reserves in the summer.

A member queried how the Capital Reserve for GF estimated to be £535K at the end of 2012/13 financial year on page 72, would be sufficient to fund the Capital Programme spend of £700K in the next four years according to figures on page 75. Was this an appropriate way to manage the Capital Reserve and could it lead to a risk of bankrupting the council, particularly in the light of the Cabinet Members comments regarding the 5% uplift in council tax which would be required next year due to the difficult financial circumstances. If the Capital Reserve could not be made up from the revenue account, this could lead to the council having to cut back its capital expenditure in a critical period for building.

The Director explained that he had not included the full projections of the MTFS in the papers but would ensure these were included in the budget papers for Council in February. These projections supported the capital expenditure and he was not aware of any shortfall.

A member asked whether it was prudent to ring fence some of the New Homes Bonus, which was essentially a one-off grant, and build it into the base budget. The Director of Resources said that this mirrored the approach being taken by other councils in Gloucestershire. The allocations had been notified by government and he was confident that the level of potential revenue streams from brown field sites in Cheltenham was sustainable. The Cabinet Member added that the New Home Bonus formed part of a 6 year commitment and the projections were based on the historical performance of brown field sites and did not attempt to predict the outcome of the Joint Core Strategy.

A member asked whether it was sensible for the Council to be considering the merger of off and on street parking at this stage given that the County Council had significant concerns about the operation of the car parking teams in Cheltenham. The Cabinet Member responded that he was aware of the county's approach but next year's budget related to some initial work which could achieve some immediate savings.

The Director of Resources are clarified the total savings listed in appendix 4. The £253,900 savings had been identified in the previous budget round and therefore were already built into the base budget for 2012/13. Further savings had been identified with a total of £861,600 and it was these savings which Council would be asked to approve.

8. QUARTERLY BUDGET MONITORING REPORT 2011/12 - POSITION AS AT NOVEMBER 2011

The committee was reminded that they had requested to receive the budget monitoring reports on a regular basis. The report stated that the previous budget monitoring report in August 2011 had projected an overspend of £476K.

Since then SLT had focussed on mitigating this with a freeze on supplies and services and recruitment decisions were made only where there was a concrete business case. As a result of this it was now anticipated that a balanced budget would be delivered.

The Cabinet Member Finance had nothing to add to the report but he highlighted that collection rates for Council Tax and Business Rates were both ahead of target which was remarkable in the current recession. A member commented that this surprising result had been reflected across Gloucestershire authorities.

9. ABSENCE MANAGEMENT

The Cabinet Member Corporate Services introduced the update on Absence Management which members had requested following a report on this issue in May 2012. The report outlined the progress that had been made in reaching the council's corporate target to reduce sickness absence to 7.5 days per full time equivalent employee for the financial year 2011/12 and summarised the action plan that had been put in place.

The HR Operations Manager was pleased that the figures demonstrated the right direction of travel and this was due to the hard work of HR staff and line managers. The new HR platform being provided as part of the GO programme would provide real-time absence management information from April 2012. The system could provide a variety of reports and they would be working with other councils in the partnership to define their requirements.

Members noted the significant difference made to the figures by a small number of staff on long-term sick leave and asked whether the measures taken were sufficient to prevent the same problems reoccurring in future years.

The HR Operations Manager advised that preventative measures were now being put in place by promoting general health and well-being and a healthy lifestyle. The council had an ageing and loyal manual staff but due to the nature of their work it was inevitable that there would be some wear and tear on their physical bodies.

When asked about future targets, the HR Operations Manager advised that the current year's target of 7.5 days per FTE would be reduced to seven days in the next financial year and she was confident that this target could be met. Although the operational staff would be transferring to the new local authority company, HR would continue to provide a service to them and she would be encouraging their board to adopt the same target. HR would also be working with the company on their recruitment process to ensure potential employees were fit for manual work through a practical work based interview process. Attention would also be paid to the induction programme to ensure both new and existing employees receive the appropriate training.

A member commented that the focus tended to be on sickness absence but the council should also be considering some form of praise and reward for those staff who took no sick days during the year.

The chair thanked officers for their work.

Resolved that overview and scrutiny should get a further update on absence management in six months time.

10. CORPORATE RISK REGISTER

The Director of Resources introduced the report and explained the role of the Senior Leadership Team (SLT) in owning and managing the Corporate Risk Register.

The chair referred to the tables on page 19 of the report which listed some risks as being both new and closed and found this slightly confusing. In response the governance officer advised that due to the time elapsed since this committee last reviewed the risk register, some new risks had been raised but had since been addressed. He advised members that the Senior Leadership Team had agreed to adopt a new risk management system and referred members to the appendices in the report giving some examples of how risks could be reported in the future to overcome this problem.

Councillor McLain referred to the risk CR63 regarding the need to agree a countywide approach to implementing the Supporting People strategy and urged the council to do whatever they could to encourage Gloucester City Council to join in.

Resolved that the corporate risk register be noted and that there be no issues that the committee wish to refer to Cabinet

11. GO PROGRAMME

The Cabinet Member Corporate Services introduced the report which provided an update on the GO shared services programme. The programme's aim was to develop a shared service for Finance, Procurement, Human Resources and Payroll, based on the creation of a shared IT platform – ABW (Agresso Business World), in order to deliver savings for partner councils, improved resilience and improvements in service delivery. He highlighted a recent decision by the programme board to defer the implementation at West Oxfordshire District Council from April to August 2012. Cheltenham Borough Council (and Cheltenham Borough Homes and the local authority company) and Cotswold District Council were still on target for implementation in April 2012. The reason for this decision was that technical problems at the Forest of Dean had delayed the implementation in December and a number of staff had been required to work on the problems. Although these were all fixed and the system had now been successfully implemented, there had been a knock-on effect on the programme timetable and use had been made of contingency funds to retain staff for a longer period. He hoped that the planned savings for Cheltenham Borough Council could still be made in the timescale set out in the business case.

A member referred to paragraph 3.5 of the report which talked about accommodation and location of staff. In view of the under capacity at the Municipal Offices and the review of accommodation currently underway, did the council have a policy view on whether they would present the council offices as potential accommodation for GO staff. The Director advised that the programme team would be carrying out a diagnostic of accommodation

requirements for GO staff in preparation for a final decision in October. The aim was to make the best use of accommodation across the partners whilst at the same time taking account of the optimum location for the service and implications for employees. She advised that any recharge arrangements would be via the section 101 agreement between the partners.

A member was concerned that the reference in paragraph 2.2 appeared to provide a get out clause if the savings fail to be achieved. He referred to his previous question in the debate on the budget that only staff savings of 5 FTE were listed in the savings for the next financial year. In response the Director People, OD and Change confirmed that savings for Cheltenham would not start being realised until 2013/14 and that was why they did not feature in the 2012/13 list of savings. Referring to paragraph 2.2, she felt this only served to emphasise the importance that was being given to getting the implementation right first-time and partnership working and a lot had already been achieved already in this regard.

The Cabinet Member Corporate Services highlighted the ongoing work to drive further savings from the programme. The board had already been approached by another council who may be interested in joining the partnership. Consideration would also be given in the future to putting additional services into the partnership such as ICT.

The committee congratulated everyone involved for the successful programme management of GO and the ongoing re-evaluation of the business case.

Resolved that overview and scrutiny should get a further update on the GO programme in six months time.

12. DATE OF NEXT MEETING AND FUTURE AGENDA ITEMS

The future workplan was noted and the date of the next meeting was Monday 5 March 2012 at 6 pm.

Malcolm Stennett
Chairman