

Cabinet

Agenda

Date: Tuesday, 12th August, 2008

Time: 2.00 pm

Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. Apologies

2. Declarations of Interest

To provide an opportunity for Members and Officers to declare any personal or prejudicial interest in any item on the agenda.

3. Public Question Time/Open Session

In accordance with Rules 11 and 35 a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relating to its work.

Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

(Note: In order for officers to undertake any background research it would be helpful if questions were submitted at least one working day before the meeting.)

4. Minutes (Pages 1 - 8)

To approve the Minutes of the meeting held on 17 July 2008.

Minutes attached.

5. Key Decision (See text of Report) Shared Services: Principles, Governance and Functions (Pages 9 - 46)

To consider a report on shared pan-Cheshire services.

Report of the Joint Implementation Team attached.

6. Key Decision CE06 - School Admission Forum (To Follow)

To consider a report of the Block Lead, People.

7. Key Decision (See text of Report) Residential and Nursing Care Contracts (Pages 47 - 50)

To consider a report on the contract for residential & nursing care for adults and older people.

Report of the Block Lead, People attached.

8. Key Decision (See text of Report) Progressing the Extra Care Strategy across Cheshire (Pages 51 - 62)

To consider a report on the extra care housing strategy for older people.

Report of the Block Lead, People attached.

9. Waste Treatment PFI Contract: Nominations to Joint Board (Pages 63 - 64)

To consider the nominations to the Joint Board for the Waste Treatment PFI Contract.

Report of the County Manager, Waste and Planning attached.

10. Schedules of Consent (To Follow)

To consider a report of the Interim Monitoring Officer.

11. Progress Report (Pages 65 - 74)

To consider a report on progress made against key milestones, and highlighting the next steps for the coming months.

Report of the Policy Support Team attached.

12. Exclusion of the Press and Public

The report relating to the remaining item on the agenda has been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matter may be determined with the press and public excluded.

The Cabinet may decide that the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

(Paragraph 4 concerns information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.)

PART 2 - MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS EXCLUDED

13. Key Decision CE09 - Workforce Disaggregation/Aggregation (Pages 75 - 82)

To consider a report on the processes which will be followed to aggregate and disaggregate the workforce of the seven existing authorities to the two new Councils.

Report of Lead Officer, HR Group, attached.

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the Cabinet
held on Thursday, 17th July, 2008
at the Capesthorne Room - Town Hall, Macclesfield

PRESENT

Councillor W Fitzgerald (Chairman)
Councillor R Domleo (Vice-Chairman)

Councillors D Brickhill, D Brown, P Findlow, F Keegan, A Knowles, J Macrae,
P Mason and B Silvester

Visiting Councillors present – Councillors Lesley Smetham and David Neilson

21 APOLOGIES

No apologies were received.

22 DECLARATIONS OF INTEREST**Minute 25 (Transforming Learning Communities)**

Councillors David Brickhill, Paul Findlow and Peter Mason declared personal interests in this item by virtue of being Members of Cheshire County Council.

In accordance with the Constitution they remained in the meeting during consideration of this item.

Minute 26 (Office Accommodation for the New Council)

Councillors David Brown and Roland Domleo declared personal interests in this item by virtue of being Members of Congleton Borough Council. In accordance with the Constitution they remained in the meeting during consideration of this item.

Minute 33 (Waste Disposal and Waste Treatment PFI Contract)

Councillors David Brickhill, Paul Findlow and Peter Mason declared personal interests in this item by virtue of being Members of Cheshire County Council.

In accordance with the Constitution they remained in the meeting during consideration of this item.

23 PUBLIC QUESTION TIME/OPEN SESSION**Transforming Learning Communities**

Questions were submitted on proposals for Bollington St Johns CE Primary School provision in Bollington. Councillor Paul Findlow responded and confirmed that a written copy of his response would be provided.

Waste Disposal and Waste Treatment PFI Contract

Brian Cartwright the Chairman of CHAIN (Cheshire Against Incineration) and Liam Byrne each submitted questions on this subject. In addition a further question was raised by Mr Byrne regarding the reason for this item being

considered in the exempt section of the agenda. The Chairman confirmed that the reasons for the report being considered as an exempt item were set out in the agenda. Councillor David Brickhill responded to the other questions and confirmed that a written copy of his response would be provided.

24 MINUTES

RESOLVED

The minutes of the meeting held on 16 June 2008 were approved as a correct record.

25 KEY DECISION CE02 - TRANSFORMING LEARNING COMMUNITIES

(Councillors David Brickhill, Paul Findlow and Peter Mason had declared personal interests in this item. In accordance with the Constitution they remained in the meeting during its consideration.)

Consideration was given to a report Cheshire County Council's Director of Children's Services detailing a number of high profile important issues relating to the Transforming Learning Communities review of Macclesfield.

The Cabinet was informed that since the report had been prepared the decision sought by the Portfolio Holder had been amended to take account of representations received from the local community. A copy of the amended decision sought was circulated.

RESOLVED

For the reasons set out in the report and as now reported: -

The shadow Cheshire East Council Cabinet offers the following advice to the County Council's Children's Services Executive:

(i) **Macclesfield TLC**

- a) The Council warmly welcomes the proposed establishment of a new joint Church School to serve Macclesfield. It supports, therefore, the proposed closure of St Barnabas CE Primary School and St Edward's Catholic Primary School, and the establishment of a new joint Church School on the St Edward's site.
- b) The Council notes with regret the situation relating to Ash Grove Primary School and supports the County Council's proposal to enter into formal statutory consultation on the proposed closure of the school.
- c) The Council notes the situation in Bollington, but urges the County Council not to proceed with the statutory consultation on the proposed closure of Bollington St John's CE Primary School at this time. Cheshire East Council asks the County Council to invite the Governing Bodies of Bollington Cross CE Primary School and Bollington St John's CE Primary School to enter into a hard Federation, with a single Governing Body and Headteacher. It asks the County Council to support the Governing Bodies in considering Federation, which would prudently be achieved at the

earliest opportunity. Thereafter, the Governing Body of the Federated schools should be asked to bring forward robust proposals to address the pressing need to reduce surplus accommodation at the Federated schools, with a view to reducing the level of surplus school places to an appropriate level. It is acknowledged that a failure to respond positively and swiftly to this invitation may result in the need for the proposed closure to be given further consideration.

(ii) Alsager, Sandbach, Congleton and Holmes Chapel TLC Review

Cheshire East Council endorses the action taken by the County Council to launch the TLC Review of the area and to engage in the informal consultation on possible options. It asks that the County Council should present the outcome of informal consultation to the Cabinet of the Shadow Authority at the earliest opportunity, so that the Cabinet is able to offer formative advice in determining the substance of any proposals for further consideration and how the review should proceed further.

(iii) Primary Strategy for Change-Primary Capital Programme

Cheshire East Council formally adopts the Strategy produced for Cheshire East by the County Council and expresses its gratitude for the work undertaken.

In accordance with Rule 13 of the Council's Scrutiny Procedure Rules and as the Chairman of the Scrutiny Committee had agreed that this decision should be treated as urgent, the call-in procedure does not apply to this decision.

26 KEY DECISION CE05 - OFFICE ACCOMMODATION FOR THE NEW COUNCIL

(Councillors David Brown and Roland Domleo had declared personal interests in this item. In accordance with the Constitution they remained in the meeting during consideration of this item.)

Consideration was given to a report of the Lead Officer on Infrastructure and Facilities. The report included information on the options for the location and nature of the Cheshire East administrative headquarters and the wider provision of office accommodation for the new Council.

RESOLVED

For the reasons set out in the report: -

1. The location of the Administrative Headquarters of Cheshire East Council be confirmed as Westfields, Sandbach and Congleton Borough Council be requested to ensure that the adjacent site is safeguarded for potential future use by the Council if required.
2. The physical provision of that office should follow the minimalist concept outlined in the report, incorporating only the key corporate functions listed in Appendix 2.
3. The Council's approach to the overall provision of office accommodation for both Members and Officers should be based on the full exploitation of new ways of working enabled by modern technology, making the most

efficient use possible of office accommodation and reducing the need for excessive staff travel.

- 4 The Council should maintain a full presence in the existing offices in the principal communities of East Cheshire so as to maximise its accessibility to the public and sustain the positive economic effects of such presence.

27 CULTURE AND VALUES - TRANSITION AND BEYOND

Consideration was given to a report prepared by the Human Resources Joint Transition Project on a set of common transitional values to guide the period up to vesting day. The report also included options for a set of core organisational values for Cheshire East as an important step towards building a positive high performance culture for the new Council.

RESOLVED

For the reasons set out in the report: -

1. That support be given to the common transitional values proposed in paragraph 8.4 of the report and to the adoption of these by the Blocks and Joint Transition Projects supporting Cheshire East as outlined in paragraph 8.5.
2. That approval be given to the draft core values options of ASPIRE for the new Authority, outlined in Paragraph 7.2 of the report, with a view to wider consultation.

28 SECTION 24 APPLICATIONS FOR CONSENT

Consideration was given to a joint report of the Interim Monitoring Officer and the Interim Chief Finance Officer on Section 24 Specific Consents issued under delegated powers since the last meeting. It was reported that one delegated consent had been made in respect of the sale of land and buildings at Oakdean Court, Wilmslow.

RESOLVED

For the reasons set out in the report: -

That the report be noted.

29 DISAGGREGATION OF SPECIFIC GRANTS AND FORMULA GRANT

Consideration was given to a report of the Interim Chief Finance Officer. The report detailed the Specific Grants that had been allocated by various Government Departments and other funding bodies to Cheshire County Council for 2009/10 and 2010/11 and that were now required to be disaggregated. The report set out the mechanism for this and how it would be implemented for Cheshire East Council and Cheshire West and Chester Council. The same information was given in respect of the Formula Grant allocated by the Department for Communities and Local Government.

RESOLVED

For the reasons set out in the report: -

1. That the mechanism for the disaggregation of the Cheshire County Council Specific Grants for 2009/10 and 2010/11 be noted and approval given to the proposals for the implementation of this mechanism for Cheshire East Council as detailed in Section 5.0.
2. That the agreement of the split of the revenue and capital Specific Grants be delegated for approval to the Portfolio Holder Resources in consultation with the Leader and the other Performance & Capacity Portfolio Holders as detailed in Section 5.6.
3. That the mechanism for the disaggregation of the Cheshire County Council Formula Grant for 2009/10 and 2010/11 be noted and approval given to the proposals for the implementation of this mechanism for Cheshire East Council as detailed in Section 6.0.
4. That the agreement of the split of the Formula Grant be delegated for approval to the Portfolio Holder Resources in consultation with the Leader and the other Performance & Capacity Portfolio Holders as detailed in Section 6.7.

30 CORPORATE IDENTITY/BRAND DEVELOPMENT

Consideration was given to a report of the Joint Implementation Team on the progress being made on the production of a new logo/brand for Cheshire East Council. Of the designs put forward for shortlisting the Cabinet expressed a preference for Hills and Water, the Wheat Sheaf and the Rising Sun.

RESOLVED

For the reasons set out in the report and as now given: -

That the design concepts depicting:

- (i) Hills and Water,
- (ii) the Wheat Sheaf and
- (iii) the Rising Sun

be selected for staff and public consultation with an invitation for 'creative input' prior to a final decision being made by Members.

31 PROGRESS REPORT

Consideration was given to a report of the Policy Support Team on progress made against key milestones, and highlighting the next steps for the coming months.

RESOLVED

For the reasons set out in the report: -

1. That the progress during June, detailed in Appendix 1, be noted.

2. That the revised milestones listed at the end of Appendix 1, be acknowledged.
3. That the activities to be undertaken throughout July and August, detailed in appendix 2, be noted.

32 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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 involved the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

(Paragraph 3 concerns information relating to the financial or business affairs of any particular person (including the authority holding that information).
Paragraph 4 concerns information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.)

33 KEY DECISION CE04 - WASTE DISPOSAL AND WASTE TREATMENT PFI CONTRACT (PARAGRAPH 3)

(Councillors David Brickhill, Paul Findlow and Peter Mason had declared personal interests in this item. In accordance with the Constitution they remained in the meeting during its consideration.)

Consideration was given to a report by the County Waste and Planning Manager for the People Block which highlighted a number of key waste disposal issues and recommending a way forward.

RESOLVED

For the reasons set out in the report: -

That with minor amendments the recommendation be approved.

34 SEVERANCE PROVISIONS (PARAGRAPH 4)

Consideration was given to a report prepared by the Human Resources Joint Transition Project on arrangements in relation to severance provisions and the use of discretions within it for non teaching employees in the new Council.

RESOLVED

For the reasons set out in the report: -

That Council be recommended to approve the recommendations contained in the report.

35 SENIOR MANAGEMENT STRUCTURE/ORGANISATIONAL DESIGN
(PARAGRAPH 4)

Consideration was given to a report by the Cheshire County Council Lead Officer on the top level management structure and organisational design of the Cheshire East Council.

RESOLVED

For the reasons set out in the report: -

That the recommendations in the report be approved and that the Joint Implementation Team be requested to develop the principles in Appendix 2.

The meeting commenced at 10.00 am and concluded at 12.00 noon

CHAIRMAN

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CHESHIRE EAST

CABINET

Date of meeting: 12 August 2008
Report of: Joint Implementation Team
Title: Shared Services: Principles, Governance and Functions

1.0 Purpose of Report

1.1 To address the issue of shared pan-Cheshire services

2.0 Decision Required

2.1 Cabinet is recommended in respect of the report appended in line with recommendations from the Joint Liaison Committee held on 1 August 2008 to

- (i) Endorse the six key principles underpinning Shared Services (section 3.4) with an additional principle that any Inter-Authority Agreements contain clear service standards and performance management mechanisms
- (ii) Consider the three governance models and endorse the constitutional model as the primary governance mechanism for Cheshire (sections 3.5 - 3.70 and Appendix A)
- (iii) Agree the functions identified by officers as potential candidates for a short-term, transitional Shared Service (Appendix C) subject to:-
 - a) Item 9 School Admissions. Given the close relationship between the School Admissions process and the management of Appeals, it is proposed that a phased approach also be adopted to disaggregating the appeals service until 31 August 2009.
 - b) Appendix B Research and Intelligence: Defer a decision on the Research and intelligence service pending further investigation.
- (iv) Agree the functions identified by officers as potential candidates for a pan-Cheshire Shared Service (Appendix D) subject to:
 - a) Item 15: Civil Protection/Emergency Planning: Consideration during 2009-10 of the scope for joint working with Halton, Warrington and other members of the Joint Resilience Forum
 - b) Item 16: Occupational Health: Reviewing the joint arrangements after the first year of operation.
 - c) Item 17: Procurement
 - (i) Strategic procurement - to receive a more detailed report at the next Joint Liaison Committee on the recommended service delivery approach for Strategic Procurement;

- (ii) Operation Procurement (Procure-to-Pay): to be considered as part of the independent review of the shared back office (see para 2.1 (v) below); and
 - (iii) CBS Supplies: consideration of CBS Supplies operating in the short-term as part of any shared back office arrangements (see para 2.1 (v) below) with a review of CBS Supplies during 2009-10 to consider the future of the service.
 - d) Item 19: Youth Offending Team : Consideration during 2009-10 of the scope for joint working with the Halton and Warrington Joint YOT.
 - e) Item 20: Libraries Specialist and Support Services : Reviewing the joint arrangements after the first year of operation.
 - f) Add Item 25: County Farms: To recommend retaining this small specialised service as a pan-Cheshire service subject to reviewing the joint arrangements after the first year of operation.
- (v) Agree the further work required to address the issue of the shared back office (section 3.66).

3.0 Financial Implications for Transition Costs

3.1 See appended report

4.0 Financial Implications 2009/10 and beyond

4.1 See appended report

5.0 Legal Implications

5.1 See appended report

6.0 Risk Assessment

6.1 See appended report

7.0 Background and Options

- 7.1 The appended report sets out the analysis undertaken by officers on behalf of the “full” Joint Implementation Team in terms of options for service disaggregation. The report was considered by the Joint Liaison Committee on 1 August when a consensus was reached on the recommendations set out in section 2 above.
- 7.2 The decision on this matter falls within the definition of a key decision and would normally be expected to be included within the Forward Plan which is published monthly and includes details of key decisions to be made during the four month period ahead. However, this decision can still be made where the procedure contained in Rule 12 of the Access to Information Procedure Rules in the Constitution has been followed. This provides that where the decision has to be taken by such a date that it is impracticable to defer the decision until it can be included in the next Forward Plan, the Monitoring Officer must inform the Chairman of the Scrutiny Committee of the matter to which the decision is to be made, copies of the notice have been made available to the public at the shadow council's offices, and at least five clear working days have elapsed since the Monitoring Officer has complied with

those obligations. In this case, the necessary procedure has been followed, and accordingly, the Cabinet may take the decision.

8.0 Overview of Day One, Year One and Term One Issues

8.1 See appended report

9.0 Reasons for Recommendation

9.1 See appended report

For further information:

Portfolio Holder: Councillor Peter Mason

Officer: Alistair Jeffs

Tel No: 01244 972228

Email: Alistair.Jeffs@cheshire.gov.uk

Background Documents:

Shared services option templates

Documents are available for inspection at County Hall, Chester

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CHESHIRE WEST AND CHESTER AND CHESHIRE EAST

Joint Liaison Committee

Date of meeting: 1 August 2008
Report of: Joint Implementation Team (Full)
Title: Shared Services: Principles, Governance, and Functions

1.0 Purpose of Report

1.1 The following report seeks to address the issue of Shared pan-Cheshire Services by:

(i) providing some potential principles underpinning the selection, design and delivery of Shared Services in Cheshire;

(ii) outlining the three main governance models available for Shared Services;

(iii) summarising the functional areas that have been identified to date as potential candidates for a Shared Service on a pan-Cheshire basis.

2.0 Decision Required

2.1 The Joint Liaison Committee are asked to:

(i) Endorse the six key principles underpinning Shared Services (section 3.4)

(ii) Consider the three governance models and endorse the constitutional model as the primary governance mechanism for Cheshire. (sections 3.5 - 3.70 and Appendix A)

(iii) Agree the functions identified by officers as potential candidates for a short-term, transitional Shared Service (Appendix C)

(iv) Agree the functions identified by officers as potential candidates for a pan-Cheshire Shared Service (Appendix D)

(vi) Agree the further work required to address the issue of the shared back office (section 3.66)

3.0 Background and Options

3.1 The Shared Services agenda is increasing in importance, both nationally, regionally, and locally. In the last Local Government White Paper – *Strong and Prosperous Communities* – Shared Services were seen as a key component of modern, efficient, sustainable and effective Local Authorities.

The *People and Places* bid recognised this and stated a clear preference for Shared Services where there was a business case for doing so. This report assumes a slightly higher burden of proof in that the two new authorities would only operate shared services where there was a strong business case for doing so.

- 3.2 To move forward with the implementation of the two new Councils, it is vital that clear and considered decisions are made on this issue. Indeed, the Shared Services issue is inextricably linked with subsequent key decisions on operating models, structures, staffing and budgets.
- 3.3 Officers from the East and West Joint Implementation Teams(JITs) (comprising the Chief Executives from all 7 Authorities and Block Leads and other relevant officers) have recognised that an issue of this importance requires a principled and evidence based approach which seeks to enhance benefits and minimise risks. This has been achieved in three ways. Firstly, six common principles have been identified to set a consistent corporate framework for determining the design and delivery of any Shared Services. Secondly, three potential models of governance have been identified and put forward as the basis of further consideration. Finally, a number of functions have been identified as potentially suitable for a Shared Service. These have been evaluated against consistent criteria and the majority have been rejected on the basis that while a case could be made for a Shared Service, the business case is not sufficiently strong. This leaves a shortlist of functions where a strong business case can be made. The three key pieces of work are explored in further detail below.
- 3.4 Key Shared Services Principles
 - 3.41 During discussions, six key principles have emerged which officers have identified as central to the successful design and delivery of a Shared Service. They are as follows:
 1. Cheshire East and Cheshire West & Chester will be two new authorities with their own objectives, priorities and identities. Shared Services should, therefore, be selected carefully. They should be chosen to allow the new Authorities to concentrate on their core priorities and transformational objectives while securing value for money for the taxpayer.
 2. There is a presumption that Services will be split between West and East Cheshire unless there is a strong business case for the establishment of a Shared Service or a short term transitional requirement.
 3. Shared Services must deliver clear efficiencies and / or genuine improvements to performance to the mutual benefit of Cheshire East and West and other potential partners.
 4. Shared Services, both individually and collectively, should be underpinned by a clear and equitable sharing of assets, liabilities, staff, decision making, benefits and risks between West and East Cheshire. This,

for example, may involve the Lead Authority roles being allocated broadly equally between East and West Cheshire.

5. It is recognised that Shared Services arrangements need to be flexible in order to support change and new opportunities. Any arrangement must be subject to regular review and the freedom to end the relationship or develop it to include other partners and providers is essential.

6. Shared Services will be new functions created specifically to meet the needs of the new Authorities and their partners.

3.5 Governance models

Authorities developing a shared services agenda have recognised as a fundamental principle that there is no common solution for all authorities. Each must develop, in conjunction with partners, a model which achieves the desired outcomes locally.

3.51 Thus a variety of solutions have been developed including, for example:

- (i) collaboration between authorities on strategic policy e.g. Joint Planning Committee
- (ii) collaboration between authorities on use of assets e.g. sharing of depots
- (iii) joint service delivery between local authorities e.g. internal audit and building control and between local authorities and other public sector bodies e.g. health and social care
- (iv) joint procurement/management across a range of public sector bodies e.g. business services
- (v) outsourcing by contract, franchise or joint venture eg revenues and benefits, ICT
- (vi) joint procurement and operation of waste solutions for both collection and disposal and in some cases, both.

3.52 In each situation it has been necessary to put in place an appropriate legal model and again, these have varied according to particular circumstances and the requirements of the parties. There is a need to seek out and learn from best practice elsewhere. This can demonstrate how it can be done and provide assurance that concerns regarding joint arrangements can be addressed by appropriate governance arrangements.

3.53 Whenever sharing arrangements are made, each Council remains subject to its own best value duty (the duty to make arrangements to secure continuous improvement) under s 3 of the Local Government Act 1999 so it must have arrangements in place to ensure discharge of the duty even if service delivery is subject to discharge arrangements with others. Each

authority must also have its own arrangements for responding to its inspection regime.

- 3.54 Three core governance models are recognised by law and in particular applications a variation or combination of the models is often employed. The core models are:

- (i) Contractual model
- (ii) Constitutional model
- (iii) Corporate model

- 3.55 These three models are not mutually exclusive and a hybrid model is possible, for example a Joint Committee governing a contract etc. Models can also develop into new models over time, for example the constitutional model could develop into the corporate model. The corporate model is more suitable for trading on the competitive market with other parties; however, this can be a feature of the constitutional model. The legal issues in relation to shared services are relatively straightforward. The judgement comes in deciding what an authority or authorities want to achieve what is feasible within the timescales available and what will work for them. It is essential that the strategy is agreed first, so that the intended direction of travel is clear; and then the most appropriate way of achieving that strategy legally can be determined. A common pitfall is to seek to choose a path without sufficient exploration of its consequences for that authority, thereby imposing a solution that will not work. The requirement for any solution to actually work on the ground for the Authorities involved cannot be overemphasised. Further details of the three models and the advantages and disadvantages of each are set out in Appendix A.

3.6. Functions identified as candidates for a Shared Service.

- 3.61 During March/April 2008, Service Managers from all 7 Cheshire Local Authorities participated in a common baselining exercise. This identified 617 service delivery functions within the existing Authorities. For the overwhelming majority of these functions, operational and/or strategic factors clearly determined that the functions should be delivered as two separate units for the East and West Unitaries.
- 3.62. However, for approximately 60 functions Service Managers indicated that a Shared Service may be appropriate. This 'bottom-up' assessment was subject to a 'top-down' appraisal by officers of the JIT. Of the 60 functions, 37 were identified as likely to be core to the objectives and transformational priorities of the new Authorities. It was recommended that these functions were on balance not suitable for a Shared Service (see Appendix B).
- 3.63 For the remaining 23 functions further information was required. A common template was therefore devised (centred around the DCLG national criteria of Affordability; Partner and Stakeholder Support; Strong, Effective and Accountable Strategic Leadership; Neighbourhood Empowerment and Flexibility; Value for Money and Equity; and Achievability) to objectively assess each potential model. These criteria complement the underlying

Shared Services principles outlined in section 3.41. In the more complex areas, assessments have been supplemented by supporting material to outline more comprehensively the issues involved.

3.64. The outcome of this work was reviewed by officers at a series of these Joint Implementation team meetings during April to July. These meetings have attempted to look at as many of the functions as possible within the time available. However, the list below is not exhaustive and other areas of potential collaboration will be identified and require consideration by Members at a future date (for example the Highways and Vehicle Maintenance Contract, Road Safety, Information Management etc). For each Service area individual business cases and supporting evidence (including the common template referred to in paragraph 3.63) has been produced and are available to Members on request. The outcomes fall into 2 broad categories:

- i) **Transitional Arrangements** – Given the very short timescale that we are facing in Cheshire to establish the new Unitaries, there are some pragmatic reasons why a limited number of services which are currently pan-Cheshire may need to remain so, at least for Day 1. Thirteen of these existing functions were identified. They are outlined in more detail under Appendix C.
- ii) **Functions Recommended for a Shared Service** – These are the 10 functions where officers from all Authorities are collectively recommending establishing a single pan-Cheshire service. In each circumstance, the reason for the decision has been recorded in Appendix D. Furthermore, it is recommended that all the proposed Shared Services arrangements should be subject to a future review, by the two new Unitaries, as soon as possible after 1st April 2009.

3.65 The emphasis officers placed on the need for a strong business case, in line with the principles outlined above (para. 3.41), is evidenced by the following summary table.

Existing Service functions identified across Cheshire.	617
Functions initially identified by officers as potential Shared Services	60
Functions identified by Full JIT as on balance unsuitable for a Shared Service	37 out of 60
Functions identified by Full JIT as suitable for a short term, transitional shared service	13 out of 60
Functions identified by Full JIT as suitable for a pan-Cheshire Shared Service	10 out of 60

- 3.66 The Full JIT have recognised that further work is required to examine the case for a shared back office. This would consist of a Service which would provide a range of support functions taking advantage of optimised working practices and the common IT platform proposed post-transition, the scope likely to include business processes within the operational areas of Finance, Procurement (in particular the "*procure to pay*" element), Human Resources and Information Technology. It is likely that this would be the largest Shared Service across East and West Cheshire. It is therefore recommended that a piece of independent work is commissioned to define the scope and business case for such an arrangement. The recommendations from this exercise would be reported to and approved by a meeting of the Joint Liaison Committee prior to decisions by Executive in Cheshire West and East.

For further information:

Portfolio Holder: Councillor

Officer: Paul Heath

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Background Documents:

Documents are available for inspection at:

APPENDIX A

GOVERNANCE MODELS

- 1.0 *The Contractual Model* - This consists of a formal relationship between two parties underpinned by a formal contractual agreement. The contractual model involves one local authority entering into a contract with another local authority to receive services from it. There is a contractual agreement, which contains contractual terms and is legally enforceable between the authorities involved.
- 1.1 The potential advantages are:
- (i) it is relatively easy to set up;
 - (ii) it clarifies standards, requirements, prices etc from the outset and can be tightly managed if required;
 - (iii) it is familiar and supported by contract law;
 - (iv) it can be combined with an arrangement for secondment or delegation;
 - (v) there is clarity over contractual obligations and remedies;
 - (vi) the power to enter into this type of arrangement is clear under s1 of the Local Authorities (Goods and Services) Act 1970.
- 1.2 The potential disadvantages are:
- (i) it only reflects requirements at one moment in time so is potentially inflexible and insensitive to events or in other words it does not grow and evolve with the parties;
 - (ii) any contract will be subject to the EU public procurement process. Since this involves the award of a contract from one body to another, there will be implications in terms of the need to comply with the public procurement regime. Therefore, the Councils could not award such contracts to each other without competition.
- 1.3 *The Constitutional model* - The constitutional model involves one authority arranging for the discharge of certain of its functions by a committee, sub-committee or officer or by any other local authority. In a shared services arrangement, it would be usual for one local authority to delegate a function to another local authority or a particular committee or officer of that authority. The authority to which a function is delegated can further delegate to a committee, sub-committee or officer. A committee can also sub-delegate to a sub-committee or officer. It is also possible for local authorities that wish to work together to form a joint committee to which they delegate certain functions.

- 1.4 A Joint Committee is usually established where several local authorities agree to discharge their functions jointly. The Joint Committee may delegate its functions to sub-committees or officers in the same way as other committees. The role of the Joint Committee is, in essence, to provide the means by which the local authorities combine into one decision making body to exercise various functions and where appropriate, to relate to contractors/partners in further contractual arrangements. The use of a joint committee will involve the members in addressing political direction and also helps to streamline the decision-making process, as it avoids the need to keep seeking decisions from each individual local authority on every matter relating to the functions that have been delegated to the joint committee.
- 1.5 A Joint Committee is still an unincorporated arrangement. It does not create a separate legal entity (although you can create a separate 'identity' for it) and so it cannot hold property or contract in its own right. Therefore, it is usual for there to be a lead authority which enters into contracts on behalf of others. Staff could be employed on behalf of the Joint Committee by the relevant lead authority for personnel and staffing matters or seconded from participating authorities. There is also an opportunity for the authorities to retain their powers to do other things in relation to those functions i.e. exercise their powers concurrently. An agreement usually regulates how the authorities will work together.
- 1.6 Rather than establishing a Joint Committee to discharge functions, by or on behalf of a number of authorities, local authorities may collaborate by delegating a function directly to another authority pursuant to s101(1)(b) of the Local Government Act 1972 or s19 of the Local Government Act 2000, where executive functions are involved. That authority may then arrange for the discharge of those functions by a committee or officer, or the Cabinet or an executive member or officer where executive functions are involved. The relationship between such a "lead Authority" and other participating authorities can then be regulated by agreed processes (e.g. Liaison Committees).
- 1.7 The Councils need to be very clear between them as to the scope of the delegation to any lead Authority such that the Authority/Committee will have both the freedom and flexibility to operate as the Councils would wish, but with clarity over the demarcation of delegated and retained powers and with consistency between all of the constituent councils.
- 1.8 The potential advantages are:
 - (i) can be flexible and cover the full range of local authority functions, or as many functions as the participating authorities agree;
 - (ii) no need for the complexity or cost of a separate legal entity and can delegate full functionality (rather than being limited by powers to delegate to companies);
 - (iii) staff remain local authority employees but can be directed by the Joint Committee/lead Authority under an agreement and seconded into the

arrangements by participating authorities; there are statutory provisions which would allow staff of both authorities to work for each other. Also Section 112 of the Local Government Act 1972 enables local authorities to appoint such staff as they consider necessary for the proper discharge of their functions or another authority's functions which they are discharging;

- (iv) liabilities can be shared as agreed and documented;
- (v) tax transparency and no additional liabilities which could arise with a company;
- (vi) established and understood arrangement;
- (vii) tailored to the public sector and established models of governance;
- (viii) flexible and sensitive to events compared to the contractual model;
- (ix) can provide services to other public / private organisations;
- (x) Arrangements under sections 101 and 102 of the Local Government Act 1972 and sections 19 and 20 of that Local Government Act 2000 do not invoke procurement rules, as constitutional arrangements under public law are put in place.

1.9 The potential disadvantages are:

- (i) can be complex to establish and to secure agreement over how it operates and there is a need for clarity over powers and structures;
- (ii) not a separate legal entity and so unable to hold assets or enter into contracts in its own name (though will act via lead authority);
- (iii) certain authorities may need to take the lead on functions, for example holding money, property and other assets, or entering into contracts which can give the appearance of dominating the Joint/Liaison Committee or exercising greater influence in relation to that function and some authorities see these duties as onerous;
- (iv) no separate legal entity to shelter new or risky ventures at "arms length" from the participating authorities;
- (v) liabilities remain joint and several, as agreed between the parties;
- (vi) potentially bureaucratic but this depends on how set up and operated;
- (vii) may require greater support arrangements e.g. to service meetings etc.;
- (viii) as a joint committee has no independent legal status and cannot contract in its own right this responsibility falls on one of the constituent

councils, which also bears associated liabilities, and which would need appropriate treatment in any formal agreement.

- 1.10 *Corporate model* - Delivery of services can be accomplished by the creation of a new vehicle for the provision of joint services and possible expansion as an alternative to direct management. Limited companies (including whether limited by shares or guarantee or other types of companies such as Community Interest Companies) are private incorporated organisations regulated by the Companies Acts. The Memorandum and Articles of Association are used to define the objectives for which the company is established and its internal rules and regulations together with the role and responsibility of the Board of Directors.
- 1.11 Giving some form of separate legal status to a delivery arrangement could assist the development of shared services. There is some advantage in incorporation, if it is a wish of the participating authorities that the responsibility for providing services should vest in a separate legal entity distinct from one or both of the local authorities involved in the project. However, reputational risk of the authorities concerned cannot effectively be avoided.
- 1.12 The potential advantages are:
 - (i) it would function as a separate legal entity and therefore be able to be an employer and owner of assets. It can enter into contracts and also have limited liability;
 - (ii) if the company widened its agenda and were involved in profit making activities then it could provide for some financial return to the participating councils;
 - (iii) Investment in a company limited by shares can give greater funding flexibility and some tax advantages Third party lenders are often more comfortable lending to a company limited by shares. A company limited by shares (but not a company limited by guarantee, for example) can also form part of a group or consortium with other bodies for tax purposes (allowing valuable losses, which in turn reduce taxable profits, to be surrendered within the group/consortium from loss making entities to profit making entities). This potential tax advantage would only be relevant if third party tax-pay entities are introduced to the corporate model;
 - (iv) As shareholders will be part owners of the company, each shareholder will benefit from any increase in value of the shares; and, depending on market conditions, the company can ultimately be sold to obtain a capital receipt;
 - (v) Profit can be distributed by the payment of dividends;
 - (vi) the liability of each member is limited, thereby protecting the members financially;

- (vii) A limited company is a separate legal entity independent of its members which can, for example, hold assets and enter into contracts in its own name and therefore changes in membership do not affect its existence or the status of its contracts;

1.13 The potential disadvantages are:

- (i) A local authority cannot delegate a function to a company in ordinary circumstances (the *Credit Suisse v Allerdale* case). There are some limited exceptions to this rule, such as a designation pursuant to the Deregulation and Contracting Out Act 1994. This means that a company can only effectively provide a service.
- (ii) Companies are subject to a large body of statutory regulation under the Companies Acts, such as the requirement to file information and documentation with Companies House;
- (iii) There is a need to avoid unlawful state aid (ie favouring your company over others) and this can be an uncertain area of EU law at times; this may particularly arise where the Company seeks to have the financial security of its operations underwritten financially by the Councils involved;
- (iv) Directors have duties to companies to act in the best interests of the company and this can lead to conflicts of interest with their duties as members or officers; these responsibilities can also lead to personal liability for breach;
- (v) Lack of tax advantage given that a company itself is assessed to tax and a local authority is not; A company (whether limited by shares or guarantee) will pay corporation tax on any profit (based on its accounting profit on its trading activities) and any chargeable gain (to the extent that it realises a gain on the disposal of any investment asset). A company will also pay stamp duty land tax when it acquires any chargeable interest in land or buildings (whether from a member/shareholder of the company or from any third party), potentially by reference to the market value of such land or buildings, rather than the price actually paid, if acquired from a member/shareholder. A partnership vehicle with its own distinct legal personality which is transparent for tax purposes (such as a limited liability partnership, for example) may avoid such tax disadvantages and may indeed be beneficial given that local authorities are not charged to corporation tax. It is understood that there are other non-tax issues surrounding partnership structures involving local authorities and they would need to be considered further. Indeed partnerships with their own distinct legal status (as opposed to "partnerships" in the wider sense of the word, such as constitutional arrangements) are not one of the governance models provided for in this paper, but are simply referred to in this paragraph in order to highlight the tax disadvantage of using a corporate entity."

- (vi) the residual provisions of Part V of the Local Government and Housing Act 1989 which require accounts and records to be in the public domain would still apply;
- (vii) A local authority cannot give work to a company of which it is the owner without complying with the EU public procurement regime. This is because of the company's status as a separate legal entity. There are few exceptions to this rule, the major one being the Teckal exemption.
- (viii) The Teckal exemption allows a public body to award contracts to its own in-house, public sector, company provided two conditions are met. The first is that the company is subject to the same or a similar level of control as an in-house unit would be. In other words, the normal discretion given to directors to trade etc would need to be curtailed and controls included over the strategic and operational direction of the company. The second condition is that the company must operate so that it provides the essential part of its services to the member/shareholders. Again this is a restriction on wider trading activity. After all, the EC is saying that if the company is genuinely an in house unit in a corporate envelope, then it should not be covered. However, the law is very alert to any attempt to avoid the public procurement rules using this route. As the recent London Authorities Mutual case also demonstrated, this is a quickly evolving strand of EU law. *R v Risk Management Partners Limited ex parte The Council of the London Borough of Brent and the London Authorities Mutual Limited and the Council of the London Borough of Harrow* (Case CO/4667/2007)

Conclusion

- 1.14 The legal issues in relation to shared services are relatively straightforward. The judgement comes in deciding what an authority or authorities want to achieve what is feasible within the timescales available and what will work for them. It is essential that the strategy is agreed first, so that the intended direction of travel is clear; and then the most appropriate way of achieving that strategy legally can be determined. A common pitfall is to seek to choose a path without sufficient exploration of its consequences for that authority, thereby imposing a solution that will not work. The requirement for any solution to actually work on the ground for the Authorities involved cannot be overemphasised.

APPENDIX B

FUNCTIONS WHERE THE FULL JIT DECIDED THE BUSINESS CASE FOR A SHARED SERVICE WAS NOT SUFFICIENTLY STRONG.

- Property Services (including Facilities Management)
- Risk Management
- Insurance
- Cheshire Business Services:-
 - i) Catering
 - ii) Cleaning
 - iii) Office Services

Note CBS Supplies - see under "Procurement" (See App D ref. 17)
- Research and Intelligence
- Customer Services / Contact Centre / Customer Access (but exploring potential of common infrastructure)
- Teachers' Pensions
- Professional HR (including Employee Development and the Schools Consultancy Service)
- External Funding
- Revenues & Benefits (moving from 6 systems to 2, but retain longer term option to move to one common solution)
- Finance (Professional Advice)
- Audit
- Legal and Democratic
- Third Sector and Community Development
- Registration Services
- Specialist Teachers and Educational Psychologists
- Generic Safeguarding Units
- Lifelong Learning
- Arts and Museums (but retain Rural Touring Network as a pan-Cheshire service - grant-funded by Arts Council England)
- Libraries (but see proposal to aggregate Libraries Specialist and Support Services) (See App D ref. 20)
- Local Land Charges
- Trading Standards (with a need to develop a Public Protection and Regulatory Services Function)
- Public Rights of Way
- Homelessness Advice
- Air Pollution Control
- Planning Control
- Building Control
- Economic Development and Regeneration
- Streetcare and Parks
- Streetscene
- Food Safety, Health Promotion and External Health & Safety
- Community Safety Wardens
- Pest Control
- Dog Warden Services
- Local Safeguarding Children Board

- Transport Co-ordination - Local Delivery of Infrastructure (e.g. Bus Stops etc).
- County Farms

APPENDIX C
TRANSITIONAL ARRANGEMENTS

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
1	Inclusion and Education (including School Improvement, Extended Schools, Healthy Schools and Parent Partnership)	22, 153	230.6 (plus 6 fte Extended Services Locality Co-ordinators, 4 fte for Healthy Schools and 4.43 fte for Parent Partnership)	County	Retain current arrangement until new academic year (Sept 09) then disaggregate	Disaggregation for September 09 would ensure continuity of monitoring, support, challenge and intervention for the academic year without disruption to schools	Linda Brown
2	Autism Support	441	12	County	Retain as a single pan-Cheshire service until August 2011 and then review	This is a small specialist team. Splitting the team would result in a team too small to function with all the required and necessary component specialist skills and expertise to deliver the core function. The National Autism Society has made representation on keeping this team together (they hold this team in very high regard). During the next 2 years, conduct an overview of level of need of children with ASD and advise regarding appropriate placements and the future development of provision.	Linda Brown

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
3	Service for the Sensory Impaired	TBC	33	County	Retain as pan-Cheshire service until Sept 11 then disaggregate	Very specialised service. Training of new staff for split East and West teams will take 2 years before resources will be adequate to operate two separate services.	Linda Brown
4	Urban Traffic Control Unit	835	6	County	Retain as a single pan-Cheshire service for 1 year whilst exploring a longer term solution	Day 1 Service delivery risks are too great to justify disaggregating this arrangement in Year 1 but options will be explored for longer term service delivery	Steve Kent
5	Highways and Geotechnical Laboratory Service	238	12	County	Retain as a single pan-Cheshire service for year 1 but review future options for service delivery	This Service is dependant on having testing equipment, which is currently housed at Backford Hall (Chester) and in the short term, it is only possible to provide this from one site. Therefore, this proposal is brought forward to ensure the continuing viability of the Laboratory and the UKAS accreditation on which it relies for most of the work it undertakes. Any reduction in the volume of testing undertaken could threaten the ability of the Laboratory to retain its accreditation. However, it is proposed that the provision of this Service is subject to a more fundamental review in early 2009.	Steve Kent
6	Transport Coordination Incorporating the planning, scheduling, procurement and provision of: <ul style="list-style-type: none"> Concessionary Fares Scheme Public Transport Network Management 	50, 000	TBC	County	Retain as a pan-Cheshire service for the medium term (2 years) as an interim solution to ensure service continuity beyond vesting day. During 2009/10 a more detailed analysis of alternative service delivery options will be undertaken,	A transitional arrangement will support: <ul style="list-style-type: none"> A seamless transition for service users. A poorly managed transition could damage organisational reputation and have an adverse impact on the lives of a large proportion of residents Consistency with the timescale 	Greg Yates

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
	<ul style="list-style-type: none"> Statutory Home to School Transport SEN Transport Adults and Older People Looked after Children 				enabling Unitary Authorities to make a decision on the long term solution.	<p>proposed for reviewing school transport policy</p> <ul style="list-style-type: none"> Allows time to respond effectively to national changes such as Local Transport Act, the national Concessionary Fares Scheme, the personalised social care agenda 	
7	Childcare strategy	<p>10,772 (Nursery Education Grant DSG)</p> <p>3,679 Maintained Nursery Unit budget (DSG)</p> <p>65 (DSG budget for retained functions)</p> <p>1, 887, Sure Start Early Years and Childcare Grant</p> <p>11 Other Grant</p> <p>TOTAL REVENUE</p>	20.22 (in addition 0.4 fte Grade 5, 0.2fte Grade 10 and 0.5 fte CFO staff and 0.4fte Grade 11 Legal working on NEG & legal aspects of strategy)	County	<p>Recommended functions should be disaggregated using a phased approach from April 2009 until March 2011. The proposed timetable is as follows:</p> <p>1st December 2008</p> <ul style="list-style-type: none"> QA+ ICT system disaggregated so that each Authority has a separate system initially operated by a collaborative team <p>1st April 2009</p> <ul style="list-style-type: none"> Disaggregation of business support services for childcare providers. Single pupil count introduced for maintained nurseries and PVI settings on a collaborative basis. Disaggregation of Cheshire's existing Childcare Sufficiency Assessment to provide 	<p>This will allow the level of implementation and transitional costs (which could otherwise be significant) to be minimised and reduce the risk of disruption to service users arising out of the disaggregation of complex systems and processes. Service disruption risks include:-</p> <ul style="list-style-type: none"> Failure to deliver correct payments to 400+ nurseries across Cheshire to provide the statutory early years entitlement to three and four year olds. Failure to maintain a strategy that will retain and develop the provision of childcare in disadvantaged areas, where childcare providers need additional support to sustain provision, leading to adverse outcomes for vulnerable children and families. Failure to meet statutory requirements and targets for childcare sufficiency and the Early Years Funding Reform 	Sue Egersdorff

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
		BUDGET 16,414			<p>separate data for each 1st September 2009 –</p> <ul style="list-style-type: none"> • Introduction of 15 hour free entitlement to 25% most disadvantaged in each Authority. <p>1st April 2010 –</p> <ul style="list-style-type: none"> • Single funding formula implemented and administered by a collaborative team (although each Authority may use differing formulas). Separate Childcare Sufficiency Assessments carried out by each Authority and reviewed / implemented on a disaggregated basis. <p>1st September 2010 –</p> <ul style="list-style-type: none"> • Extension to universal 15 hour free entitlement for all 3 and 4 year-olds <p>By 1st April 2011 –</p> <ul style="list-style-type: none"> • Childcare strategy systems and processes fully disaggregated – including administration of early years entitlement by separate teams. 	Programme.	

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
8	Children's Centre Development Programme	424 Sure Start Early Years and Childcare Grant (SSEYC) Grant	7 (includes dedicated support from legal and finance)	County	This is the first year of the third phase of a seven year (2004-11) children's centre development programme. The capital grant allocated by the DCSF for the third phase (2008-11) is £6.2m. The recommendation is to retain a single project management team for the delivery of the remainder of the programme.	<p>The Children's Centre Development Programme is the mechanism adopted by Cheshire County Council and endorsed by the DCFS to meet the local authority's statutory duties under Sections 1-5 of the Childcare Act 2006. Completion of this Development Programme and subsequent handover will enable the new Authorities to fulfil these statutory duties. Ability to deliver the Children's Centre agenda is viewed as a key indicator of Children's Services performance. Disaggregation on day 1 would carry the following risks:</p> <ul style="list-style-type: none"> • Inability to recruit the necessary expertise to establish a second programme team within required timescales, creating the risk of clawback of grant on the basis of non- or delayed completion of projects. • Dislocation and disruption likely to seriously jeopardise the ability to monitor and control project costs. • Lack of expertise in either team will hamper the ability to value engineer programmes to ensure that budgets are met, or are met without compromising quality in critical areas. 	Sue Egersdorff

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
9.	School Admissions	400	12	County	<p>A phased approach to disaggregating this service is recommended based upon the following timescales:-</p> <ul style="list-style-type: none"> For the continuation by both Shadow Authorities of the County Council's school admissions team until 31 August 2009 with phased disaggregation between April 2009 and 1 September 2009 at the earliest; The Admissions Policy (scheme and arrangements) already in place for 2009 to remain; The shadow authorities to be the statutory bodies consulting on proposed policies for September 2010 (before consultation within the relevant area; The establishment of two admission forums in September/October 2008 to advise each LA on matters to consult on (policy and relevant area etc) for 2010 and other admissions issues. 	<p>School Admissions is one of the most sensitive and high profile services that a local authority provides. Members may recall the extensive national publicity earlier in the year when parents of children transferring to secondary school this September received their offers of a secondary school place. Allocations of primary school places can be similarly sensitive, given the constraints imposed by infant class size legislation. This is a very complex service area bound by statute and with strict statutory timescales which must be adhered to. There are long lead-in times (almost two years) for admissions to any given academic year. Given the complexity, the attached report is rather lengthy, although only key issues appear in the paper. Therefore, the phased approach is recommended in order to ensure a safe and seamless transition to Vesting Day (without incurring significant transitional costs or giving rise to complaints and objections about maladministration and failure to apply determined arrangements). Both new LAs will need to review their future staffing structures well before disaggregation in order to recruit and fill any senior vacancies well before September 2009</p>	Louise Rees

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
					<ul style="list-style-type: none"> Both new LAs need to agree the approach to redefining Relevant Areas. CCC advice is for both shadow LAs to use the current RA (pan-Cheshire) for consultations in early 2009 on the draft 2010 policy – and to consult on changing the RA at the same time. If both LAs want to change their RA now in time for separate East/West consultations on the 2010 draft policy in early then we would have to follow the timeline of tasks and decisions as set out below: September 2008 – Cheshire County Council brings a report to the current pan-Cheshire Admissions Forum for it to advise the Shadow LAs on what new Relevant Areas the shadow LAs should consult on (we will have to use the current Forum as the new Forums will not be set up by this date); October 2008 (15th and 		

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
					<p>7th) – Implementation Executive and Cabinet approves the new Relevant Areas for consultation;</p> <ul style="list-style-type: none"> • November 2008 – Both Shadow LAs hold statutory 30 day consultations on those proposed areas. • Early December 2008 - The new Admissions Forums for CWC and CE (which should be set up by Nov 08) can review the outcomes of the consultation and advise their Shadow LA on what RA to approve. • By end December 2008 Each Shadow must approve the new RA so that 2010 admissions policy (scheme and arrangements) can go ahead. • Each Shadow must approve the new RA so that 2010 admissions policy (scheme and arrangements) can go ahead. Once the RA is redefined, thereafter, 		

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
					(ie for admissions for September 2011) only admission authorities within the revised and determined 'relevant area' will need to be consulted.		
10.	School Transport Policy (meeting statutory duties and powers in relation to school and college transport)			County	To retain for the remainder of the academic years 2008/09 and 2009/10 of the current school and college transport policies which are in place for the start of at the Academic year (i.e. September 2008).	<ul style="list-style-type: none"> • Linked with the phased disaggregation of school admissions (ref. 9), and transport coordination (ref. 6). • An interim solution to ensure continuity of Service beyond vesting day. • A need for public consultation and decision well in advance of the start of the academic year (i.e. prior to the school admissions process for that academic year) where major policy changes are considered to policies for future academic years. 	Louise Rees
11.	Student Finance	354	13	County	Retain current single pan-Cheshire service until function is transferred to a national body	Over the next few years this Service is moving to a national function to be delivered by an independent loan company. Therefore, this Service is being downsized as responsibilities transfer away from the local authority. Pragmatically, it is recommended that the current Service model is retained until the national transfer is completed.	Louise Rees

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and / or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
12.	Support Services for Schools from April 2009	The annual income from schools from the SBSA is approximately £3.7m East and £4.0m West	TBC	County	Maintain existing service provision to 31 August 2009 and for the two authorities to then consider separate SBSAs for their schools subject to other decisions taken in relation to the provision of shared services and/or any separation of current CCC services between the two authorities.	<ul style="list-style-type: none"> Seamless transition of support for schools with minimal disruption for clients. Maintenance of income levels for new authorities. Maintaining confidence in existing School Business Support Agreement at a time of great uncertainty – failure to do so would jeopardise buy back and income within new authorities and cause a funding gap. 	Louise Rees
13.	Outdoor Education Service	-50	54	County	To retain current arrangements with one Authority as the host for 1 year whilst longer term options are explored (including establishing a company limited by Guarantee with Charitable Status)	The Outdoor Education and Residential Service deliver non statutory services to predominantly Cheshire schools on a full cost retrieval basis. Retaining current arrangements will provide the time required to explore alternative models of service delivery including establishing a company limited by Guarantee with Charitable Status.	Andrew Finnegan

APPENDIX D

FUNCTIONS RECOMMENDED FOR PAN-CHESHIRE SHARED SERVICE

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
14.	Pensions	Recharged to Pension Fund	32	County	Single pan-Cheshire Service (currently based in the West)	This decision has previously been agreed with DCLG and the independent Pension Panel.	Bill Tunncliffe
15.	Civil Protection / Emergency Planning (including approach for Critical Incident Response Team)	483	8	County and District	To recommend that a joint emergency team is established with effect from 1 April 2009 and that Cheshire East and Cheshire West and Chester Councils make a commitment, in the longer term, to exploring joint working with the other Cheshire unitary authorities and possibly other members of the Cheshire, Halton and Warrington Local Resilience Forum.	This recommendation is made recognising the scale of the task required to deliver a resilient emergency planning function for Cheshire East and Cheshire West and Chester Councils by 1 April 2009 and after an analysis of the risks attached to each potential service delivery option. Emergency Planning is a very specialist area of service delivery and one where there is a national shortage of qualified and experienced staff. Slightly larger teams enable staff to develop specialisms which assist in the response to increasingly complex and demanding legislation.	Martin Smith

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
16.	Occupational Health	200	12.5	County and District	Single pan-Cheshire Service	Retaining a pan-Cheshire service minimises the risk on Vesting Day as it would take little extra effort to incorporate the work of Vale Royal and Macclesfield employees into the Cheshire-wide OHU. Conversely, there is a high risk in terms of losing staff and contracted occupational physicians as they are a scarce resource in the region, loss of external clients and difficulty in dividing these two ways and increased costs in splitting up the service before 1 st April 2009 without a thorough review.	Elizabeth Squires
17.	Procurement including:- i) Sub-Regional Procurement Hub ii) Common Oracle i-procurement solution iii) CBS Supplies	Strategic Procurement: 277 CBS Supplies: 4,500 approx. turnover p.a / 137 net profit	Strategic Procurement 9 44	County and District	To establish a pan-Cheshire Procurement service and retain the pan-Cheshire CBS Supplies service in conjunction with the development of Sub-Regional Procurement hub (incorporating Warrington BC and the Fire Authority)	The regional and national agenda (National Procurement Strategy, Gershon, Comprehensive Spending Review etc) is encouraging local authorities to maximise value for money from improved procurement. This involves maximising our purchasing power through a strategic and corporate approach to supplier management and increasing the scale of collaboration across local authorities and other public sector partners. Substantial progress has been made in collaborating on corporate contracts, sharing common electronic supplier marketplaces and streamlining	Bernadette Hurst

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
						the electronic procurement process (both internally and externally with suppliers). These opportunities are best exploited through increasing collaboration and pooling the limited procurement resources available into one pan-Cheshire procurement team.	
18.	Archives (e.g. a single records office) and local studies	542	22	County	Single pan-Cheshire Service	<ul style="list-style-type: none"> The maintenance of the Archives and Local Studies Service as a single Service will be the most cost effective way of continuing this function in Cheshire West and Chester and Cheshire East. The estimated cost of establishing a new Record Office in Cheshire East if the Service was disaggregated is in the region of £6-8 million. It should be noted that Halton and Warrington currently buy in to the Service. DCLG regulations pertaining to the Transfer of Property Rights and Liabilities prohibit the separation of historical collections. It was stated in the two Unitary bid that this Service would be retained on a pan-Cheshire basis 	Guy Kilminster

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
19.	Youth Offending Team	1259	45	County	Single pan-Cheshire Service	<ul style="list-style-type: none"> • Several key Criminal Justice Board partners have a footprint across an area covering Cheshire County Council, Halton MBC and Warrington MBC. • The creation of two YOTs would duplicate some of the support that is required and place undue pressure on partners. • Halton and Warrington already operate a joint YOT. • It would be more costly to operate 2 YOTs. • The existing YOT is very effective and high performing. Risks of service failure or reduction in performance are minimised in a single YOT model. • Internal reorganisation of the YOT will endure coterminousity with the boundaries of the new authorities. 	Anne Goldsmith

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
20.	Libraries - Specialist and Support Services	3467	79	County	Single pan-Cheshire Service for <ul style="list-style-type: none"> • Bibliographical Services • Library Management System • Peoples Network • Administration and Transport • Social Inclusion • Education Library Service • Business Information Service • Virtual Learning Resources • Community Information Provision (LINC) 	<ul style="list-style-type: none"> • The proposal would ensure continuity and keep costs down. • If the Services are split on vesting day there will be neither time nor sufficient resource to create an infrastructure for Cheshire East and there will insufficient resource to maintain the existing infrastructure in Cheshire West and Chester. • Viability of some specialist services e.g. Education Library Service will be called into question as the customer base will be too small to sustain them if split. There could also be a loss of income for services such as the Business Information Service. • Supports retention of partners such as schools, Business Link, Chamber of Commerce, Age Concern. • Provides greater certainty, reassurance, resources and capacity to the new frontline Library Services. • Further time would be provided for considering long term service delivery options 	Guy Kilminster

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
21.	Emergency Out of Hours Service (responding to Social Care emergencies for children, adults and older people that cannot be left to the next working day).	553	9	County	Single pan-Cheshire Service	<ul style="list-style-type: none"> The current model provides a cost effective service across what will be the two new authorities. Separating the service between the two authorities would add considerably to the costs of providing statutory services out-of-hours by about £300k. The service has expertise in risk management for vulnerable children and adults. At a time of significant change it is sensible that a service to the most vulnerable should be robust and secure. The service is available from 4.30pm to 9.00am weekday nights, all of Saturday and Sunday and Bank Holidays. Total staffing is 8.5FTE plus standby and pool workers. The service processes approx 8,000 referrals, 25,000 phone calls and attends approx 1700 assessments / tasks per annum. Given the highly specialised nature of the service and the risk issues dealt with, it is not appropriate for any contact centre arrangements to take on this role. 	Tim Mann

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
22.	International Unit	170	3.5 FTE (plus 1 temporary FTE)	County	Whilst it is proposed that the External Funding unit is disaggregated, the recommendation is to retain a pan-Cheshire EU funding and policy advice section and that a shared international office is retained in Brussels.	The business case for retaining external EU funding and policy advice is evidenced through the success at attracting additional funding sources into Cheshire. For example, EU Programme 2000-2006 brought £48m into Cheshire and in 2007-08 External Funding of £43m (including £4m of EU funds). Potential future funding is substantial – the EU Programme 2007-2013 incorporates £310m of European Regional Development Fund and £357m European Social Fund for the North West (excluding Merseyside). However, this is a very specialised area which benefits from strong, collective working at the regional and sub regional level for both officers and Members. Disaggregating this Service risks weakening Cheshire's ability to attract these funding sources. It is also proposed to retain the Brussels office – the accommodation running costs are £19k p.a. but is more than offset through Service Level Agreements of £30k and with external partners (such as Cheshire Fire & Rescue, Police and European Commission) and is vital in raising the profile for Cheshire in attracting European	

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
						funding and supporting trans-national agreements for funding, exchanges and promoting business.	
23.	Waste Disposal Contracts (Landfill, household waste recycling centres) and Waste Treatment PFI Contract Procurement	30394	8	County	Single pan-Cheshire Service	<p>The Cheshire Waste Partnership has developed a Household Waste Management Strategy to ensure that waste disposal within the county can take place over the long term within landfill allowances. The principal element of the Strategy is the procurement of a PFI contract for new waste treatment facilities under the EU Competitive Dialogue process, which is at an advanced stage. The range of competitive proposals submitted all provide for a single countywide solution and cannot be split geographically into two.</p> <p>Defra has indicated that the PFI credits are allocated jointly and that it expects joint working between the Authorities to procure a satisfactory solution to continue. The waste treatment contract will provide a single county solution and is incapable of division.</p> <p>The financial consequences of not finalising this procurement are severe. It is estimated that the</p>	Harold Collin

Ref.	Service	2008/09 Approx. Net Revenue Budget (£ 000s)	2008/09 FTE (approx)	County and or District function	Recommended Service Delivery Model	Reason for Decision and supporting Evidence	Current Lead Officer
						<p>new Authorities would incur estimated additional costs of at least £175 million over the next 25 years (£7m p.a) if the PFI procurement is aborted.</p> <p>It is proposed that the PFI Contract should continue and that the PFI Project Team be kept together post vesting day to complete and manage the contract.</p> <p>The Disposal (Landfill) and HWRC Contracts are also current countywide contracts. There are clear synergies with these contracts and the PFI Waste Treatment project. In addition, re-negotiating these contracts would incur a significant cost. It is therefore proposed that a single pan-Cheshire unit be established to continue to manage the contracts.</p>	

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CHESHIRE EAST**Cabinet**

Date: 12 August, 2008
Report of: People
Title Residential & Nursing Contract

The decision on this matter falls within the definition of a key decision and would normally be expected to be included within the Forward Plan which is published monthly and includes details of key decisions to be made during the four month period ahead. However, this decision can still be made where the procedure contained in Rule 12 of the Access to Information Procedure Rules in the Constitution has been followed. This provides that where the decision has to be taken by such a date that it is impracticable to defer the decision until it can be included in the next Forward Plan, the Monitoring Officer must inform the Chairman of the Scrutiny Committee of the matter to which the decision is to be made, copies of the notice have been made available to the public at the shadow council's offices, and at least five clear working days have elapsed since the Monitoring Officer has complied with those obligations. In this case, the necessary procedure has been followed, and accordingly, the Cabinet may take the decision.

1.0 Purpose of Report

- 1.1 To set out the recommendations for managing the contract for residential & nursing care for adults and older people which is due to expire on the 11th April 2009.
- 1.2 To highlight issues relating to the operation of the contract and in particular the availability of supply at current contract rates and the work in hand to assess the service and financial implications
- 1.3 To note that a further report will be presented in September on the service and the financial impacts of current contract rates on the available supply of service.

2.0 Decision Required

- 2.1 Notice must be given to Providers of any proposed extension by the beginning of October 2008, therefore two decisions are needed by the end of September
 - I. Whether to agree in principle a 2 year extension
 - II. What the contract rates and pricing mechanism should be under the extended contract
- 2.2 Given that the information regarding the review of contract rates will not be available until the end of August this issue will need to be taken to the appropriate decision makers now for an agreement in principle to the extension and then again in September for an agreement on the contract price. **A route needs to be agreed now for the two parts of the decision to be made by the end of September in order to comply with the contractual obligation to give notice to the Providers**

3.0 Background and Options

- 3.1 Cheshire County Council purchases the vast majority of residential and nursing care for adults and older people via a residential and nursing care home contract. The contract is due to expire on 11th April 2009 but includes terms to allow for the extension of the contract for up to two years on similar or changed terms. **Providers must be given six months notice of changes to the contract i.e. by 11 October 2008**
- 3.2 The Contract represents one of the County Council's largest single contracts providing care home placements for 2,400 people at a gross cost of £51.5m per annum. It operates jointly in conjunction with Central and Eastern PCT and West Cheshire PCT in relation to Nursing Home provision.
- 3.3 The contract sets out the specifications for the standards of services required, and the fee rates for 'standing offer' care home placements. Standing offer fee rates apply to the majority of care home placements purchased for older people in Cheshire.
- 3.4 The contract, and associated fee rates also provide a mechanism for identifying areas of need for care and influencing the gearing of the private and independent markets towards the meeting of these needs
- 3.5 In normal circumstances, a new contract would now be in the process of being discussed, consulted upon and agreed. This would involve Cheshire County Council officers and Members, PCTs, and representative residential and nursing home providers.
- 3.6 On the 1st April 2009 the present contract will automatically be assigned to the two new Authorities by operation of contract and the contracted services disaggregated. Each successor Authority will need to take decisions regarding the future commissioning of these services. However there are a number of factors which suggest that the development of a new contract at this time would not be appropriate and that a contract extension may be the preferable option. These factors include:
- The PCTs favour a continued joint contract
 - The PCTs have already indicated that they will move their boundaries to align with the new local authorities but this re-alignment will not be completed until April 2010
 - Members will be aware of the significant work being undertaken in relation to Social Care Redesign and the move to Individualised Budgets and Self Directed Support. These initiatives are in their infancy and the likely impact on the purchasing of care home placements is as yet unknown but will become clearer in the next six months.
 - The County Council is experiencing difficulties in securing sufficient providers willing to provide services at the contract rates. Work is in hand to identify the scale of this problem and the financial implications of varying rates to retain providers in this critical market. This work will need to be

completed to inform any future tender for a new contract but is unlikely to be completed in time to allow for a re-tender by 31 March 2008. A further report will be presented to Members on the impact of this work along with options for the way ahead.

3.7 A two year contract extension is preferred because it allows sufficient time for the following:

- a full review of the existing contract including consultation with care home providers
- greater consideration of changes in contracting practice for example the use of quality premiums
- opportunities for other developments to have an impact e.g. individualised budgets which may influence the demand for residential and nursing care
- time for new local authorities and PCTs to become established and to consider their preferred approach to the local market
- a full re-tendering exercise to be carried out prior to the re-letting of the contract in 2011

4.0 Implications for Transitional Costs

4.1 There are no implications for transitional costs

5.0 Financial Implications

5.1 Decisions have not yet been take as to how the current budget will be split but current contract costs can be split between Cheshire West & Chester and East Cheshire (using current contract prices and activity) as shown in the table below.

Table 1: CCC 2008-9 Budget/ Current Costs

	CW&C	EC	Total
	£000	£000	£000
Current contract cost (2007-8 base)	24,797	26,762	51,559

5.2 The budget for this contract will be one part of the wider discussions on disaggregating the total budget for services to adults and older people (circa £230m gross in 2008-9)

5.3 Under the terms of the contract the Council pays for services at agreed rates which are subject to annual inflation based on a basket of indices set out in the contract. Work is in hand to assess the likely increase in costs for 2009-10 using these indices and this will be reported to Members in September.

5.4 As discussed above there may also be a business need to review contract rates and inflationary clauses in order to continue to secure supply but this will be subject to a further report.

6.0 Conclusions and reasons for recommendation

- 6.1 The contracted services can continue to be procured by each new Authority separately by operation of the existing contract extended for 1 or 2 years on changed or similar terms.
- 6.2 There are practical issues as regards the timing of a re-tender now including the need to
- agree the commissioning strategy for the new authorities;
 - reflect on the supply side issues affecting the operation of the existing contract in the light of pressures in the residential and nursing market, and the current capacity within the care home market to ensure viability of a 'standing offer rate', sufficiency of supply, and to an acceptable quality.
 - take account of the potentially significant impact of the social care redesign work
- 6.3 The PCTs support extension as this aligns with their own commissioning and boundary reviews

For further information:-

Officer: John Weeks, Director of Community Services (Cheshire County Council)
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Background Documents:-

Documents are available for inspection at:

Cheshire East Cabinet

Date of meeting:	12 August, 2008
Report of:	People Work Stream Lead
Title:	Progressing the Extra Care Housing Strategy across Cheshire

The decision on this matter falls within the definition of a key decision and would normally be expected to be included within the Forward Plan which is published monthly and includes details of key decisions to be made during the four month period ahead. However, this decision can still be made where the procedure contained in Rule 12 of the Access to Information Procedure Rules in the Constitution has been followed. This provides that where the decision has to be taken by such a date that it is impracticable to defer the decision until it can be included in the next Forward Plan, the Monitoring Officer must inform the Chairman of the Scrutiny Committee of the matter to which the decision is to be made, copies of the notice have been made available to the public at the shadow council's offices, and at least five clear working days have elapsed since the Monitoring Officer has complied with those obligations. In this case, the necessary procedure has been followed, and accordingly, the Cabinet may take the decision.

Executive Summary

The Joint Committees have already been apprised of a range of key developments which require early guidance from the Shadow Authorities. One such priority is the development of extra care housing for our growing population of older people. This new provision provides older people with a high quality apartment, with access to a 24 hour care and support team, plus a wide range of communal facilities to enhance health and wellbeing. These facilities are also available for use by the wider community.

A 'mixed funding' strategy has been pursued in Cheshire to shape the market to achieve a target of 2400 apartments by 2011. A key feature of the strategy has been to ensure that extra care is a choice option for all older people regardless of their financial status. This has meant ensuring a good proportion of affordable rented extra care apartments are available alongside the option to purchase or share ownership.

One means of funding schemes with affordable rented apartments as a key element is to utilise the Private Finance Initiative (PFI) route. To encourage the development of affordable extra care housing, central government has made available in recent years two allocations of PFI funding (known as 'Round 3' and 'Round 5' funding). In the face of serious competition, Cheshire has been fortunate to attract funding from both allocations.

Round 3

From the 'Round 3' funding we have a 30 year agreement for PFI contract with a consortium known as Avantage to design, build and operate 433 apartments, on five sites, providing some 240 affordable rented apartments. Building work on all five sites is underway, in Handforth, Middlewich, Crewe, Winsford and Ellesmere Port.

Separating the above contract between the two new Authorities will be expensive to achieve, and therefore to achieve best value and consistency of contract management, **Members are asked to support the development of an Inter Authority Agreement for**

one Authority to monitor and manage the above Round 3 Private Finance Initiative Contract.

Round 5

Given the rapidly growing population of older people in Cheshire, the rising costs of their care, and the fact that PFI is one of only a few affordable routes to acquire the resources to commission large scale capital projects, a bid for additional PFI credits of £47.8m for a further 200 rented apartments as part of a total of 400 apartments at four sites, Chester, Ellesmere Port, Poynton and Alsager {or Sandbach} was submitted under 'Round 5' of the PFI scheme. DCLG has already given its preliminary support to this bid, and asked the County Council to submit an Outline Business Case by December 2008.

Members are asked to endorse the completion of the Outline Business Case and agree, in principle, to the extension of the Inter Authority Agreement to progress the next phase of procurement via a single Authority.

1.0 Purpose of Report

- 1.1 To introduce Members to the extra care housing strategy for older people. This report in particular considers two Private Finance Initiative{PFI} funded schemes for the delivery of Extra Care Housing for Older People, a PFI 'Round 3' scheme started some time ago to deliver five developments, all of which are already being built ,and a 'Round 5' potential Scheme for four developments for which PFI funding has yet to be secured

2.0 Decision Required

- 2.1 A 30 year PFI contract (Round 3) to design, build and manage 433 extra care apartments across five sites is already in place for schemes being developed in Ellesmere Port, Winsford, Middlewich, Crewe and Handforth. **Members need to decide how this contract should be managed by the two new authorities.**
- 2.2 A bid for a second PFI funding allocation (Round 5) to develop a further 400 extra care apartments across four sites in Chester, Ellesmere Port, Poynton and Alsager {or Sandbach} has been given preliminary support by the Department for Communities and Local Government. The proposal is currently at the Outline Business Case stage. **Members are asked to endorse the completion of this work, and consider how the future procurement can be best progressed to maximise value for money**
- 2.3 In addition to the PFI funding route, there are other potential approaches to developing affordable extra care housing, **Members are asked to consider endorsing work to secure 'Preferred Providers' who could work in partnership with the new Authorities to develop extra care in the future.**

3.0 Financial Implications for Transition Costs

- 3.1 Re: the current Round 3 PFI contract transition costs will be dependent on the Members decision. If the option to develop an inter authority agreement is agreed these will be nil. If the option to renegotiate the contract is taken and develop a separate contract for each new Authority the transition cost will be between £400,000 and £500,000 shared by the Authorities
- 3.2 There are no transitional costs associated with the Round 5 procurement or developing the 'Preferred Provider' strategy, although the Round 5 process may be prejudiced if we need to go back, and revise it into two separate proposals as the costs for two smaller schemes would be greater than one large scheme.

4.0 Financial Implications 2009/10 and beyond

- 4.1 Re: the Round 3 PFI contract if the decision was to develop an inter authority agreement were taken there would be nil long term costs. If the option of creating a separate contract were taken the estimated additional cost would be £900,000 over the life of the contract, broadly shared by the two new Authorities.
- 4.2 Re: Round 5 procurement if this is progressed by an inter authority agreement the expected shared Authority costs are estimated at £750,000. If the procurement was

developed separately by each authority the estimated cost would be £750,000 each. Not to progress the Round 5 proposal would however place long term funding pressures of social care budgets estimated at £20m over a 30 year period, assuming no replacement schemes came forward.

5.0 Risk Assessment

5.1 There are no specific risks associated with the options to manage the Round 3 PFI contract.

5.2 With respect to the Round 5 procurement, if this did not proceed, there is a risk that there would be insufficient affordable rented extra care housing in some communities. If the procurement progressed, but via the two Authorities separately, there is a risk that the Department of Community and Local Government would consider the individual Authority proposals of insufficient scale to warrant PFI funding. The level of support from the Department of Communities and Local Government would not increase should the bid be split. The likely reduction in market interest, the loss of economies of scale for bidders and the need for much of the procurement cost to be duplicated would make it impossible to achieve the desired specifications within that budget.

5.3 The above risks focus on the potential implications linked to the emergence of the new authorities. As with any large contract there are more generic risks which are independent of the Local Government Review outcome. In a PFI contract one of the key features is to transfer risk from the local authority to the provider, and a PFI contract significantly reduces the level of risk compared with the authority developing the schemes themselves. The Round 3 scheme has been developed in line with Government procurement guidelines to ensure the Authority is protected from undue risks and the contract specifies in great detail the arrangements should concerns arise. Five possible areas of concern are worth highlighting.

- **Construction Risks** - One key feature is that no payment is made to the Provider until each scheme is completed, protecting the Authority if the developer could not complete the build. The Council is not liable for any costs until an operational property is delivered.
- **Business Risks** – As it is a 30 year contract there is a higher than normal risk that part of the consortium ceases to trade or goes bankrupt during the contract term. The nature of the PFI scheme again offers protection as the party carrying the greatest risk would be the funder (Nationwide) whose repayments would be at risk. They would therefore ensure that an alternate provider steps in to pick up any gaps in the provision.
- **Demand Risks** - A third risk is that of lack of demand for extra care. Whilst this is highly unlikely given the demographics in Cheshire, should demand evaporate over the life of the contract, there are options to widen the use of the extra care to other user groups, or remodel schemes for other uses. This risk is shared across the Council and the landlord as they will be losing rental and service charge income, all parties would be working to maintain services to a standard to sustain demand.

- **Quality Risks** – The contract is controlled through a document called a payment mechanism, this sets out the minimum standards that the provider has to meet throughout the term of the contract; should they fall below these standards in any way the payment the Council makes is reduced.
- **Financial Risks** – There are circumstances which are deemed outside the control of the Council or the provider where risk is shared. These include factors such as inflation rates, should these rise above the modelled rate of 2.5% it may be necessary to increase the Council's contributions. Should inflation average below this figure the Council would reduce its contribution.

5.4 There are no specific risks associated with progressing the 'Preferred Provider' strategy.

6.0 Background

6.1 In 2004 the Housing, Health and Social Care agencies across Cheshire came together and developed a strategy to deliver 2400 extra care apartments for older people. This strategy was put together in response to the huge projected increase in the numbers of older people in our population. Hitherto we have been reliant, once we can no longer support people in their own homes, upon residential and nursing care homes. Extra Care offers older people a new way of being supported in their local community by integrating housing, care support and leisure provision. At a national level the development of extra care housing is now a key element in the National Strategy for Housing in an Aging Society (Department of Communities and Local Government 2008), is embedded as a priority in both the North West Regional Spatial Strategy and the Cheshire Sub Regional Housing Strategy, as well as being endorsed locally by the Supporting People Commissioning Body and now established as a key Local Area Agreement target in Cheshire.

6.1.2 A 'mixed funding' strategy has been progressed in Cheshire with the aim of minimising local council tax payers contributions and maximising resources from private developers, registered social landlords, Housing Corporation Funding, Department of Health Capital Grant and utilising the Private Finance Initiative (PFI) route. This market shaping strategy has been successful with some 900 apartments open, on site or with planning permission secured, with a further 700 apartments being considered.

6.1.3 433 apartments are being developed on County Council owned land via Round 3 PFI Credits at five sites (Ellesmere Port, Winsford, Crewe, Middlewich and Handforth) in partnership with a consortium, Avantage. This is a 30 year contract with payments commencing in 2009 upon a phased completion of the build programme. Building work has commenced at all five sites. Projected facility availability is as follows: Handforth January 2009, Ellesmere Port March 2009, Middlewich April 2009, Winsford June 2009 and Crewe July 2009

6.1.4 Following a successful Expression of Interest for Round 5 PFI credits in March 2008, there is now an opportunity to secure funding for an additional 400 apartments across four sites (Chester, Ellesmere Port, Poynton and Alsager or Sandbach). 200 of these apartments would be at affordable rented levels. If successful this could attract PFI Credits in excess of £47million.

- 6.1.5** The reorganisation of local government raises issues regarding the monitoring, management and funding of the Round 3 Contract, its associated 5 Year Care and Support Contract and also how to progress the opportunity of the Round 5 bid. This Report will provide Members with a definition of extra care housing, why it needs to be developed, an understanding of PFI procurement and recommendations for progressing the strategy in the light of the emergence of the two

6.2 What is Extra Care Housing?

- 6.2.1** Although there is no single definition of extra care it typically provides high quality apartments in a communal setting ranging from 40 apartments in some schemes up to extra care 'villages' with over 100 apartments.
- 6.2.2** Within schemes there is usually a wide range of facilities to promote socialisation and enhance health and wellbeing. At the five PFI sites currently being developed there will be a restaurant, lounges, craft and activity room, library, health suite, hair and beauty salon, as well as a 'village hall' - a flexible space for a range of activities. An 'events coordinator' will ensure that there is a wide and varied programme of activities available. The extra care vision sees other local older people also utilising these communal facilities contributing to the preventative health care agenda.
- 6.2.3** The final key component is the availability of a 24 hour on site care and support team for residents to access, funded by the Community Services Department. Extra care is designed to support older people with a range of health and social care needs. The aim is to achieve a 'balanced community' of residents with a third having high dependency needs (as an alternative to residential care), a third with medium dependency needs, and a final third with low level needs but who would still benefit from the extra care environment. This approach seeks to ensure a sense of neighbourliness and mutual support. Charges for care and support will be based on the dependency level individuals require i.e. high, medium or low.

6.3 Why Develop Extra Care Housing

- 6.3.1** The starting point is meeting older people's aspirations to live in their own home. This is a key message from older people. They want to stay in control of their lives, have access to a range of choices regarding their accommodation, enabling them to stay as independent as possible. Extra care adds significantly to the options available, and all the evidence suggests these schemes are immensely popular with older people, providing high quality homes with care and security built in alongside access to a range of social activities
- 6.3.2** In particular older people do not want to move into long stay care settings. Extra care is specifically designed to provide an alternative to such provision, with a third of places reserved for this purpose.
- 6.3.3** There is a need to expand the range of services available to meet the needs of a growing older population. The changes ahead are immense with similar patterns of significant growth across both the new Unitary Authorities. Between 2008 and 2025 the numbers of over 65's will increase by 28,900 to 95,700 in Cheshire East, a 43% increase. The over 75s will increase by 20,100 a 64 increase, and the over 85s by

6,600, a 74% increase. In Cheshire West and Chester the over 65s will increase from 58,600 to 81,400, a 22,800 increase, some 39%. The over 75s will increase by 15,700, a 57% uplift and for the over 85s, the increase will be 5,800, a 79% increase. Demand from the later two age groups in particular will ensure a healthy demand for services like extra care.

- 6.3.4** Given the demographic pressures it is essential that maximum effort is made to encourage people to stay as fit and active as possible. It is envisaged that extra care schemes will provide a focal point in local communities to promote 'active ageing' with local people accessing the communal facilities.
- 6.3.5** There are powerful economic reasons to develop extra care housing. There would need to be unprecedented levels of social care funding to keep pace with the demographic changes described. Simply doing more of the same would not be sustainable. Extra care offers a genuine win- win both for the older person but also local authorities. This is well illustrated for those for whom extra care is an alternative to long term care. The cost of long stay residential care homes is £367 per week; the cost in extra care is £180 per week. Different charging regimes for residential and community services (such as extra care) narrows the net saving, but this remains at a substantial £100 per week or £5,200 per person per annum. If, as anticipated, a third of the 2400 target are in the high dependency band this represents a reduction in spend for the local authorities of some £4m/annum. The 'win' for the older person is having the independence of their own apartment, access to a wide range of facilities, as well as a responsive and flexible care regime.
- 6.3.6** The drivers noted have focused on the aspirations and demand side of older people's needs. There are also significant supply side issues extra care seeks to address, making an important contribution to regeneration and sustainable communities.
- 6.3.7** Extra care is seen as extending accommodation options for older people, enhancing the limited supply of affordable homes and improving the condition of housing for older people which is consistently identified as the worst provision for any age group. Local Registered Social Landlord surveys in Cheshire have found that over 40% of older people want to move to more suitable accommodation, due to infirmity or long term debilitating illness. A survey (February 2006) of sheltered stock in Cheshire found that over a third of schemes were proving 'hard to let' due to a mix of poor accommodation (20% were bed sits) and shared facilities. Just 0.2% of this accommodation was wheelchair accessible. Extra care is seen as offering not only more choice but also better quality and suitable accommodation.

6.4 The Private Finance Initiative (PFI) Route

- 6.4.1** The correct title is a public private partnership funded by the Private Finance Initiative or PFI for ease of reference. The PFI transforms Local Authorities from being the owners and operator of assets, to the purchasers of services. In a PFI transaction a private sector provider is given responsibility for designing, building, financing and operating an asset, usually for 30 years, from which a public service is delivered. Local Authorities are given financial assistance (in the form of PFI credits) towards the costs. This makes a significant contribution to meeting the annual Unitary Charge payable to the private sector provider throughout the lifetime of the

contract. Inherent in PFI contracts are key performance indicators which, if not met, result in deductions from the Unitary Charge (for example, if facilities are unavailable).

6.4.2 The Government has an agenda to enhance the number of affordable houses and uses PFI as a vehicle to achieve this. Creating affordable extra care for rent, at local target rents, is particularly important if extra care is to be a genuine choice option for all older people regardless of their income. 3 in 10 older people in Cheshire still rent their property. This is a key attraction of the PFI route - it facilitates the creation of affordable rented extra care apartments.

6.4.2 The PFI approach is subject to different perceptions but in Cheshire it has secured for the older people of Cheshire some very significant new provision suited to their needs and benefiting local communities. Without the PFI the necessary level of capital resources could not have been secured, and nor are they likely to be in the future. In the current economic climate PFI is one of the few opportunities for Local Authorities to develop new state of the art provision

6.5 The Round 3 PFI Contract

6.5.1 The Council's Output Specification set a target to develop 400 apartments across five sites; 240 for rent, 80 for shared ownership and 80 for sale. The successful provider, Avantage, will in fact deliver an additional 33 apartments on the specified sites. The PFI credits will support the rented apartments and their share of communal facilities.

6.5.2 The PFI route allowed the County Council to specify very clearly the projects requirement - a clear benefit to procuring extra care by this method. The County Council received £55m in PFI credits towards meeting the annual Unitary Charge payment. This covers 88% of the Unitary Charge payment (the remaining costs being funded from Community Services revenue budget). This subsidy makes PFI a very attractive method of commissioning large capital projects for local authorities since the funding is grant money rather than an approval to borrow money. There are, however, other costs for the local authority. With a PFI it is typically expected all sites are made available on a long –lease basis at nil cost, and the two year procurement process requires dedicated funding to provide for dedicated internal and external advisors. These later costs were £1M for the Round 3 Contract but it would be hoped that this could be reduced for a possible Round 5 Bid if the Authorities chose to retain the current internal expertise and experience and opted to jointly procure the facilities.

6.5.3 The contract covers the construction and operation of properties across the whole of Cheshire with 2 sites in the boundaries of Cheshire West and Chester and 3 sites in East Cheshire. In financial terms the determining factor which drives payments is the number of rented properties in each area. This split is 41% West and 59% East. The 2009-10 Unitary Charge payment (£4.3m) would therefore be split with payments of £1.8m and £2.5m respectively. The bulk of these payments would be covered by Government support totalling £4.1m in 2009-10, no final confirmation has been received from the funding body but it is anticipated that this funding would be split on the same basis. The balance between Council funding and Government funding varies over the 30 year contract. The funding to cover this cost was approved in the

County Council's 2008-09 base budget. That budget was based upon a single PFI contract; any increased costs incurred through disaggregating the contract are currently unfunded.

6.6 Round 5 PFI

- 6.6.1** Given the significant benefits of the PFI route Cheshire County Council has sought additional credits for a further 200 rented apartments, plus a further 200 apartments for shared ownership and sale to be developed on four sites as already noted. The initial estimate of credits needed is £47.8M and the Department of Communities and Local Government (DCLG) has already indicated its preliminary support for the scheme and has asked for the submission of an Outline Business Case {OBC} by December 2008.

7.0 Options

7.1 Round 3 PFI Contract

- 7.1.1** Separating the current Round 3 PFI 30 years contract between the two new Authorities (effectively a renegotiation of the terms) will be expensive to achieve (estimated cost £0.5M) and have ongoing costs for both the Authorities and Avantage (estimated at 0.9M over the lifetime of the contract for the Authorities). It is proposed that the Authorities enter into an Inter Authority Agreement to govern the day to day management of the Contract with Avantage. It is suggested that to achieve best value and consistency of approach to the Contractor that one Authority should lead on the contract administration reporting into a joint appropriate officers/member arena with all costs (monitoring and unitary charge) shared based on the percentage of rented apartments in each Authority. This shared governance arrangement ensures each Authorities interests are represented throughout the lifetime of the contract and administration costs minimised
- 7.1.2** The Care and Support Contract for the five sites (plus a separate scheme in Nantwich) has been tendered by Cheshire County Council and awarded to Housing 21 for a five year period commencing on the date in 2008 when the first site should become occupied. This contract has already been signed. It is proposed that this contract be assigned to the two new Councils and run forward to its conclusion in 2013; each Authority would meet the costs attributable to those properties within their area which will vary according to the care and support needs of the people living there. These costs, some £2.5m/annum in total, are currently planned for in Community Services Revenue budgets. The Contract contains an option to extend it for 2 years and a decision about whether to exercise this could be taken by each Council nearer the end of the initial 5 year term.

7.2 Round 5 PFI Procurement

- 7.2.1** Revenue funding to complete the OBC has previously been agreed by Members of Cheshire County Council. Also the Capital Programme for Extra Care has provision to fund the purchase of the four proposed sites. Three sites are already in County Council ownership; a fourth, in Alsager or Sandbach, needs to be secured. The new Authorities need to be aware of this OBC work stream and are requested in this Report to support its completion, since, if successful, it would attract funding in

excess of £47m to take forward the development of Extra Care Housing by the new Authorities. Members of all three Authorities will have the opportunity to consider the detail of the completed OBC and determine if it goes forward in the late autumn.

- 7.2.2 Members will need to consider how to proceed should the OBC be submitted and approved. CLG have suggested their preference would be for a single authority to take the bid forward to minimise both authority and bidder costs. To split the project along Unitary Council lines would effectively double the local authority costs of procurement, fragment competition and significantly reduce the viability of the resulting projects. If a decision was taken to jointly procure a Round 5 solution, CLG would envisage both Authorities entering into an inter authority agreement to cover the lifetime of the contact. Such an agreement would document reporting and cost sharing principles, together with agreement on appropriate reporting mechanisms and representations of officers and elected members on any working group and governance structure. It would be proposed that each Authority's full Council consider agreement to proceed at key milestones in the procurement process. The issue of an Inter-Authority Agreement for Round 3 has been dealt with earlier in this paper. It is suggested that the terms of both Agreements mirror each other where possible to ensure continuity and consistency of approach, and that they adopt the principle of a lead Authority with an appropriate division of procurement costs and resources.

7.3 Establishing Preferred Partners for Extra Care

To progress extra care development beyond the PFI route, Cheshire County Council Members have agreed to secure 'preferred partners' who can be approached as future sites are identified. This work is in its early stages, and Members of the new authorities are asked to endorse its continuation to establish partners who could work with the new Authorities post April 2009.

8.0 Recommendation

That Members:

- 8.1.1 Agree to support the development of an Inter Authority Agreement for one Authority to monitor and manage the Round 3 Private Finance Initiative Contract.
- 8.1.2 Agree to support the proposal to assign to the new Council the benefit of the five year Care and Support Contract awarded to Housing 21 until 2013, with each Council meeting the costs of care at the sites within its boundaries.
- 8.1.3 Endorse the completion of the Round 5 Private Finance Initiative Outline Business Case, and the securing of an option on a fourth site.
- 8.1.4 Agree in principle to progress an Inter Authority Agreement to progress the Round 5 bid via a single authority on the basis that full details would be presented to Members at the time of the Outline Business Case submission.
- 8.1.5 Endorse the work to secure 'Preferred Providers', with a view to the new Authorities utilising such Providers.

- 8.1.6** **8.1.6** that a Member from each of the new Authorities accept an invitation to attend the Public Private Partnership Panel for Extra Care Housing which meets quarterly to give strategic direction to the Extra Care strategy

9.0 Reasons for Recommendation

- 9.1** To progress the extra care housing strategy in Cheshire until the 31st March 2009 and thereafter in Cheshire West and Chester Council and Cheshire East Council.

For further information:

Portfolio Holder: Councillor

Officer:

Tel No:

Email:

Background Documents:

Documents are available for inspection at:

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CHESHIRE EAST

CABINET

12 AUGUST 2008

Date of meeting:

Report of:

HAROLD COLLIN: COUNTY MANAGER, WASTE AND PLANNING

Title:

WASTE TREATMENT PFI CONTRACT: NOMINATIONS TO JOINT BOARD

1.0 Purpose of Report

- 1.1 To agree the nominations to the Joint Board for the Waste Treatment PFI Contract

2.0 Decision Required

- 2.1 That the following Councillors be nominated to the Joint Board:

- Cllr. David Brickhill - Portfolio holder for Environmental Services
- Cllr Peter Mason – Portfolio holder for Procurement, Assets and Shared services
- Cllr Frank Keegan – Portfolio holder for Resources

And that Cllr. David Brown – Portfolio holder for Performance and Capacity, act as a reserve if any of the above are unavailable.

3.0 Financial Implications for Transition Costs

- 3.1 There are no financial implications for Transition Costs

4.0 Financial Implications 2009/10 and beyond

- 4.1 None.

5.0 Legal Implications

- 5.1 None

6.0 Risk Assessment

- 6.1 Failure to nominate Councillors to the Shadow Board could place at risk the continuation of the PFI contract.

7.0 Background and Options

- 7.1 The Cabinet at its meeting on 17 July received a report on Waste Disposal and the Waste treatment PFI Contract. The recommendations in that report were agreed. These included the continuation of the PFI Contract, the need to work together with Cheshire West and Chester Authority to secure an agreed solution and that “A Waste Joint Board, comprising of key portfolio holders from both authorities, be established to oversee the development of the PFI contract”.
- 7.2 The key portfolio holders are considered to be those for:
- Waste Management – Part of Environmental Services
 - Finance – Part of Resources
 - Procurement – Part of Procurement, assets and shared services
- 7.3 The Joint Board will enable key portfolio holders to:
- Be brought fully up to date with the development of the procurement
 - Work with Cheshire West and Chester Authority to seek to secure an agreed solution and contractor
 - Contribute to the development of the Inter Authority Agreement which will set out the nature of the relationship between the two authorities and provide for effective joint management of the contract and the apportionment of costs
 - Consider which of the authorities should act as “Lead Authority”
 - Provide advice to the Cabinet on the way forward with the contract

8.0 Overview of Day One, Year One and Term One Issues

- 8.1 Not applicable.

9.0 Reasons for Recommendation

- 9.1 To ensure continuation of the Waste Treatment PFI Contract and that Cheshire East can be kept informed of and influence the procurement process.

For further information:

*Portfolio Holder: Councillor David Brickhill
Officer: Harold Collin
Tel No: 01244 973559
Email: Harold.Collin@cheshire.gov.uk*

Background Documents:

Documents are available for inspection at:

CHESHIRE EAST**Cabinet**

Date of meeting: 12 August 2008
Report of: Policy Support Team
Title: Progress Reporting Paper

1.0 Purpose of Report

- 1.1 The purpose of this paper is to provide Members with an update on the programme; to draw attention to progress made against key milestones and highlight what the next steps will be for the forthcoming months.

2.0 Decisions Required

The Cheshire East Cabinet is recommended to:

- 2.1 note progress made during July (appendix 1);
- 2.2 acknowledge revised milestones (as listed at the end of appendix 1);
- 2.3 recognise activities to be undertaken throughout August and September (appendix 2)

3.0 Financial Implications for Transition Costs

- 3.1 None

4.0 Financial Implications 2009/10 and beyond

- 4.1 None

5.0 Risk Assessment

- 5.1 All milestones should be considered against the full Risk Register.

6.0 Background - Appendix 1: Progress during July and Revised Milestones

- 6.1 Appendix 1 sets out the key milestones, as taken from the High Level Implementation Plan, which were due for completion in July. The status of each milestone and a brief description of what has been achieved can be found here.
- 6.2 Also listed at the end of appendix 1 is a table that contains details of revised milestones.

7.0 Options - Appendix 2: Next Steps

- 7.1 Appendix 2 highlights the key milestones to be achieved in August and September.

8.0 Appendix 3 – Milestone Plan

- 8.1 Appendix 3 provides a visual representation of progress to date in the form of a Milestone Plan.

9.0 Reasons for Recommendations

- 9.1 Members of the Cabinet are invited to comment on:
- achievements to date; and
 - activities that need to be undertaken throughout August and September

For further information:-

Portfolio Holder: Councillor Wesley Fitzgerald

Officer: Alistair Jeffs

Tel No: 01244 9 72228

Email: alistair.jeffs@cheshire.gov.uk

Background Documents:-

Documents are available for inspection at:

Member Support Team, Westfields, Middlewich Road, Sandbach, CW11 1HZ

PROGRESS DURING JULY

Listed below are a number of key milestones that were due to be completed in July. The status of each milestone and a brief summary of what has been achieved can be found in the paragraphs following the table. **(Benefit Critical Milestones appear in bold text)**

JULY	
Overall Programme	1.1 Chief Executive Appointment 1.2 Organisational Design Principles and Management Structure 1.3 Service Delivery Model – Aggregation / Disaggregation recommendations
People	1.4 SEN and Inclusion decision 1.5 Business Support Reviews
Places	1.6 Waste disposal and collection issues paper 1.7 Alderley Edge By Pass contract
Performance & Capacity	1.8 Area and Neighbourhood Working – consultation with the wider community commences 1.9 Decision on Shared Service
HR	1.10 Severance Report
Finance & Asset Management	1.11 Financial Cost Envelope 2009/10 (and beyond) included Dedicated Schools Grant and other funding streams 1.12 Disaggregation of County Budget, Assets and Liabilities and Formula Grant

1.1 Chief Executive Appointment - COMPLETE

On Thursday 24th July Members of the Staffing Committee met to carry out final interviews for the Chief Executive post for Cheshire East. The successful candidate was ratified at the Shadow Council Meeting on 30 July.

1.2 Organisational Design Principles and Management Structure - COMPLETE

The Organisational Design Principles and top management structure have both been to Cheshire East Cabinet.

1.3 Service Delivery Model – Aggregation / Disaggregation recommendations – IN PROGRESS

As a result of the baselining exercise, 617 service delivery functions were identified across all seven Authorities. For the overwhelming majority of these functions, operational and/or strategic factors clearly determined that the functions should be delivered as separate units for the East and West Unitaries. However, for approximately 60 functions the future service delivery model was less certain.

These 60 functions were subject to objective assessments against each potential service delivery model before the outcomes were reported to Members of the Joint Liaison Committee (JLC) on 1st August for their consideration. The outcomes fell into three broad categories:

- Functions Recommended to be Disaggregated (East and West split)
- Transition Arrangements (temporary arrangements recommended pending longer term solution e.g. school related services requiring alignment with the academic year, consultation periods etc)
- Functions Recommended for Aggregation (recommendations to retain a single pan-Cheshire service)

Members of the Cabinet are being requested to endorse these arrangements following their consideration at the JLC on 1st August.

1.4 SEN and Inclusion decision - COMPLETE

The Joint JIT agreed in principle to retain the current Inclusion and Education arrangements until the new academic year commences in September 2009 when the service will be disaggregated. This approach would ensure continuity of monitoring, support, challenge and intervention for the academic year without disruption to schools. Members of the Cabinet will be requested to endorse this arrangement once it has been through the JLC on 1st August.

1.5 Business Support Reviews - COMPLETE

An agreement was reached at the last Joint JIT meeting on the future business support services for schools. It was agreed that existing service provision arrangements would remain until September 2009 when the Service would be disaggregated to coincide with the division of the Inclusion and Education Service. Again this forms part of the Shared Services report to the JLC on 1st August.

1.6 Waste disposal and collection issues paper - COMPLETE

At the Cabinet meeting on 17 July the County Waste and Planning Manager highlighted a number of key waste disposal issues which, with a few minor amendments were approved by Members.

1.7 Alderley Edge By Pass contract - COMPLETE

At a previous Cabinet meeting a report was put before Members detailing progress made on the A34 Alderley Edge and Nether Alderley By Pass. At the meeting it was agreed that consent be given to Cheshire County Council to enter into contracts for the main road/bridge works, Network Rail underbridge and other associated works. Members also confirmed that Cheshire East Council would oversee the contract by means of appointment of relevant personnel after 31 March 2009. The Lead Officer for the Joint Implementation Team was granted permission by the Cabinet to send the appropriate assurance letter to the Department for Transport. Approval was received from DfT at the end of July for this scheme. The Contractor (Birse Civils) was formally advised of this the following week, ahead of preparation and signing of the formal contract.

1.8 Area and Neighbourhood Working – consultation with the wider community commences – IN PROGRESS

Consultation with the wider community on area and neighbourhood working has been progressing well. Cllr David Brown, portfolio holder for Performance & Capacity, has been having regular officer and Member briefings to discuss this item with a view to reporting back to Cabinet in September.

1.9 Decision on Shared Services – IN PROGRESS

On 1 August the JLC were presented with a paper on Shared Services where Members were asked to note the six key principles underpinning Shared Services; consider the three governance models and support the constitutional model as the primary governance mechanism for Cheshire; and acknowledge the functions identified as potential candidates for a short-term shared service and pan-Cheshire service. In addition, approval was sought to commission further independent work to address the issues of the shared back office. The paper will be put before Cabinet Members in August for their consideration then the final, amended paper will be reported back to the Cabinet in October.

1.10 Severance Report - COMPLETE

The Cabinet in Cheshire East and the Executive in Cheshire West and Chester agreed to recommend to their respective Councils that common severance provisions be adopted to apply if an employee is redundant.

The report was then approved by Cheshire East Council on 30 July for Member approval.

1.11 Financial Cost Envelope 2009/10 (and beyond) included Dedicated Schools Grant and other funding streams – IN PROGRESS

Work is on-going in accordance with the high level process and timetable agreed by the Cheshire East Cabinet on 16 June. Key to determining the financial envelope is information from DCLG and other government departments on the future allocation of formula and specific grant. A report to

Cabinet on 17 July set out the process and timetable for this work and proposed delegated arrangements to allow local agreement to be progressed in accordance with central government deadlines. A briefing for members and service block leads on the emerging financial scenario position has been arranged for 13 August.

1.12 Disaggregation of County Budget, Assets and Liabilities and Formula Grant – IN PROGRESS

Preliminary discussions have been held with the interim Section 151 officers on the assets and liabilities of the County Council and significant progress has been made in moving forward disaggregation; DCLG have published regulations that set a deadline for this task of 30 September. Furthermore work on formula grant now awaits information from DCLG on their view of the appropriate shares of the County's grant allocation; detailed work has been carried out on each of many specific grants and again these have been discussed with the interim S151 Officers. There is further work on each of the above tasks.

The revenue budget disaggregation work is almost complete and agreed.

2.0 REVISED MILESTONES

The deadlines of the following milestones have been proposed following discussions with Members and the relevant Lead Officers. Amended dates have been reflected in the High Level Implementation Plan and Milestone Plan.

Human Resources			
Milestone	<i>Original Deadline</i>	<i>Revised Deadline</i>	<i>Lead Officer</i>
Chief Executive in Post	<i>December 2008</i>	October 2008	Trish Barnett
Commence Recruitment of Statutory Officers	<i>August 2008</i>	September 2008	Trish Barnett

APPENDIX 2**NEXT STEPS**

The following milestones have been grouped under the relevant Block, Joint Transitional Project or Overall Programme and are to take place throughout August and September.

AUGUST	
People	<ul style="list-style-type: none"> ▪ School Admissions Forums to be created ▪ Recommend the Shadow Authority to agree the approach being taken to redesigning Social Care
HR	<ul style="list-style-type: none"> ▪ Principles for aggregation / disaggregation of staff
Finance & Asset Management	<ul style="list-style-type: none"> ▪ Medium Term Financial Strategy Report / Update ▪ Agreement on assets to be transferred to the successor Authorities

SEPTEMBER	
Overall Programme	<ul style="list-style-type: none"> ▪ Commence recruitment process for Section 151 and Monitoring Officers
People	<ul style="list-style-type: none"> ▪ Agree approach to fair funding formula for schools (including any further delegation) ▪ School Governors reappointing ▪ Frame proposals for the structure and organisation of Older People and Adult Social Care Services (incl. front end of service)
Places	<ul style="list-style-type: none"> ▪ LDF Local Development Scheme and Statement of Community Involvement
Performance & Capacity	<ul style="list-style-type: none"> ▪ Area and Neighbourhood Working – consultation with the wider community commences ▪ Draft Sustainable Community Strategy
HR	<ul style="list-style-type: none"> ▪ High level organisational structures agreed ▪ Staff retention scheme considered ▪ Flexible and Mobile Working principles agreed ▪ Culture & Values of new Council
Finance & Asset Management	<ul style="list-style-type: none"> ▪ Implement Financial Ledger for modelling

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Benefit M/S

Complete M/S

At Risk M/S

Delayed M/S

On Track M/S

Impact M/S

Amended M/S Via CRF

	07/08 Q4	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-09	Feb	Mar	Q1	Q2	Q3	Q4
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Cheshire East High Level Implementation Plan

Overall Programme	SCOPING/ BASELINING RESULTS - KEY DCLG M/S											Agree Corp. plan & Med. Term Perf./ Fin. Plan					
	Service Delivery Principles	HIGH LEVEL IMP. PLAN & RISK ANALYSIS - DCLG M/S															
People		Elections take place	Implement-ation Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)	Cabinet (various items)		Cabinet (various items)	
		1st Full Council - various milestone linked		Shadow Council				Shadow Council		Shadow Council		Shadow Council				Shadow Council	
	Commence-ment of Chief Exec recruitment process			CHIEF EXEC APPOINTMENT - DCLG M/S				CHIEF EXEC IN POST - DCLG M/S (Moved Dec-Oct)									
							Commence recruitment of Section 151 & monitoring officers (Moved Aug-Sept)			STATUTORY OFFICERS APPOINTED - DCLG M/S							
	Man- relations with Schools paper	Advise on Budget setting for schools	SEN & inclusion dec from each Auth.	Set up E & W school admins. forums	Agree approach - fair funding formula for schools			Agree packages/ costs of Support Serv. for schools				Identify multi year budgets for schools	Agree School funding	Consult school admins policies by 15.04.09			
	Agree proposals for cultural services	Commissioning Arrangements Health Social Care & Supporting People	Bus. Support Review	Social Care Redesign agree approach	School governors reappoint- ing			Set up E & W schools forums					Issue one line budgets to schools				
		Health & Social Care integration			Social Care Frame Proposals								W & E 2 yr school budgets & Min. Funding Guarantee				

	07/08 Q4	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-09	Feb	Mar	Q1	Q2	Q3	Q4
Places			Major Transport Scheme Funding		Waste disposal & collection issue paper Alderley Edge By Pass contract		LDF Local Development Scheme & Statement of Comm Involvement		LDF core strategy consultation Waste disposal contract pref. bidder								
Performance & Capacity			Develop Area & Neigh. Working and Community Empowerment Principles Draft Protocols Disposals/ Contracts/ Agree-ments Member learning/ develop-ment	Define Area & Neigh. Working and Community Empowerment Principles		Area & Neigh Working – consultation with community commences	Draft Sustainable Community Strategy <i>(New)</i>		Est. shadow local Strat. Partnerships					Cheshire's LAA goes live Interim Sus. Cheshire Comm. Strat goes live Perf. Man. Framework in place by 01.04.09	New Local Strat. Part. Go live 2010 Comp Area Assessment Corporate Plan goes live		
HR		Training/ dev. Priorities/ provisions for JLT		Options on office locations, headquarters & FMW	Cabinet decision on Severance (moved from May-Jul)	Principles for agg/dis-aggregation of staff	High level org. structures agreed Staff retention scheme considered (moved from Jul-Sept) F&MW employee principles agreed (moved from Jul-Sept) Culture & Values of new Council (moved from Jul-Sept)		lIP arrangements for new Authority (moved from Jul-Nov)	Strat. for pay & policy HR	Transitional structures agreed	Sen. Mans. (tier 3) recruitment		Finalise appointments & manage displaced employees			
Finance & Asset Management		Trans. costs & budget for E.J.C		Advise on Budget Setting for 2009/10 Initial Financial Cost Envelope 2009/10	Disaggregate County Budget, Assets & liabilities & formula grant	Transferral of assets agreement Medium Term Financial Strategy Update	Implemen Financial ledger for modelling		Finalise 2009/10 taxbase		Formal budget consultation Planning closure 2008/09 Accounts Medium Term Financial Strategy Update	Council tax billing system go live Agree 2009/10 Budget & Council Tax Corp Plan and Medium Term Performance & Financial Plan agreed by Shadow Council		Procurement contracts			
ICT/Knowledge Management			IT support for all Shadow Councillors in place	Shadow Auth. Websites operational Develop a high level ICT protocol													

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