

Advisory Panel - Performance and Capacity Agenda

Date: Thursday, 11th December, 2008
Time: 2.00 pm
Venue: Westfields, Middlewich Road, Sandbach, Cheshire, CW11 1HZ

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 for Absence

2. Declarations of Interest

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

3. Public Speaking Time/Open Session

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

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 of Previous meeting (Pages 1 - 4)

To approve the minutes as a correct record.

Please contact Sarah Baxter on 01625 504224
E-Mail: s.baxter@macclesfield.gov.uk with any apologies or requests for further
information or to give notice of a question to be asked by a member of the public

5. Budget Update Report (Pages 5 - 10)

To receive a Budget Update Report (Copy attached).

6. Shared Back Office - Update Report (Pages 11 - 12)

To receive a report on progress to date (Copy attached).

7. Report on the proposed Local Area Partnerships including boundaries as taken to the Stakeholder Conference

Report To Follow

8. Task Groups

Report and Updates To Follow

9. Update on Partnership Working

Report To Follow

10. Update on Performance and Capacity Structure

Report To Follow

11. Date of Next Meeting

To confirm the date of the next meeting programmed to be held on 21 January 2009 at 2pm at the Municipal Buildings, Crewe.

CHESHIRE EAST COUNCIL

Minutes of a meeting of the Advisory Panel - Performance and Capacity
Held on Wednesday, 17th September, 2008 at the Council Chamber,
Municipal Buildings, Earle Street, Crewe

PRESENT

Councillor J Hammond (Chairman)
Councillor Mrs D Thompson (Vice-Chairman)

Councillors Mrs E Alcock, T Beard, P Edwards, L Gilbert, P Mason,
J Narraway and D Stockton

8 APOLOGIES FOR ABSENCE**9 DECLARATIONS OF INTEREST**

None.

10 PUBLIC SPEAKING TIME/OPEN SESSION

No questions were received.

11 MINUTES OF PREVIOUS MEETING

RESOLVED

That the Minutes of the meeting held on 29 July 2008 be approved as a correct record, subject to the addition of Councillor David Brown to the list of those present.

12 DRAFT CORPORATE PLAN

Consideration was given to the rationale behind the development of the Cheshire East Interim Corporate Plan 2009/10. The interim plan had been formulated from the plans of the existing Authorities for use as part of the budget setting process for the 2009/10 service year, to ensure that the Council's key objectives and priorities were appropriately resourced. The intention was that the one year interim plan would then be replaced by a plan produced on a three year rolling basis.

The Panel thanked all the officers involved in putting this plan together, and recognised that it would form an excellent guide to the choices to be made as part of the budget setting process.

RESOLVED

That approval be given to the rationale behind the development of the Corporate Plan, and that it continue to be developed to include the targets for 2009/10.

13 GOVERNANCE - UPDATE

Consideration was given to an update on work being carried out on a number of areas including the development of the Constitution, Scrutiny, Corporate Governance, the formation of an Independent Remuneration Panel, Appointments to Outside Bodies and Civic and Ceremonial matters.

RESOLVED

That the report be noted and that a further update be given to the next meeting of the Panel.

14 CHESHIRE AND WARRINGTON IMPROVEMENT AND EFFICIENCY PARTNERSHIP - UPDATE

Consideration was given to a report on progress to date in developing the Cheshire and Warrington Improvement and Efficiency Partnership. It was reported that as part of the new performance framework Central and Local Government had committed to building a new joint approach to supporting excellent and efficient performance by local authorities and their partners through the development of a National Improvement and Efficiency Strategy. In the North West this would primarily be through five sub-regional partnerships and the progress of developing these was reported including the financial and governance arrangements.

RESOLVED

That the report be noted.

15 LOGO APPLICATION TASK GROUP

The Chairman agreed to allow consideration of this matter as an item of urgent business as, following the launching of the brand on 15 September, immediate and clear guidance was needed on how to proceed.

Andrew Arditti, Cheshire County Council Communications Manager, attended the meeting to report on the recent launch of the new Cheshire East Council logo. Careful thought and planning now needed to be given to the process of re-branding the Councils many assets including such items as, for example, buildings, vehicles, recreation areas, wheelie bins, stationary, uniforms and road signs. Priorities needed to be set for the first year, and then an ongoing rolling programme agreed upon. A budget had been allocated for the work and a tendering exercise was to be undertaken in respect of those items that could not be dealt with by the Authority direct.

It was agreed that a Task Group be established to carry this work forward.

RESOLVED

That the following Members be appointed to the Logo Application Task Group:-

- Elsie Alcock
- Terry Beard
- David Brown (Portfolio Holder/non Panel Member)

- John Hammond
- Diana Thompson

16 FEEDBACK FROM TASK GROUPS

The Panel received an update on the work of the ICT Task Group and the Customer Access Task Group. A question was raised regarding the remit of the ICT Group and it was confirmed that its scope should be strategic in nature and concentrate on future and transitional change. It was reported that the Customer Access Group had recommended that work should begin as soon as possible on the website and the Block Lead agreed to ensure that this was progressed. Some concern was expressed that not all the Task Groups had yet met and the Block Lead agreed to ensure that the necessary arrangements were made as soon as possible.

The Portfolio Holder (Performance and Capacity) reported on work being undertaken by the Neighbourhood and Area Working Group, which had been established at an early stage, after a Cheshire East Induction Day. At present this Group did not feed back into any other Committee or Panel and it was suggested that it would be logical for it to be considered as one of the Performance and Capacity Advisory Panels. This was agreed and it was noted that a further detailed report would be made to the next meeting of the Panel.

Consideration was given to the most appropriate way of reporting back to the Panel on the work of the Task Groups. It was agreed that the Lead Officer for each of the Groups would prepare a short report for each future meeting of the Panel and that the Chairman of that Task Group would then report further on it to the rest of the Panel.

Additions were made to the membership of the following Task Groups: -

- Finance – Les Gilbert and Don Stockton
- Corporate Development – Paul Edwards
- Parish and Town Councils – Paul Edwards

RESOLVED

1. That the update and arrangements for reporting to future meetings be noted.
2. That the Task Group memberships be added to as now detailed.
3. That the Neighbourhood and Area Working Group be added to the list of Task Groups reporting to the Performance and Capacity Advisory Panel.

17 DATE OF NEXT MEETING

RESOLVED

That the next meeting be held on 4 November 2008, starting at 4.30 pm.

The meeting commenced at 5.00 pm and concluded at 6.40 pm

CHAIRMAN

Advisory Panel Performance & Capacity – 11th December 2008**Budget Update Report****1 Financial Planning Process**

- 1.1 In a normal year Members have to wrestle with the issues of balancing cost and demand pressures, spending priorities, shortfalls in funding, value for money and Council Tax. However, they do so against the background of an established base budget which reflects the Council's current structures and policies and a Medium Term Financial Strategy. In the coming year the challenge is far greater because this baseline does not exist and there is greater uncertainty. It was important therefore to start the financial planning process early and to recognise that several iterations are required before February 2009 when the Budget and the Council Tax must be set. The Council's Medium Term Financial Strategy is being developed alongside the 2009-10 Budget and the strategy will cover a period of three years (2009-12).
- 1.2 The high level financial planning process (as set out in Appendix A) was reported to Cheshire East Cabinet on 16th June 2008. It sets out a number of stages or iterations of the Budget setting process for 2009-10 as follows:

Stage One (April - June 2008) - 2008-09 Baseline

Work to disaggregate the County Council's 2008-09 Budget and to aggregate those of the District Councils has now been completed. This provides a notional baseline Budget for 2008-09 for the new Cheshire East Council and gives an indication of the scale of its financial responsibilities. Work commenced in this period, and is now substantially complete, to disaggregate/aggregate grants, capital programmes and balance sheets (i.e. assets and liabilities). The Government set a revised deadline of 24th October to agree the disaggregation of the County Council's Specific Grants and Formula Grant and this deadline has been met. DCLG have set a deadline for the end of December for the agreement of the transfer of assets and liabilities and this has been significantly progressed. If agreement cannot be reached then the Government will arbitrate.

Stage Two (June-September) - High level Planning

This stage is now complete and involves making some high level planning assumptions to establish the overall financial envelope, both revenue and capital, within which the Council will need to operate and then setting financial parameters for the design of individual services. The overall financial envelope takes into account factors such as inflation, government grant, Council Tax, transitional costs and any appropriation to/from reserves. The financial parameters for the design of individual services takes account of factors such as the Council's priorities, commitments and growth pressures, and the scope for efficiency savings (including those included in the People and Places Business Case). Establishing these parameters in July allowed work to be undertaken in August-September on high-level service design. The opportunity is also being taken to incorporate best practice from elsewhere by, for example, the use of benchmarking to ensure value for money.

The current financial scenario identifies a possible funding gap of £12.3m, which relates to the 2009/10 budget (Appendix B). Cheshire East Cabinet has set a target of £35m savings, which will include income generation, for the three-year planning period. This will address the funding gap in year 1 and will enable re-investment in Cheshire East's priority service areas over the three year period. The output from this stage

Stage Three (October - December) - Refinement and Adjustment of Options

This stage is well underway and involves making any necessary adjustments to the high-level options and then undertaking detailed planning and budget modelling. This includes the outcome of the grants and balance sheet disaggregation and discussions with Cheshire West & Chester. It also involves work on Fees & Charges, including harmonisation issues, and the development of the Capital Programme for 2009/10 to 2011/12. The work is being aligned with the Corporate Plan priorities. The output from this stage will be detailed budget options for consultation in January 2009.

The current financial scenario identifies a possible funding gap of £15.8m, which relates to the 2009/10 budget (Appendix B). Cheshire East Cabinet has set a target of £35m savings, which will include income generation, for the three-year planning period. This will address the funding gap in year 1 and will enable re-investment in Cheshire East's priority service areas over the three year period. Significant progress has been made in balancing the 2009-10 Budget.

Stage Four (January-February) - Finalisation of 2009-10 Budget

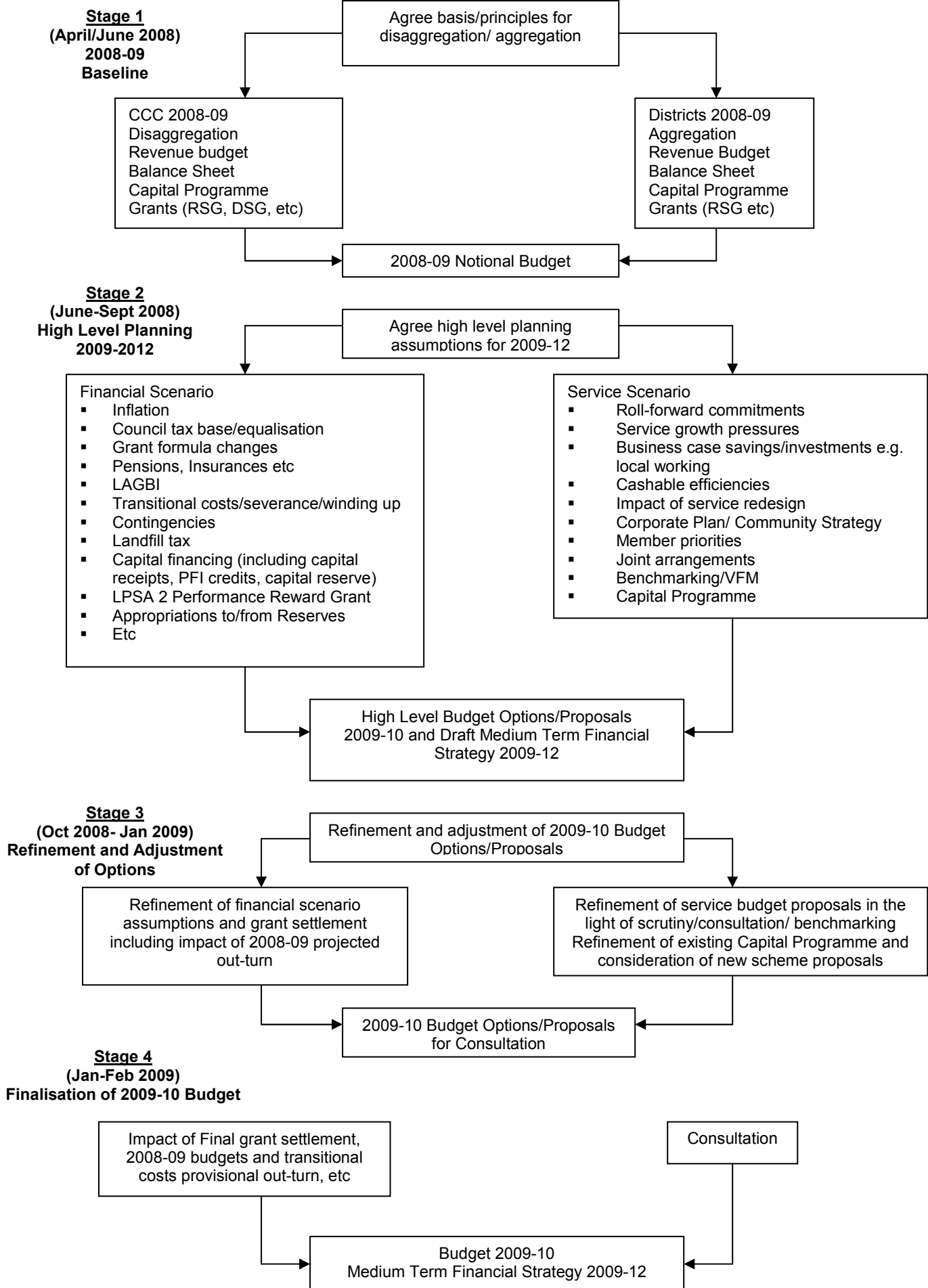
This stage involves budget consultation, final adjustments and refinements and the setting of a balanced Budget and Council Tax for 2009-10. Budget consultation events will be held in mid January and targeted at Cheshire East Council's key stakeholders.

2 Key Dependencies

2.1 Work on the budget has been aligned with all the various workstreams but the following are key dependencies:

- The development of the Interim Sustainable Community Strategy and Corporate Plan and work with partners and stakeholders (e.g. Health).
- The HR Workstream (staff structures, aggregation and disaggregation of existing staff, appointments and severance).
- Organisation design principles and decisions.
- Service design principles and decisions.
- Decisions on shared services.

- Parallel work with Cheshire West & Chester including grant, capital programme and balance sheet disaggregation.

2009-10 BUDGET SETTING – OUTLINE PROCESS/ TIMETABLE

CURRENT FINANCIAL SCENARIO 2009-10 BUDGET

	£m
Financial Envelope (Council Tax/Formula Grant)	234.260
Less: Inflationary Impact/Capital Financing/Business Case Assumptions	31.689
Amount Available at Current Year Prices	202.571
Base Budget (Net of Specific Grants and Income)	232.450
Gross Funding Gap	29.879
Adjusted by: Growth Pressures/Savings/New Income/Exceptional Inflation	14.023
Net Funding Gap	15.856

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Shared Back Office – Update

To: Advisory Panel Performance and Capacity: 11 December

From: Ian Simpson Policy and Performance Lead (01270 529608)

Background

Following the report by Deloitte, Cheshire East Cabinet approved, in principle, a shared service with Cheshire West and Chester for transactional finance, procure to pay, transactional HR and ICT Services (except Strategic function) at its meeting on 7th October

The Leader and Chief Executive agreed to commission John Newton, who led the Deloitte's research to help us with the next stage towards implementation. John has recently set up his own consultancy firm New Networks. John is not and will not be working for Cheshire West at the same time.

Towards implementation

For Cheshire East to implement this in principle decision we recognised the need to strengthen our client position; what is it we would want a shared service to do and achieve for us? We are now taking a number of actions to take this forward in order to reach a position where we can engage again with Cheshire West and Chester to agree the overall governance, standards of service and commercial arrangements for the shared service and also identify the reserve position if agreement on the above cannot be reached.

A project group has now been established comprising a core team of:

Ian Simpson	Commissioning
Lisa Quinn	Governance / Client
John Newton	Project Management
Vanessa Coates	HR Transactional Services
Neil West and John Barrett	ICT Services
Tim Smith and Paul Goodwin	Financial Services

A Project Plan is in place. The team are meeting each week.

Products

The team is developing a number of key products:

1. **Key Outcomes document** - the overarching key service outcomes that will be used to scope the statement of requirements. A set of principles intended to serve as an indication of how the processes and activities can align with the aspirations and developmental direction of travel of Cheshire East as an organisation. It will demonstrate that the service is offering more than just a

basic response to a service specification – it is contributing towards the successful design and development of a modern, effective Council. Draft outcomes include: ‘Supporting a 21st Century Operating Model’, ‘Client-focused’, ‘Acting as an Efficiency Enabler’ and ‘Asset Maximisation’.

2. **Statement of requirements** - Service specifications confirming scope and broad approach, performance, compliance, management and charging
3. **Service Level Agreement** – Describes how the services will be provided and managed on an operational day to day basis.
4. **Governance agreement** - Will detail the constitutional arrangement under which the two organisations will operate and set the overall direction and development strategy for the services and their optimisation. (We are separately engaging external advisors, Eversheds to advise us further).
5. **Plan Bs** – How we will operate all these services as stand alone Cheshire East Services, still using a shared infrastructure on April 1 if agreement cannot be reached with Cheshire West and Chester
6. **Negotiation Strategy** – A commercial confidential document determining tactics and the position to be held in engaging with Cheshire West and Chester. The parameters officers can work within under delegated authority to negotiate and which areas will require direction from the Cheshire East Management Team and Cabinet Member.

Next Steps

Cheshire West and Chester - We understand Cheshire West and Chester have engaged their own consultants to carry out a similar client development exercise for themselves. This is very positive news and should then help both organisations come back together and negotiate how the services will be operated as a shared back office.

Product Development - The Project Team will continue to develop the products described above.

Internal Governance – Management Team briefed on 20 November, Cllrs Keegan, Brown and Mason on 25 November, Staffing Committee and Trade Unions on 27 November and Cabinet on 2 December and P&C Advisory Panel on 11 December.

The project team will continue to work with Cabinet Members Keegan, Brown and Mason to develop the products referred to.

Staff Communication – A briefing statement will be provided for ‘Talking East’. Crewe Senior Managers have requested a briefing on 17 December.

Engage with Cheshire West and Chester - We plan to be in a position to engage with Cheshire West and Chester again in the period 8 – 19 December - to negotiate agreement

Joint Operational Implementation Team - If agreement can be reached a unified Project Team will be set up to implement the Back Office Shared Service (5 Jan – 31 March). Alternatively two teams set up to implement Plan B. The implementation will go beyond 31 March – its exact scope to be further defined.