

CHESHIRE EAST COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 31 March 2010
Report of: David Wharton
Subject/Title: Cessation of the shared International Unit
Portfolio Holder: Cllr Peter Mason

1.0 Report Summary

- 1.1 This report requests the cessation of the shared International Unit with effect from 31st May 2010 with responsibility for its functions passing to the newly created prosperity commission which has the role of coordinating and integrating economic development, transport and housing. The Prosperity Commission will replace the existing Cheshire and Warrington Economic Alliance.

2.0 Decision Requested

- 2.1 To agree to the cessation of the Cheshire East hosted International Unit with effect from 31st May 2010 and to grant the authority to make any consequential amendments to the legal documentation.

3.0 Reasons for Recommendations

- 3.1 Recent changes to the sub regional architecture within Cheshire and Warrington have resulted in the creation of seven commissions. In summary the new structure will allow for:
- a more effective and focused sub-regional approach
 - a more effective and targeted use of local authority financial and staffing resources
 - potential savings
 - more effective sub-regional leadership, management and coordination
 - more effective interaction with and scrutiny of key agencies such as NWDA, the Homes and Communities Agency, GONW, the regional and sub-regional improvement and efficiency partnerships
 - More effective involvement with 4NW, the Regional Leaders Board.
- 3.2 The shared International Unit is subject to a strategic review. The Brussels accommodation sub lease is due to expire on 31st January 2011 and it is considered that the functionality that the unit currently

provides for both authorities can be provided by the newly forming prosperity commission.

4.0 Wards Affected

4.1 All wards are potentially affected by the proposal.

5.0 Local Ward Members

5.1 All Ward Members are potentially affected by the proposal.

6.0 Policy Implications including - Climate change - Health

6.1 The nature of the International Unit is such that it advises on, and lobbies on, the development of a number of EU policies that impact upon the region.

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

7.1 None

8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

8.1 The International Unit currently has an annual gross Budget of £200K and net budget of £160k . The table below shows the total International Unit budget in more detail and potential savings.

Budget	Total £k	CWAC £k	CE £k		2010/11 forecast £k	2011/12 forecast £k
Staffing	129.2	64.6	64.6		10	0
Premises	27.4	13.7	13.7		22.8	0
Transport	5	2.5	2.5		1	0
Supplies & Services	36	18	18		5	0
Gross budget	197.7	98.85	98.85		38.8	0
Income	(38)	(19)	(19)		0	0
Net budget	159.7	79.8	79.8		38.8	0
Potential saving against current budget					120.9	159.7

This budget is shared on a 50-50 basis between Cheshire East and Cheshire West and Chester. The budget includes annual accommodation costs of £27K. As a partner in the NW house accommodation in Brussels the International Unit has liability to these costs until the current sub lease rental agreement expires on 31st January 2011. . The impact of 10 months is approximately £23k.

- 8.2 The unit currently has 2.8 FTE of which there is 1FTE vacancy. The Brussels Officer is on a temporary contract that has recently been extended until 31st May 2010 to allow for consideration of this report and a structured closedown if appropriate. The cost of this extension is approximately £10k in total. The remaining post is subject to voluntary redundancy. Details of the Voluntary Redundancy are contained within the part 2 report titled: 'Shared Services – Staff Reduction International Unit'
- 8.3 The unit currently has three service level agreements: with the Cheshire Police Authority, Cheshire Fire & Rescue Service and the European Commission totalling £38K. This income will be terminated.
- 8.4 In 2010/11 potentially £121k, of the original budgets, will be available to support the Prosperity commission. In 2011/12 all of the International unit budget, £160k , will be available, if required, to fund Prosperity commission work.
- 8..5 Note that all of the above figures relate to the total Shared Service. 50% of the costs and potential savings shown will be attributable to Cheshire East.
- 8..6 Financial information has not been provided by the Prosperity Commission due to their reorganisation, but it is anticipated that their costs will not exceed available budgets for the International Unit.

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 The Unit currently has a 4 year framework contract with the European Commission for the provision of information services as part of a Europe Direct Cheshire service. This contract can be terminated at any time with 60 days notice.

10.0 Risk Management

- 10.1 The functionality of the prosperity commission is currently being developed and as such it will be important that both Cheshire East and Cheshire West and Chester have the appropriate influence into its priorities.

11.0 Background and Options

- 11.1 The International Unit is a Cheshire East hosted shared service that provides specialist corporate support functions to CE and CWAC in order to optimise the benefits for services and residents in respect of EU legislation and policy developments, funding opportunities and partnership working.
- 11.2 The unit encompasses both Cheshire based (1.8FTE) and Brussels (1FTE) based officers. The Brussels Officer is accommodated in a shared North West Brussels Office jointly funded by the Northwest Development Agency and the 4NW including a separate Office funded by each of the 5 sub regions.
- 11.3 The main functions of the unit as detailed in the Business plan are:
- To enable a stronger, unified and effective voice and impact on EU policy and funding opportunities by delivering and promoting sub-regional cooperation to achieve a greater impact at NW regional, UK and EU levels than can be achieved by authorities working in isolation;
 - To provide an attractive vehicle to sustain existing, and encourage further partnership, SLAs and contacts by enabling EU, UK and sub-regional agencies (such as the European Commission, Cheshire Police Authority and Cheshire Fire and Rescue Service) whose interests cover a wider area than CE or CWAC separately, to contract with a Unit covering both CE and CWAC areas (and where appropriate the wider sub region) for services relating to EU policy, projects and funding.
- 11.4 The Brussels Office is currently located in NW House, co-located with other NW sub regional offices. The current lease (held by Wigan MBC) expires 31st January 2011.
- 11.5 Following several meetings where NWDA, 4NW and sub regional representatives have discussed the future of a North West presence in Brussels, NWDA developed an options paper detailing a proposal for a single coordinated presence for the NW in Brussels.
- 11.6 This would require relocation and development of a single presence by the end of 2010 with it being fully operational by April 2011 delivering cost savings for all partners.
- 11.7 A report was taken to Cheshire East Corporate Management Team requesting a decision to join the single presence. This was rejected as it was considered that as both Cheshire West and Chester and Cheshire East have supported the recent changes to the sub regional architecture that has resulted in the creation of the prosperity commission that the International Unit cease with responsibilities passed to the newly forming prosperity commission. It is anticipated that this option will deliver savings, but this is difficult to quantify due to

the lack of financial data available. The minimum expectation is that the costs will not exceed the current budget available for the international unit.

- 11.8 The prosperity commission is to coordinate and integrate economic development, transport and housing. The prosperity commission will replace the existing Cheshire and Warrington Economic Alliance which will undergo a review of its board and structure. There is a new private sector chairman and a new managing Director
- 11.9 The unit is subject to a strategic review to determine the future direction of the shared service and the functions it delivers to both Cheshire East and Cheshire West and Chester. It is considered that in light of this decision the Unit has a number of options:
- Retain the International Unit with the current costs and service: This provides the greatest amount of personal service but is also the most expensive.
 - Integrate the unit into a regional office: This has already been rejected by Cheshire East.
 - Cease the International Unit and transfer the functionality of the service into the newly forming Prosperity commission. For the reasons stated herein this is the preferred option.

12.0 Overview of Year One and Term One Issues

- 12.1 There are no issues

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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