

## Corporate Overview & Scrutiny Committee

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**Date of Meeting:** 8 April 2021

**Report Title:** Financial Implications of the Committee System

**Portfolio Holder:** Cllr Jill Rhodes – Portfolio Holder for Public Health and Corporate Services and Cllr Amanda Stott, Portfolio Holder Finance, ICT and Communications

**Senior Officer:** **Jane Burns – Executive Director Corporate**

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### 1. Report Summary

- 1.1. The Committee has requested an update on the financial implications of the move to a committee system of governance as part of its oversight role.
- 1.2. The Council is moving to a Committee system of governance in May 2021 under the design principles agreed by Council at its meeting of 19 November 2020. The design principles included quick, streamlined decision making process, meaning the number of committees and number of meetings to be kept to a minimum, and technology will be used to provide instant access to information and avoid unnecessary paperwork.
- 1.3. The administration of the committee system as proposed, sits within the cost minimal design principles agreed by Council. The Corporate Overview and Scrutiny Committee should consider whether this is being managed appropriately.

### 2. Recommendations

That the Committee:

- 2.1. Note that the design principles of the Committee System in relation to affordability are being adhered to as agreed by Council at its meeting of 19 November 2020.

2.2. Notes the risks associated with breaching affordability and the action that would be taken to resolve this if it materialised.

### **3. Reasons for Recommendations**

- 3.1. The Design Principles (Annex 1) confirmed that the costs of the Committee System would be 'kept to a minimum' and the work undertaken adheres to this. The officer project team have considered four potential causes of increasing costs and articulated how this would be addressed within the Financial Implications of Council Report of 19 November 2020 <http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s81706/Report.pdf>
- 3.2. The first item of potential additional cost, contained within the report approved by Council in November 2020, was associated with one-off costs of the transition. In line with the design principles these are being kept to a minimum. One practical impact of the change in governance, is the need to update the Council's Constitution. The Council's website shows 31 versions of the Constitution since 2009. External consultants have previously been used to support this process of regular review which is therefore a feature of the Council's expenditure. The current review is the most comprehensive since Local Government Reorganisation and the current budget envelope for drafting is estimated at £30,000 which is below the previous 2017/18 cost.
- 3.3. Member Training is also a permanent feature of the Democratic Services budget, but this will be supplemented by additional external support to implement the new systems. Approximately £6,000 of the Democratic Services annual member training budget has been specifically allocated to the new committee system. Additional one-off costs of transition will be in the region of £2,000 on training currently commissioned and will be funded from the Transformation Reserve as it is categorised as a Brighter Future Transformation project. There will be additional training costs arising in the new financial year predominately relating to ongoing training for members post-implementation of the committee system. The continuing training will be met from the member training budget and any underspending within Democratic Services in the 2020/21 financial year, and therefore in line with the principle to keep overall costs to the Council to a minimum.
- 3.4. The second item of potential additional cost related to member allowances. Members will be aware that the Independent Remuneration Panel have the responsibility to review member allowances and make recommendations to full Council. The review of member allowances associated with the committee system will be considered by Council on 19 April 2021. It is anticipated that the revised proposals will be contained within the financial

envelope of the Medium Term Financial Strategy and does not present an additional cost compared to the current system of governance.

- 3.5. The third item of potential additional costs is related to capacity within the Democratic Services Team. There is a link between the number of formal meetings and the number of Democratic Services officers needed to support them. In order to fit within the design principles, the number of meetings proposed under the committee system is comparable to the calendar of meetings under the existing system. There is therefore no proposed increase in the staffing establishment of the team.
- 3.6. The fourth item of potential additional costs relates to access to senior officers. The revised constitution supports decision-making at appropriate levels and as mentioned above, the number of proposed meetings is consistent with the existing arrangements. Furthermore, the forward plan does not increase the number of decisions required. Again, the working assumption is that the productivity of officers should not be affected simply by the change in governance arrangements.
- 3.7. The financial implications also confirmed that any additional costs associated with the new governance arrangements would be expressed as a variation to the current budget. The 2021/22 Budget was set by Council on 17 February 2021 and did not include any additional budget growth as the project team were adhering to the agreed principles. If further costs were to be identified at a later date, they would be subject to a supplementary estimate, which would require approval in line with the Finance Procedure Rules.
- 3.8. In its design the new arrangements do not present a financial pressure to the Council. The risk of increasing costs would therefore only be associated with changes from the design principles and the proposed implementation of the design presented to members. If members choose to vary the design, for example:
- increasing the number of meetings,
  - increasing the budget, special responsibility allowances or raising other connected allowances,
  - extending the length of meetings or seeking evening meetings,
  - increasing the number of reports for noting or information,
  - altering delegations to require additional decision-making reports.

3.9 Any changes may represent direct additional costs which may be incurred and attributed to such member decisions. These would be dealt with through our existing budget monitoring arrangements, and ultimately through the MTFS process or they may represent opportunity costs where officers time is realigned to supporting increases in volume of member decision making or support. An example of this can be seen in the suggestion from the Scrutiny Chairs meeting (19 March 2021) to remove from the 'minimum number of meeting principle' to diarise more frequent meetings in advance of need.

#### **4. Other Options Considered**

4.1. This report is for information on a specific item and does not reflect other options

#### **5. Background**

5.1. This report focuses on a specific element of the design principles of the movement to a Committee System. The background to the design and implementation is contained within the Council Report dated 19<sup>th</sup> November 2020.

#### **6. Implications of the Recommendations**

##### **6.1. Legal Implications**

6.1.1. The Council has made the legally binding decision to change its governance arrangements from May 2021.

##### **6.2. Finance Implications**

6.2.1. No additional implications envisaged, as set out above.

##### **6.3. Policy Implications**

6.3.1. The new arrangements will deliver the new Corporate Plan.

##### **6.4. Equality Implications**

6.4.1. Not applicable

##### **6.5. Human Resources Implications**

6.5.1. No additional HR implications have been identified. Existing officer capacity and resources will be used to implement the committee system.

##### **6.6. Risk Management Implications**

6.6.1. The report to Council on 19 November 2020 included the following summary of the risks:

6.6.2. “There are strategic risks that the council is already managing ahead of implementing this proposed strategic change. The council has been managing its strategic response to the Covid-19 pandemic and has been working in the most challenging conditions experienced in at least a generation to understand, respond to and plan for recovery from an emergency that affects lives, health, care, education, businesses, livelihoods, culture and leisure. The council has been operating in this emergency mode for more than eight months and the next six months are expected to be even more challenging. The second wave of the pandemic will coincide with the period of EU transition, winter pressures for health and social care and combined with the additional risk of severe weather events

6.6.3. The Council has also had to adapt to fundamental changes in the way that decisions are made because of the coronavirus pandemic. The most obvious of these changes is the shift to online meetings which has required a concerted effort on the part of members and officers to ensure that the council could conduct its business whilst minimising the use of urgency powers. Less obvious changes include the speed and volume of decisions required as a result of the fast changing nature of the pandemic and associated changes to legislation and government guidance. Many of these decisions have profound implications for communities in Cheshire East and have required coherent, complex and fast interactions with central government and partner organisations. Adding to the complexity, these bodies have also had to adapt their own decision-making arrangements

6.6.4. Officer resources are stretched and this must be taken into consideration in any transition and operation of a new system of governance. The decision to change the system of governance is the only major change facing the council that is entirely under its own control.

6.6.5. The conditions under which the Council is considering the resolution could not have been foreseen when the motion was unanimously agreed in 2019. The council has never before had to navigate through such high levels of uncertainty where it is difficult to forecast even over the short term and this presents a number of strategic risks for the organisation.”

6.6.6. Many of these risks are being mitigated through the detailed implementation work done since November 2020. However, members will appreciate that the risk environment is dynamic and will continue to be monitored.

## **6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

#### **6.8. Implications for Children & Young People/Cared for Children**

6.8.1. There are no direct implications for children and young people.

#### **6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

#### **6.10. Climate Change Implications**

6.10.1. There are no direct implications for climate change.

### **7. Ward Members Affected**

7.1. None

### **8. Consultation & Engagement**

8.1. There are no direct implications for consultation and engagement.

### **9. Access to Information**

9.1. Full papers published with the Council Agenda 19<sup>th</sup> November 2020.

### **10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

Name: Jane Burns

Job Title: Executive Director Corporate Services

Email: [jane.burns@cheshireeast.gov.uk](mailto:jane.burns@cheshireeast.gov.uk)

**Openness**

The new form of governance (committee system) will be easy to understand and will include arrangements that enable people to easily find out about how decisions are made. Committee meetings will be held in public by cross party (politically proportionate) committees. However, as is the case in all local government decision-making there will be rare occasions upon which a particular report is private or confidential. In these instances the decision will need to be made in private and members of the public will not be able to be present during the meeting.

There will be the opportunity for Councillors and Members of the public to ask questions at committee meetings and it will be clear how complaints can be made about services and Members behaviour.

**Quick Decision Making**

The new arrangements will ensure that decisions are made quickly, to meet the needs of the council and local community. The number of committees and number of meetings will be kept to a minimum, and technology will be used to provide instant access to information and avoid unnecessary paperwork. Paper copies will be provided upon request by members.

There will be a process to deal with urgent decisions, which will be clear and, in most cases, open to the public. The need to make urgent decisions is, however, rare.

**Affordability**

Through the use of technology and a quick, streamlined decision making process, the cost of a committee system will be kept to a minimum.

**Legal Requirements**

The council must comply with all legal requirements and relevant legislation. Where required, legal advice will be available to all meetings, to make sure that legal requirements are met. The council will also follow best practice.

**A Modern Committee System**

The committee system will be modern, open and transparent. Public participation will be encouraged. There will be the opportunity for public speaking and petitions. There will also be a work programme outlining what decisions will be made and by which Committee. There will be a separate Scrutiny Committee to look at health partners, crime and disorder and flood risk management. The Scrutiny Committee will be able to look at future proposed decisions in these areas, and seek to influence them.