

CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 26th November 2012
Report of: Democratic and Registration Services Manager
Subject/Title: Council Governance Arrangements

1.0 Report Summary

- 1.1 This report sets out proposed changes to the governance arrangements of the Council, which give effect to the previous decision at the Council Annual General Meeting in May 2012. It recommends changes to the Council's scrutiny committee structure, and the formal establishment of new Policy Development Groups, in order to improve the effectiveness of these functions.

2.0 Recommendations

- 2.1 That Council be recommended to agree that
- (1) the arrangements set out in this report be adopted with immediate effect;
 - (2) the new Policy Development Groups referred to in this report be formally established, with the terms of reference and compositions as set out in Appendices A and E to this report;
 - (3) the new Scrutiny Committees referred to in this report be formally established, with the terms of reference and compositions as set out in Appendices D and E to this report, and that the existing Council scrutiny structure be dissolved;
 - (4) the membership of each Policy Development Group be noted and the Chairmen and Vice-Chairmen of each Policy Development Group be formally appointed to those offices, as set out in Appendix E;
 - (5) the membership of each Scrutiny Committee be noted and the Chairmen and Vice-Chairmen of each Scrutiny Committee be formally appointed, as circulated at the meeting; and
 - (6) the Borough Solicitor be authorised to make such changes to the Council's Constitution as she determines are necessary to give effect to the wishes of Council in this matter.

3.0 Policy Implications

- 3.1 These are set out in the body of this report.

- 3.2 The Council's governance arrangements must be reflected in the Constitution.

4.0 Financial Implications

- 4.1 The financial implications of the proposed arrangements are not expected to lead to an increase in the resources required to service the new structure, as current resources can be realigned, but the impact of the changes will need to be regularly monitored, and reviewed after 12 months. There are no other known financial implications, although the Independent Remuneration Panel will receive a report on the proposals. Any recommendations from the Panel on these changes will be reported to Council.

5.0 Legal Implications

- 5.1 The proposals contained in this report, if agreed by Council, will need to be reflected in changes to the Council's Constitution. The Constitution Committee must make a formal recommendation to Council, and this must then be agreed by full Council, before Constitutional change can take place.

6.0 Risk Management

- 6.1 No risks would appear to arise from the proposals contained in this report. Indeed, wider Member involvement in the formulation of policy would appear to result in reduced risk to the Council, although care will need to be taken that the Council's decision-making process is not slowed down as a result of these changes, at a time when the Council will need to be agile and responsive.

7.0 Background

- 7.1 At the Annual Meeting of Council on 16th May 2012, Council resolved "that:

1. with effect from the end of a shadow period of operation, which shall end no earlier than September 2012, the existing Overview and Scrutiny Committees will be dissolved and be replaced with two Overview and Scrutiny Committees with the names and provisional terms of reference set out in Appendix 1 of the submitted report;
2. with immediate effect Council establishes, initially in shadow form, up to nine Policy Groups, aligned with the Cabinet, with the provisional terms of reference set out in Appendix 2 of the submitted report;
3. the Leader will determine the size and cross party composition of the Policy Groups and invite the Political Groups to notify the Borough Solicitor of their nominations;

4. the consideration of the terms of reference of the two new Overview and Scrutiny Committees be referred to the Overview and Scrutiny Chairmen in the June/July cycle of meetings and the terms of reference thereafter be finalised by Council, following consideration by the Constitution Committee;
 5. the consideration of the terms of reference of the new Policy Groups be referred to the shadow Policy Groups in the June/July cycle of meetings and thereafter be finalised by Council, following consideration by the Constitution Committee; and
 6. the Borough Solicitor submit a further report to Council which will enable Council to formalise all remaining arrangements following the shadow period”.
- 7.2 Since the Annual Meeting of Council, significant work has been undertaken by Members, on a cross-party basis, and officers, to develop the proposals for Policy Development Groups (PDGs) and in respect of the revised arrangements which might apply to the Council’s scrutiny function.
- 7.3 This report sets out in detail how the developed proposals might now be formally established, with a view to these being incorporated into the Council’s Constitution. The Committee will need to make a recommendation to Council before constitutional change can take place, and a suggested recommendation is set out in paragraph 2 of this report for consideration and approval by Members.

8.0 The Decision-making Role of PDGs

- 8.1 If Council agrees the establishment of the six new PDGs, these groups will play a central role in the Council’s decision-making processes in future.
- 8.2 Leadership from elected members is crucial at this difficult time for the Council, which therefore is “modernising” the roles of elected members, and the way they carry out their work. It is our ambition that we become an increasingly inclusive Council. This is a Council which listens to a wider range of voices, and which works in partnership with other key local agencies, as well as across the political divide, for the benefit of all the people of Cheshire East. The current Overview and Scrutiny arrangements have not achieved this, and the introduction of these new PDGs will be pivotal in delivering the Council’s ambitious plans for change over the next few years and beyond. In effect, these new Groups will significantly increase the visible political leadership capacity of the Council, and create the shared vision and drive for major change.

8.3 The PDGs will:

- Actively involve backbench Members, on a cross-party basis, giving them a key role in the formulation of policy across the board.
- Develop major new Council policies from their most formative early stages, through to their adoption.
- Present the detailed policies, which they have formulated, to Cabinet, in a form which would enable Cabinet to endorse, adopt and put into practice those policies without significant changes. (In other words, respective complementary roles for the PDGs and the Cabinet of decision making and decision taking).
- Have real influence on the role and work of the relevant Cabinet Members in the development of policies, so that the finished product of the PDGs will have a smooth passage through to formal adoption by Cabinet or, where necessary, by full Council.
- Take the place of scrutiny committees in formulating policy, thereby allowing scrutiny committees to focus more effectively on their core function of monitoring, evaluating and making recommendations for improving the performance of the Council and its main local partners.
- Have a key role in respect of major service changes. The PDGs will be able to bring officers and Members before them to develop detailed thinking which, again, will be likely to be accepted by the decision takers in Cabinet.
- Bring forward recommendations on major financial change in order to meet the challenges of the austere times within which local government and other local public services must operate. It is anticipated that the PDGs will have a significant role in assisting the detailed thinking arising from the Council's budgetary process and its transformation programme.
- Work according to an agreed work-programme, delivering in-depth clear decisions in a limited number of key priority areas, within a specific timescale.

8.4 In practice, therefore, PDGs will operate closely with both Scrutiny Committees and the Cabinet – both being informed by and informing the work of those bodies – as part of active dialogue and collaboration between them.

8.5 The PDGs will have some meetings in private but, importantly, will meet regularly in public, to ensure open accountability for their decisions. There is a clear understanding that the PDGs will be very influential and the impact on the activities, resources and outcomes of

the Council will be significant. They will be the Policy Makers, often working with several portfolio holders across different service areas. They will be tasked with delivering comprehensive, well developed pieces of work, focusing in on major service and financial change. It is hard to see any instance where the Cabinet will not support the Policies promoted by PDGs. The new Groups will require a high order of skilled leadership, if they are to be credible and effective.

9.0 Scrutiny Committees

9.1 Given that the focus of our scrutiny arrangements is changing, partly by new legislation, it is proposed that the number, focus and role of the scrutiny committees will change also. Whilst, in theory, they will still have the power to develop policy, their opportunities to do this will be limited, and this function is more likely to be performed by those committees seeking to inform and influence the work of the PDGs. (For example, a scrutiny review of particular service performance or outcomes could lead to the view that a new or different policy is needed to improve what is being achieved).

9.2 It is proposed that we have three scrutiny committees in future, with a new focus on the changed landscape across the country for the commissioning of local public services as follows:

- A scrutiny committee which focuses on the way the Council works as a service commissioner and deliverer, as well as a key strategic partner. (This role will include “call-in”).
- A health and well-being scrutiny committee.
- A community safety scrutiny committee, which will have responsibility for review of external partnerships such as those with the police and fire and rescue services. (This will have a significant role in advising our members of the new Police and Crime Panel and ensuring that issues within the Borough are properly taken into account by the Panel, which will have wider responsibilities across the Cheshire Police Area in scrutinising the newly elected Police and Crime Commissioner).

9.3 Over the course of the past few weeks, the scrutiny chairmen have worked with officers to ensure that there are appropriate transitional arrangements to ensure that the work of the existing scrutiny committees which is still outstanding is properly dealt with under the new arrangements. Informal agreement has been reached on those ongoing scrutiny work areas which should be referred to the new scrutiny committees, and those which should be dealt with by the PDGs.

10.0 Terms of Reference and work streams: PDGs

10.1 The proposed Terms of Reference of the PDGs are set out at **Appendix A** to this report. The six PDGs, and the way in which they relate to the Cabinet Portfolios are:

Corporate and Performance Policy Development Group (Strategic Communities Portfolio)

Finance Policy Development Group (Finance Portfolio)

Health and Adult Social Care Policy Development Group (Health and Adult Social Care Portfolio)

Children and Families Policy Development Group (Children and Families Portfolio)

Environment and Prosperity Policy Development Group (Environment Portfolio and Prosperity and Economic Regeneration Portfolio)

Communities Policy Development Group (Strategic Communities Portfolio and Communities Portfolio)

- 10.2 Although the PDGs could potentially work across the areas of responsibility of a number of Cabinet Portfolio holders, and will have the power to do so, they will predominantly align with the Portfolios listed against them above.
- 10.3 A guide to the Council service areas of responsibility, as these relate to each PDG, is appended to this report at **Appendix B**. This is for guidance purposes only and should not be viewed restrictively. Each PDG will have the flexibility to work across the a range of areas of work of the Council, in order to enable them to properly perform their functions.
- 10.4 For illustrative purposes only, **Appendix C** comprises an initial draft of possible work streams for each PDG. The work programmes will be determined by each PDG, and will change over time, depending on the needs of the Council.

11.0 Terms of Reference and work areas: Scrutiny Committees

- 11.1 It is proposed that the Council's existing scrutiny structure should be dissolved and that three new scrutiny committees should be formally appointed, with immediate effect, each having a membership of 8. The proposed Terms of Reference of the following proposed new Scrutiny Committees are set out at **Appendix D** to this report, in relation to:

Health and Wellbeing Scrutiny Committee
Corporate Scrutiny Committee
Community Safety Scrutiny Committee

12.0 Membership, Chairmanships and Vice Chairmanships of the new Council bodies

- 12.1 In accordance with the resolution of Council on 16th May 2012, the Leader has determined the size and composition of the PDGs. Each PDG will comprise 8 Members, on a 5:2:1 (Conservative: Labour: Independent) basis. However, the

Liberal Democrat Group was invited to nominate a total of two Members and to choose two PDGs on which their two Members should sit.

Appendix E sets out the nominations of each political group to both the PDGs and the new scrutiny committees, together with their proposed chairmanships and vice chairmanships. Council will be asked to note the membership of each PDG and to formally appoint the Chairmen and Vice Chairmen as set out in the Appendix.

13.0 Development and growth in the Borough

- 13.1 The Leader has also signalled his intention to establish an informal body which will have responsibility for driving forward significant development and growth projects within the Borough. Such projects will include those which will bring investment, job creation and income into the Borough. Further thought will be given to the way in which this body will operate, the involvement of Members and external business leaders in its work, and how its effectiveness can be maximised. In due course, developed proposals will be brought forward for the attention of Members

14.0 Access to Information

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

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