

REPORT OF THE MEETING OF CABINET

HELD ON 26TH OCTOBER, 2006

Cabinet Members: R.J. Phillips (Leader of the Council),
D.W. Rule, MBE (Deputy Leader),
Mrs. L.O. Barnett, P.J. Edwards, Mrs. J.P. French, J.C. Mayson,
R.V. Stockton, D.B. Wilcox, R.M. Wilson.

This is a supplementary report to Council and should be attached to Agenda Item 9(b) of the Agenda for the Council meeting to be held on 3rd November, 2006.

1. CORPORATE STRATEGY AND FINANCE (Chairman of Cabinet – Councillor R.J. Phillips)

1.1 Report on Decisions Taken

- (i) **Medium Term Financial Management Strategy** - Cabinet has approved the Council's Medium-Term Financial Management Strategy which provides the financial context for making sure the Council's service improvement aspirations for the future are both affordable and sustainable. It provides a framework for making sure cash resources follow corporate priorities as reflected in the medium-term financial plans.
- (ii) **Three-year Proposals and the Corporate Plan 2007/10** - Cabinet has previously approved the Council's Performance Improvement Cycle, including the production of a Corporate Plan setting out the Council's priorities and how they are to be achieved over the coming three years. The Corporate Plan cannot be finalised until the refreshed Local Area Agreement (LAA) has been negotiated. However, as the Corporate Plan is carried into effect through directorate and service plans, which also look forward three years, and through the Council's Annual Operating Plan, Cabinet has approved a draft Corporate Plan to provide the basis for the initial preparation of directorate and service plans and the Annual Operating Plan. It has agreed, in principle, to a number of areas that should be considered for additional budget provision over the coming three years. These include:
 - spend-to-save proposals for which non-recurrent budget provision is required. These are aimed at improving services for vulnerable children and for older people.
 - spend-to-mitigate proposals for which recurrent budget provision is required. Again these are aimed at improving services for vulnerable children and for older people.
 - other proposals that are not regarded by senior managers as deliverable within the baseline provision in the Finance Resource Mode. These are all in Legal and Democratic Services, and include proposals to underpin major corporate projects and to maintain current levels of support to committees.

The final version of the Corporate Plan will be approved by Council at its meeting on 9th March, 2007.

- (iii) **Public Service Trust - Herefordshire** - Cabinet has considered further proposals for the establishment in principle of a Public Service Trust for Herefordshire designed to give effect to the Council's response to the West Midlands South Strategic Health Authority (SHA) consultations early in 2006 on the reconfiguration of Primary Care Trusts (PCTs) in the region. That consultation arose from the Department of Health's publication "Commissioning a Patient Led NHS". Cabinet has endorsed the recommendation which arose from the report jointly commissioned by the Council and the PCT from Alan Curless of Alan Curless and Associates Limited.

Attached as Appendix 1 is a summary of the main issues covered by that report. A copy of the full report is available upon request. Cabinet has endorsed the principles set out in the report and much work remains to be done and further reports will be required prior to its implementation. There will also be a period of public consultation. Cabinet has approved the report as a basis for continuing negotiation and further report to the Council and PCT. If implemented, the proposals would see much closer integration of the work of the Council and the PCT with the potential for a single Chief Executive and Management Team being accountable to both the Primary Care Trust and the Council.

Cabinet noted that the originally envisaged timetable for implementation from 1st April, 2007 had been affected by:

- changes in leadership within the PCT;
- an evident and understandable indication on the part of the PCT as a result that they wish to proceed rather more cautiously than had originally been intended;
- the apparent lack of pressure from the Strategic Health Authority for implementation from 1st April, 2007;
- the lack of availability of additional funding to assist with the delivery of the initial phase of the programme; and
- the differing levels of flexibility available in relation to the split of commissioning and providing and the inhibition that may present to the realisation of the 1st April, 2008 phase.

Cabinet has placed on record its view that the model envisaged from 1st April, 2007, whilst providing an appropriate means of phasing and protection of service delivery, is not financially or managerially sustainable for more than a year and that the parties should make every effort to reduce that period.

In maintaining its commitment to the proposed recommendation, Cabinet has authorised the Leader of the Council and the Chief Executive to examine with the PCT the advantages and disadvantages of moving more immediately to the proposed fully integrated 1st April, 2008 model recognising, in particular:

- the immediate pressures faced by the Council and PCT;

- the need for clear and unambiguous leadership;
- the need for clarity, speed and purpose in the delivery of change;
- the clear risks to both parties of the inability to move beyond the 1st April, 2007 model; and
- the possibility of a start date which does not coincide with the financial year.

Cabinet has been keen to demonstrate its commitment to the recommendations and has, therefore, indicated it will commit itself to:

- making immediate provision to commit senior staff resources to provide capacity to develop the identified workstreams subject to identifying the resources to undertake that work;
- its share of the resourcing of an interim Project Director to ensure that these workstreams are project managed and, subject to the agreement of the PCT, to project manage these workstreams within the PRINCE 2 methodology and additionally to select and commit to an appropriate Change Management model;
- reaffirming its commitment to the involvement of the PCT in the appointment to the currently advertised statutory post of Director of Children's Services ensuring:
 - (i) that the respective implications of the approval of these outline proposals by the PCT and the Council are drawn to candidates' attention; and
 - (ii) the Chairman of the PCT be invited to join the Members' interviewing panel;
- arrangements being made for the recruitment consultants retained by the Council to see any suitably qualified applicants for the post of Director of Children's Services from within the PCT;
- the PCT being invited to indicate if and how they would wish to be involved in the recruitment of the post of Director of Environment currently advertised;
- protocols being established to ensure that future senior posts within both the PCT and the Council are only advertised when consideration has been given to how recruitment to those posts can further the model to which both parties have committed themselves;
- in recognising the statutory requirements on the PCT to undertake public consultation, committing the Council to joint public consultation on these proposals within the framework of the Community Involvement Strategy adopted by the Herefordshire Partnership

1.2 Report on Items of Interest

- (i) **Audit of the Local Area Agreement** - The Audit Commission is undertaking high-level audits of each local authority that hold a Local Area Agreement and has discussed its remit with the Government Office West Midlands to ensure

that the Audit complemented and did not duplicate the six-month review of the Local Area Agreement. It has concluded that good progress is being made by the Council and its partners in addressing all of the issues. The Auditor found no serious weaknesses or gaps in the arrangements being developed, and clear enthusiasm among partners to make the Agreement work. He made a number of recommendations where further work could be undertaken, and officers, supported by the Audit Commission, are now working with the Herefordshire Partnership Chief Executives' Group and Performance Management Group to incorporate these recommendations into the partnership action plans.

2. RESOURCES
(Cabinet Member - Councillor R.M. Wilson)

2.1 Report on Items of Interest

- (i) **Audit of the Local Area Agreement** - A report on this item is to be found at paragraph 1.2(i) of this report.

12. SOCIAL CARE ADULTS AND HEALTH
(Cabinet Member Councillor Mrs. L.O. Barnett)

12.1 Report on Decisions Taken

- (i) **Public Service Trust - Herefordshire** - A report on this item is to be found at paragraph 1.1(iii) of this report.

COUNCILLOR R.J. PHILLIPS
LEADER OF THE COUNCIL