

# Public Document Pack



To Cheshire East Cabinet

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DATE: 30 January 2009

OUR REF: CF/CAB

YOUR REF:

Dear Councillor

## **CABINET - TUESDAY, 3RD FEBRUARY, 2009**

I am now able to enclose, for consideration at next Tuesday, 3rd February, 2009 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed, and an additional urgent item of business.

### **Item 10 Draft Finance and Contract Rules of Procedure (Pages 1 - 8)**

To consider the proposed framework for Finance and Contract Procedure Rules.

### **Item 12 Progress Report (Pages 9 - 16)**

To receive an update on the Local Government Reorganisation programme, with particular focus on Customer Access and Staffing issues, and key milestones, and to note the steps to be taken in the coming months.

*In accordance with Section 100B(4)(b) of the Local Government Act 1972 the Chairman has agreed to allow consideration of this item as a matter of urgency so as to enable a response to be made to the consultation exercise relating to transport priorities which has been extended to 4 February in order to allow the Cabinet to do so.*

### **Regional Funding Advice Transport Priorities (Pages 17 - 26)**

To note the draft Regional Funding Advice on transport priorities and consider its possible impacts on Cheshire East, and to approve a response.

Yours sincerely

Cherry Foreman  
Democratic Services Officer

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## CHESHIRE EAST COUNCIL

### CABINET

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**Date of the meeting:** 3rd February 2009

**Report of:** Lisa Quinn, Borough Treasurer and Head of Assets

**Title:** Draft Finance and Contract Procedure Rules

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#### **1.0 Purpose of Report**

- 1.1 To present the proposed framework for Finance and Contract Procedure Rules in order that they be operational from vesting day.

#### **2.0 Decision Required**

- 2.1 To agree the recommended approach to Finance and Contract Procedure Rules.
- 2.2 To authorise the officers to develop the framework and the Rules for consideration by members in accordance with the timetable given in paragraph 8 below.

#### **3.0 Financial Implications for Transition Costs**

- 3.1 There are no financial implications for transition costs.

#### **4.0 Financial Implications 2009/10 and beyond**

- 4.1 There are no direct financial implications in the preparation of Finance and Contract Procedure Rules. However in exercising those Rules post vesting day, members and officers will be taking decisions that have significant financial implications.

#### **5.0 Legal Implications**

- 5.1 It is essential that the Council has robust Finance and Contract Procedure Rules in place to enable the Council's financial affairs to be managed post vesting day. In exercising the responsibilities identified in the Rules, post vesting day, members and officers will be taking decisions that have significant legal implications.

#### **6.0 Risk Assessment**

- 6.1 Without a robust set of Rules, members and officers will be unable to properly manage the authority's financial affairs. The likelihood of this occurring is very low and the mitigation is to ensure that the Rules are prepared and implemented on time.

#### **7.0 Information**

- 7.1 It is a legal requirement to have a formal set of Finance and Contract Procedure Rules to enable members and officers to manage the authority's financial affairs. A robust and thorough set of Rules aids the efficient financial running of the Council.

- 7.2 The Rules need to be approved and in place by vesting day and are being prepared alongside other revisions to the Constitution to this timetable.
- 7.3 The existing Councils' various Rules have been reviewed alongside the CIPFA best practice 'model set' and a draft set produced. These have been to Governance Group, Finance Managers Group and other officers for comment and feedback. They have also been reviewed by the Borough Treasurer and Head of Assets.
- 7.4 Key points to note are shown as Appendix 1.

## **8.0 Next Stage**

- 8.1 Subject to members views, the Rules will be considered by members as detailed below, during which time officers will continue to develop the detailed content:
- Governance Committee – 9th February 2009; consideration of the suggested final Rules to be included in the Constitution presented to council.

## **9.0 Day One, Year One and Term One Issues**

- 9.1 The Rules must be in place and approved as part of the new council's constitution.
- 9.2 The Rules will need to be monitored and reviewed during the first year of the council.

## **9.0 Reasons for Recommendations**

- 10.1 In order for the Council to have a framework for managing the authority's financial affairs.

### ***For further information:***

*Portfolio Holder: Councillor Frank Keegan*

*Officer: Lisa Quinn, Borough Treasurer and Head of Assets*

*Tel No: 01270 529628*

*Email: Lisa.Quinn@cheshireeast.gov.uk*

### ***Background Documents:***

*Documents are available for inspection at County Hall, Chester, Cheshire, CH1 1SF*

**Key Extracts from Draft Finance and Contract Procedure Rules****1 Virements**

A virement constitutes the movement of existing approved budgets from one area to another and is not an increase in overall budgets through the addition of new monies.

Approval limits for virements are as follows:

<b>Approval Level</b>	<b>Virement Amount/Percentage</b>
Head of Service	Up to £100,000 or 10% of a net Service budget, whichever is the lowest. (Revenue)
Chief Officers	Greater than 10% of a net Service budget but less than £100,000 (Revenue)  Up to £100,000 between net Service budgets (Revenue)  Up to £100,000 funded from underspends within the approved Service budget (Capital)
Chief Officers in consultation with relevant Cabinet Member and Cabinet Member for Resources	Over £100,000 and up to and including £500,000 (Revenue/Capital)
Cabinet	Over £500,000 and up to and including £1,000,000 (Revenue/Capital)
Council	<ul style="list-style-type: none"> <li>▪ £1,000,000 or more; and/or</li> <li>▪ Significant ongoing financial implications; and/or</li> <li>▪ Significant policy change.</li> </ul> (Revenue/Capital)  “Significant” to be defined by the Borough Treasurer and Head of Assets or their representative.

No virements are permitted from ringfenced budgets.

## 2 Supplementary Estimates

Where services wish to undertake an activity not originally identified in the budget or extend an existing capital scheme where additional income becomes available in year, approval must be sought for a fully funded supplementary capital or revenue estimate.

Approval Level	Supplementary Estimate Amount
Chief Officers	Up to £100,000
Chief Officers in consultation with relevant Cabinet Member and Cabinet Member for Resources	Between £100,000 and £500,000
Cabinet	Between £500,000 and £1,000,000
Council	Over £1,000,000

## 3 Treatment of Year End Balances

The full Council is responsible for agreeing procedures for carrying forward under and overspendings on budget headings.

Any revenue overspending on a Service budget will be carried forward as the first call on the following year's budget.

Any revenue underspending at the year end may be carried forward, subject to the agreement of the Cabinet on the advice of the Cabinet Member for Resources, except where any specific approval has already been given or where there is a specific grant condition requirement. All carryforward proposals must be supported by an appropriate business case demonstrating that the underspend was planned and that the resources carried forward will be earmarked for a specific purpose or issue. Chief Officers should include provisional indications of likely carry forward requests in their reports on the mid-year and three-quarter review of performance.

Capital block provisions are allocations within which the full "starts value" of approved schemes must be contained. Any uncommitted sum at the year end may, exceptionally, be carried forward subject to consideration by the Cabinet Member for Resources of the business case supporting the proposal. Any uncommitted sum which is not justified on this basis will be returned to Council balances. Equally, any overspending will be carried forward as the first call on the following year's provision.

## 4 Capital Approvals

Capital expenditure is broadly defined as expenditure in excess of £10,000, on the acquisition of a tangible asset, or expenditure which adds to (rather than merely maintains), the value of an existing asset and/or extends the useful life of an asset and increasing usability, provided that the asset yields benefits to the Council and the services it provides is for a period of more than one year.

Limits/treatment:

- Capital items estimated to cost in excess of £250,000 will be treated as separate schemes or provisions.
- An Option Appraisal in the form of a detailed Business Case template will be required for all schemes over £250,000.
- A summarised version of the Business Case template will be required for approvals being sought for over £100,000 and up to £250,000.
- A cost estimate and brief description of the nature of expenditure will be required for approvals being sought for over £10,000 and up to £100,000.

## 5 Generating Income

Charges for goods or services must be based on the principle of full-cost recovery, including all service and corporate overheads. Detailed guidance on costing and charging for services is set out in the detailed guidance. Where Chief Officers wish to charge more or less than the full cost, or where the proposal constitutes a new policy or a variation on previous practice the Borough Treasurer and Head of Assets must be consulted in advance.

The following approval levels apply:

Approval Level	Financial Impact of Change in Charges
Chief Officer	Up to and including £100,000
Borough Treasurer and Head of Assets in consultation with relevant Cabinet Member and Cabinet Member for Resources	More than £100,000 and up to and including £500,000
Cabinet	Over £500,000 and up to and including £1,000,000
Council	£1,000,000 or more

## 6 Bad Debts

Bad debts may be written off as follows:

Approval Level	Bad Debt Amount
Chief Officers and Heads of Service, or Authorised Officer as contained in the Scheme of Delegation, in consultation with the Borough Treasurer and Head of Assets.	Up to and including £2,500
Chief Officers and Heads of Service, in consultation with the Borough Treasurer and Head of Assets and Borough Solicitor.	Over £2,500 and up to and including £5,000.

Chief Officers and Heads of Service, in consultation with the Borough Treasurer and Head of Assets and Borough Solicitor and Cabinet Member.	Over £5,000 and up to and including £10,000.
Chief Officers and Heads of Service, in consultation with the Borough Treasurer and Head of Assets, Borough Solicitor, relevant Cabinet Member, and Cabinet Member for Resources.	Over £10,000 and up to and including £50,000.
Cabinet.	Over £50,000.

## 7 Contract Procedures

The table below summarises the procedures must be followed for different contract values.

The Total Value of the contract is the yearly contract value multiplied by the contract period (including any potential extension).

	<b>Total Value</b>	<b>Procedure to follow where no Contract exists</b>
<b>Informal</b>	Below £10,000	E-mail / telephone quotation(s)
	Above £10,000 but below £50,000 for goods, services and works	Comparison of written quotations from at least 3 bidders
<b>Formal</b>	Above £50,000 but below The EU threshold for goods, services and works	Formal tender process to secure tenders from at least 3 suppliers
	Above the EU threshold for goods, services and works	Tender process in accordance with EU Procurement Rules

## 8 Partnerships and Jointly Funded Projects

Legally a partnership is an arrangement entered into under the Partnership Act, and is heavily regulated as to the liabilities of partners. However, the majority of the partnerships entered into by the Council are more correctly called partnership arrangements and are, at their simplest, where the Council agrees to work with one or more external agencies to deliver common aims and objectives. These partner agencies could potentially be from a government department, any public, private, community or voluntary sector body or related party.



### Accredited Body

All public sector bodies that have a proven track record of successful working in collaboration with the Council in various partnership arrangements have been identified as 'Accredited Partners', a list of which is held by the Borough Treasurer and Head of Assets. It is the responsibility of the Borough Treasurer and Head of Assets to maintain this list and review it on an annual basis. Any subsequent changes, including additions and deletions will need approval from the Cabinet.

### Non-Accredited Body

Non Accredited partners include public bodies not specifically identified on the accredited list or private sector organisations. Where the Head of Service wishes to enter into a partnership or jointly funded project with another body not on the accredited list then he/she is required to consult with the Borough Treasurer and Head of Assets, the Borough Solicitor, the Procurement Manager, and the Head of Human Resources and Organisational Development, before following the approval route specified below.

<b>Accredited Body</b>	
The following can approve partnership proposals:	
<b>Approval level</b>	<b>Amount</b>
Chief Officers	Up to and including £100,000
Chief Officer In consultation with relevant Cabinet Member	Over £100,000 and up to £500,000
Cabinet	Over £500,000 and up to and including £1,000,000;
Council	Over £1,000,000.
<b>Non-Accredited Body</b>	
The following can approve partnership proposals:	
<b>Approval level</b>	<b>Amount</b>
Chief Officer in consultation with Cabinet Member for Resources	Up to and including £250,000
Cabinet	Over £250,000 and up to and including £500,000
Council	Over £500,000

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## CHESHIRE EAST COUNCIL

### Cabinet

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<b>Date of meeting:</b>	3 February 09
<b>Report of:</b>	Cheshire East Programme Office
<b>Title:</b>	Programme Progress Report

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#### **1.0 Purpose of Report**

- 1.1 This paper is proposed to provide Cabinet with an update on the Local Government Reorganisation Programme with particular focus on Customer Access and Staffing issues and to draw attention to achievements made within the reporting period and to highlight what the steps will be for the next reporting period. Further detail about Programme progress and programme concerns are contained in Appendix 1.

#### **2.0 Decision Required**

- 2.1 Note progress made for this reporting period (section 5.0) and recognise the activities undertaken for the next period. Cabinet members are requested to consider whether they wish to have a more detailed briefing this month on Day 1 issues.

#### **3.0 Background and Options**

- 3.1 The Programme has a number of reporting mechanisms from projects and activities delivering Local Government Re-organisation:
- Four weekly highlight reports from projects
  - Two weekly project progress meetings;
  - Regular reporting against Day 1 Deliverable progress;
  - On-going management of programme Risk log and four weekly reviews with Management Team;
  - On-going direct contact between Programme Manager and Project Managers.
- 3.2 Section 5.0, takes details from key programme documents:
- Programme Risk log
  - Day 1 Deliverable database
  - Project Highlight reports

This is just a selection of the 500 plus projects which are actively monitored as part of the Programme. Further details on all aspects of the Programme are recorded in the Day 1 Deliverable database.

#### **4.0 Reasons for Recommendation**

- 4.1 The purpose of this report is to ensure appropriate programme progress reporting, providing adequate information and detail required for the critical period from January 09 until April 09, as requested by Cabinet.

**5.00 Customer Access and Staffing issues, progress update December 2008 – January 09.**

**Staff** - The main focus of work remains recruitment of third tier and key roles in 4<sup>th</sup> tier, voluntary redundancy, transitional staffing arrangements and confirmation of transfer letters, critical day one HR policies including CRB, senior manager's conference and induction.

<b>I.D.</b>	<b>Staff - Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D1 25.07	Letters in response to aggregation / disaggregation appeals now being issued & process due to be complete January 09
D1 25.14	Corporate induction of staff to ensure they feel part of the new authority– Management approval expected January 09
D7 23.3	Global email address list now lists officers from all seven councils
D8 1.11	Officer Code of Conduct approved by Council

<b>I.D.</b>	<b>Staff - Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D1 25.08	County Council to issue letters of termination to those staff who will be part of the voluntary redundancy programme. Letters to be issued week commencing 2 <sup>nd</sup> February
D8 25.19	CRB/ISA checks - checks paper considered by Management Team and agreed by Cabinet. Need to confirm model for day 1 (linked to forthcoming decision on Shared Services)
D8 25.10	Strategy for pay and HR policy harmonisation agreed (Management Team recommendation expected Jan 09)

<b>I.D.</b>	<b>Staff - Milestone concerns (include day 1 deliverable I.D. where applicable)</b>

**Customer Access** - Solid progress has been made on defining the form and function of customer access for Cheshire East for vesting day and beyond to ensure seamless transition for the public,

<b>I.D.</b>	<b>Customer Access - Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D8 49.8	Customer Access Guiding Principles, Objectives and Vision document agreed
	Representation on other Groups such as East Project Managers, ICT and Knowledge Management, Revenues and Benefits, Finance and Web is ensuring that dependencies are addressed. Work is ongoing to ensure that both the voice and data networks provide the necessary capacity for vesting day and beyond to ensure good advice to enquirers from Day 1.
	Draft Capital Bids submitted Draft revenue Prioritised Growth Bids submitted

<b>I.D.</b>	<b>Customer Access - Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D1 49.11	Resource recommendations for Customer Contact Services to be addressed at Cabinet February 09
	Further installations of Technology at East Cheshire sites to support capacity planning

	<p>Procurement of Knowledge Management system and hosting arrangements</p> <p>Ongoing work to improve Customer Access working with Parish Councils, Post Offices, Libraries and East Culture Group.</p> <p>Requirements for Work Force Management system signed off and agreed</p> <p>Procurement of East Cheshire 0300 Telephone Numbers due to be completed</p> <p>Requirements for Contact Centre home workers captured</p> <p>Further engagement with service areas</p> <p>Work is ongoing to ensure delivery of Council services for Cheshire East and West managing joint working, disaggregation of people, processes, and technology</p> <p>Process identified for procurement and build for ICT equipment to improve service</p> <p>Customer Access progress overview produced for stakeholders (co-ordinated through the Communications Group)</p> <p>Requirements captured for Management Information for Cheshire East</p> <p>Development of Service Design migration plans</p> <p>Customer Access budget for 2009 / 2010</p>
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<b>I.D.</b>	<b>Customer Access - Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
	Budgetary considerations for Customer Access could inhibit ability to develop service further during 2009.

**Appendix 1****Detailed Day 1 Deliverable programme progress for period December 2008 – January 09**

<b>STAFF</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
D1 25.07: Aggregation / disaggregation appeals will impact on F&MW
D1 49.11: Customer Contact Service Post day 1 - Liaison needed with Service Area groups to identify dates for migration for Training plans etc.
<b>PREMISES</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D2 1.10: Draft Accommodation Strategy produced and agreed by Performance & Capacity Board
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D2 1.10: Property & Facilities group to work up detail of Accommodation Strategy
D2 49.6: Produce business case for adaptation of one and a half floors in Delamere House "hot floors" for Flexible & Mobile Workers
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
D2 49.6: Accommodation Strategy
<b>PLANT &amp; EQUIPMENT</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D3 22.2: Identify assets such as vehicles due for replacement February 09
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>FINANCE</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D4 19.3: Insurance cover now in place for ICT security consideration

<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D4 19.3: To identify lead authority (East / West) to address outstanding insurance issues. Require proposal for joint Insurance company with two contracts
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>GOVERNANCE</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D5 1.2: Delegation of Executive functions agreed by Cabinet
D5 3.2 Appointment of a Health and Adult Social Care Scrutiny Committee
D5 26.13: Independent Members appointed to Standards Committee
D5 25.01: The Local Government (Structural Changes) Transitional Arrangements (No.2) Regulations have now been laid in Parliament
D5 29.1: Cheshire East has been granted Borough Status. The Charter will come into effect on 1 April with the Mayoral appointment being made on the same date
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
Protocols for Shared Arrangements (due end of Jan 09)
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>ICT &amp; KM</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D6 23.6: Joint telephone directory visible to all seven councils. Internal through dialling between all authorities now available.
D6 23.8: Project Plan for implementation of 'Remedy' (system used for logging calls) is complete
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>BRANDING</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>

<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
D7 23.3: Shared inbox being created for F&MW
<b>OPERATIONS: PERFORMANCE &amp; CAPACITY</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D8 25.11: IIP arrangements for new Authority approved by Cabinet
D8 25.12: Culture and Values of new Authority approved by Cabinet
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D8 14.4: Develop clear policy and consistent approach to invoice generation (expected Feb 09)
D8 19.1: Ensure insurance & professional indemnity cover is in place for new council
D8 19.2: Consistent records & system in place for insurance claims
D8 23.5: Internet access in place and Internet Policy developed (due January 09 to go in HR induction pack)
D8 48.3: Review of LSP delegated responsibilities for regeneration management
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>OPERATIONS: PEOPLE</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
D4 50.15: Extra Care Housing – round 5 now being agreed by Chief Executives and Leaders
D4 50.4: Pooled budget for Services for Adults with learning disabilities agreed
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
D8 50.9: Set up School Admission Forums
D8 50.10: School Governors re-appointing
D8 35.1: Set up Local Children Safeguarding Boards
D8 50.7: Set up Local Adults Safeguarding Boards
<ul style="list-style-type: none"> <li>• Set up the Children's Trust</li> <li>• Completion of PFI Round 5 Business Case</li> <li>• School Funding Formula</li> <li>• Set up Project Board for Education for 14-19 year olds</li> </ul>



<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
Project requires CE MT resolution regarding issues around Shared Services and Pan Cheshire Services in Terms of Housing, Governance and Operational responsibility.
<b>OPERATIONS: PLACES</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
Identified 50 project savings towards MTFS
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
<b>OPERATIONS: SHARED SERVICES</b>
<b>Achieved this period (include day 1 deliverable I.D. where applicable)</b>
<b>Plan for next period January 09 – February 09 (include day 1 deliverable I.D. where applicable)</b>
<b>Milestone concerns (include day 1 deliverable I.D. where applicable)</b>
Resolution of conflict issues between East and West

***For further information:***

*Portfolio Holder: Councillor Fitzgerald*

*Officer: Cedric Knipe*

*Tel No: 01625 504602*

*Email: c.knipe@macclesfield.gov.uk*

***Background Documents:***

- *Programme Risk log*
- *Day 1 Deliverable document*
- *Project Highlight reports*

*Documents are available for inspection at: Cheshire East SharePoint,  
<https://lgr.cheshire.gov.uk/sites/lgreastprogramme/default.aspx>*

## CHESHIRE EAST COUNCIL

**CABINET**

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**Date of meeting:** 3<sup>rd</sup> February 2009  
**Report of:** Chris McCarthy, Interim Strategic Director Places  
**Title:** Regional Funding Advice Transport Priorities

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**1.0 Purpose of Report**

- 1.1 This paper considers the Region's consultation exercise on the second draft Regional Funding Advice for the North West for the period to 2018/19
- 1.2 The paper provides a summary of the proposed changes from the first process and considers the impact that this may have for Cheshire East and seeks agreement on a Cheshire East response to the draft proposals on transport priorities.

**2.0 Decision Required**

- 2.1 To note the draft Regional Funding Advice on transport priorities and consider its possible impacts on Cheshire East.
- 2.3 To approve the suggested response to the consultation exercise relating to transport priorities.

**3.0 Financial Implications for Transition Costs**

- 3.1 None.

**4.0 Financial Implications 2009/10 and beyond**

- 4.1 The Regional Funding process enables local authorities to secure approval and funding for major transport schemes (i.e. those over £5 million in value).

**5.0 Legal Implications**

- 5.1 None.

**6.0 Risk Assessment**

- 6.1 A risk arises from the proposed advice in that the over programming of existing schemes means that not all schemes can be delivered over this period up to 2018/19. The advice does not specify criteria for the delay or deferment of schemes; however, the Regional Transport Advisory Group has suggested that those schemes that do not have Programme Entry status are very likely to be those considered for deferment. One of the consultation questions is about how to deal with the over programming.

This risk potentially impacts on both Crewe schemes. For Crewe Green Link Road the plan is to submit the Programme Entry bid to the Department for Transport within the next two months. This action will mitigate against this risk. For Crewe Rail Gateway, any bid is being delayed by Network Rail's consideration of alternative options for Crewe Railway Station. If this situation continues the risk will remain against this scheme.

## **7.0 Regional Funding Advice and the implications for Cheshire East**

7.1 Appendix 1 contains a detailed summary of the Region's proposals.

7.2 The key changes from the first Regional Funding Advice are:

- ◆ The second Regional Funding exercise extends the funding profile by three years to 2018/19.
- ◆ Local Transport Plan integrated transport and maintenance block funding is proposed to be included as part of the Regional Funding Allocation process as opposed to being allocated directly from the Department for Transport to local authorities.

7.3 The recent SEMMMS announcement could impact on the Regional Funding Allocation programme. On 25 November 2008 the Secretary of State for Transport announced that the Department for Transport would be prepared to contribute up to £165m (50%) towards the SEMMMS Relief Road to enhance access between the M56, Manchester Airport and the A6 at Hazel Grove. The implication is that if this scheme is to proceed a further £125m would probably be needed from the programme funding compounding the over programming problem and putting more pressure to delay other projects.

7.4 The SEMMMS announcement is to be welcomed but significant aspects of the funding package remain to be explored, principally the Regional commitment required, the financial implications for all three Local Highway Authorities, including Cheshire East and consideration of the Department for Transport's normal capital funding principles.

In addition, the onward funding of the remaining section of the Poynton Bypass and the northern Major Scheme section (entirely within Stockport MBC's boundary), as well as the detailed environmental and traffic impacts of a staged implementation of the scheme needs to be assessed. These considerations are at an initial stage given the limited time since the Secretary of State's announcement.

7.5 The status of SEMMMS and the other schemes in Cheshire East are detailed in Appendix 2.

7.6 The draft advice is accompanied by a series of consultation questions. These cover all aspects of the advice but a number specifically relate to transport issues.

7.7 Members are invited to consider these questions and the suggested responses contained in Appendix 3 and make recommendations on the draft Cheshire East response to this consultation exercise.

7.8 Cheshire East has a significant programme of major transport projects to be developed and delivered, including by partners, The consultation response to the Region's advice reflects the need to protect the current levels of investment in these and other major transport schemes across the Region

## **8.0 Overview of Day One, Year One and Term One Issues**

8.1 There are no significant Day One issues. Cheshire East Council is likely to be invited to support the submission of the Major Scheme Business Case for the Crewe Green Link Road

8.2 During Year One the Crewe Green Link Road bid will need to be progressed in discussions with the Department for Transport and seek to achieve a number of other key project milestones.

8.3 By Term One a new Local Transport Plan and Local Development Framework will have been prepared and an evidence base established to support the basis for promoting or consolidating major schemes proposals in future reviews of the Regional Funding Advice.

## **9.0 Reasons for Recommendation**

9.1 The RFA is the process by which all local authorities access funding for delivering major transport infrastructure priorities.

### ***For further information:***

*Portfolio Holder: Councillor Jamie Macrae  
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## **APPENDIX 1 – FURTHER DETAIL OF NORTH WEST REGIONS REGIONAL FUNDING ADVICE (RFA)**

### **FUNDING AND PROGRAMME**

The current RFA exercise now extends the funding profile by three years to 2018/19. As part of this process, the indicative allocations for transport are intended to cover:

- Major schemes on the Highways Agency network (100% costs including preparation works);
- Construction of local authority major schemes (including maintenance costs) including a share of preparatory costs; and
- Integrated and maintenance block funding from 2011/12 (Local Transport Block)

The draft advice notes that the Highways Agency and local authorities have made considerable progress to develop and deliver the current RFA priority schemes. A number of schemes have been completed, several are under construction and others at various stages in the Department for Transport's (DfT) approvals process. However, the cost of delivering the agreed investment programme has risen by over £450m. Three Highways Agency schemes (the A57/A628 Mottram Tintwistle bypass, the A556 (M6 to M56) Environmental Improvement and the A5036 Port of Liverpool Access Improvement) account for over 70% of the increased cost.

As a result, the investment programme is now 35.5% over-programmed for the RFA period to 2015/16. It is significantly above the Government's ceiling of 20%. This means it is not possible for the region to consider adding any new schemes to the current programme and it is anticipated that there will be a need to defer expenditure on some schemes to comply with the over-programming envelopes even when extending the time frame to 2018/19.

While not explicit in the draft guidance, advice from the Regional Transport Advisory Group has suggested that schemes that do not yet possess programme entry status will be those recommended for deferral.

### **INTEGRATED TRANSPORT AND MAINTENANCE BLOCKS**

The draft advice states that there is insufficient evidence available to neither make informed recommendations on changes to the distribution of either of the LTP block allocations between authorities, nor to alter the balance of spend between major schemes.

There is also concern that sub £5m schemes do not meet the DfT criteria for major schemes are unaffordable to some local authorities, particularly smaller unitary authorities. In response to this, it is considered that a separate fund could be created to support such

schemes. This could be created by top-slicing the LTP blocks or pump priming a fund from major schemes allocations. However, as noted above, there is a lack of evidence on which to base potential top slicing and major schemes are currently allocated until at least 2018/19. Instead, the region proposes to conduct additional research to assess the merits of such an approach and to estimate the potential level of funding that may be required.

The full version of the Regional Funding Advice is available to view on:

<http://www.nwda.co.uk/pdf/RFA%20overview%202008%20final%20pdf.pdf>



## **APPENDIX 2 – UPDATE ON POSITION OF CHESHIRE EAST'S REGIONALLY FUNDED MAJOR SCHEMES**

- **Alderley Edge and Nether Alderley Bypass**

The scheme has now secured final approval and construction work has started.

- **SEMMMS Major Schemes**

Following an announcement from the Secretary of State (SoS), in June 2007 (outlining the unaffordability of the recommended SEMMMS Major Scheme linking between the M60 and Manchester Airport from a single funding source) a process was set up for the DfT to work with the three Highway Authorities (Cheshire County Council, Stockport Metropolitan Borough Council and Manchester City Council) to seek possible ways of taking the scheme forward.

The DfT's clear intention was to identify sections of the whole scheme that could be afforded from various funding streams. The DfT clearly identified three separate scheme elements: Major Scheme (southern section) between the Airport and the A6; Major Scheme (northern section) between the A6 and the M60; and the southern leg of the Poynton Bypass - between the southern section of the Major Scheme and the A523 south of Poynton.

The three authorities provided various technical/economic assessments that have culminated in the Secretary of State for Transport announcing (on 25<sup>th</sup> November 2008) that the DfT would be prepared to contribute up to £165m (50%) towards the SEMMMS Relief Road to enhance access between the M56, Manchester Airport and the A6 at Hazel Grove. The DfT considers that this is a scheme that offers strong international and national productivity benefits. The additional funding is, however, subject to support from regional and local partners through the RFA programme. The implication is that if this scheme is to proceed a further £125m will need to be allocated from the current RFA programme.

Clearly, the announcement is to be welcomed but significant aspects of the funding package remain to be explored, principally the Regional commitment required, the financial implications for all three Highway Authorities (perhaps most significantly Cheshire East) and consideration of the DfT's normal capital funding principles.

A further significant element will be to explore the onward funding implications of both the remaining section of the Poynton Bypass and northern Major Scheme section (entirely within Stockport MBC's boundary), as well as the detailed environmental and traffic impacts of a staged implementation of the scheme that was recommended, in its

entirety, by the SEMMMS Study. These considerations are at an initial stage given the limited time since the SoS's announcement.

- **Crewe Rail Gateway** – Work has been undertaken to refine the costs of the scheme. Network rail is currently examining options to relocate the current station. It is understood that further information will be made available in early 2009. Work on the Gateway will proceed once Network Rail has made a decision.
- **Crewe Green Link Road (Southern Section)** – Considerable progress has been made to develop a business case for this scheme. It is anticipated that this will be submitted in early Spring 2009 to secure Programme Entry status. The route is of strategic importance to access the proposed Basford Regional Investment Site. It would also improve access to the Rail Gateway proposal. The scheme is therefore linked Network Rail's decision concerning the future location of the railway station.
- **A556 (M6 to M56) improvement** – Following a programme of public consultation a preferred route (option B) has been identified. This will be the subject of further consultation and design work. Once completed, draft Highways Statutory Orders and an Environmental Statement will be published. The public will then have an opportunity to consider the proposals and make representations and objections to the scheme. If objections to the Draft Order are received a public Inquiry may be held. Discussions at the Regional Transport Advisory Group meeting on 9 December 2008, suggested that this scheme may be accelerated in order to support the DfT's Managed Motorway Initiative for the M6.

### APPENDIX 3 – CONSULTATION QUESTIONS AND SUGGESTED RESPONSE

The draft RFA Advice is accompanied by a series of consultation questions. These cover all aspects of the advice but a number specifically relate to transport issues. These, along with suggested responses, are set out below.

**Q8** *The existing major transport schemes investment programme is currently 35% over-programmed to 2015/16. Even with the further three years planning assumptions announced in RFA2, the programme will remain over-budget for the period 2009/10 to 2018/19. How should the region address its now significant level of over-programming?*

**Proposed response** – Cheshire East feels the proposal to defer some of the RFA schemes is considered to be realistic but may act to disadvantage some very worthwhile proposals on the grounds that these have not yet secured Programme Entry status. This issue is exacerbated due the disproportionate level of cost increases attributed to Highways Agency schemes. It is, therefore, considered that the lack of Programme Entry status alone should not be the only criteria for deferral. Consideration must also be given to the overall deliverability of schemes alongside further assessment of the wider economic benefits that schemes will support. As a result, it is recommended that all schemes are regularly scrutinised as part of future RFA refresh exercises.

**Q9** *From 2011/12 onwards, do you consider the existing balance of spend between major schemes (36%), the integrated transport block (32%) and maintenance block (32%) to be the most effective, or should the region consider viring money between the three transport elements?*

**Proposed response** – Cheshire East believes the existing balance between the funding blocks should be maintained to ensure overall equity. There was particular concern that Local Transport Plan objectives and targets would not be secured if funding was removed from the LTP blocks in order to meet the increased cost of major schemes. In addition, the current share of overall funding between local authorities be maintained.

**Q10** *Regions have the discretion to set aside a certain proportion of the regional allocation to fund schemes of local importance. In the North West, there is concern that sub £5 million schemes that do not meet the DfT criteria for consideration as major schemes are unaffordable to some local authorities, particularly unitaries. How should the region address these concerns?*

**Proposed response** - Cheshire East would welcome detailed research into how this might be achieved before forming a view on this proposal.

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