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Cabinet
Agenda

Date:	**Monday, 14th February, 2011**
Time:	**2.00 pm**
Venue:	**Council Chamber, Municipal Buildings, Earle Street, Crewe CW1 2BJ**

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

2. **Declarations of Interest**

   To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda.

3. **Public Speaking Time/Open Session**

   In accordance with Procedure Rules Nos.11 and 35 a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the Committee.

   Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

   In order for an informed answer to be given, where a member of the public wishes to ask a question of a Cabinet Member three clear working days notice must be given and the question must be submitted in writing at the time of notification. It is not required to give notice of the intention to make use of public speaking provision but, as a matter of courtesy, a period of 24 hours notice is encouraged.

Please contact	Cherry Foreman on 01270 686463
E-Mail:	cherry.foreman@cheshireeast.gov.uk with any apologies or requests for further information or to give notice of a question to be asked by a member of the public

4. **Minutes of Previous meeting** (Pages 1 - 8)

   To approve the minutes of the meeting held on 17 January 2011.

5. **Key Decision 10/11-79 Consultation on Proposal to Close Macclesfield High School and Publication of Statutory Notices** (Pages 9 - 78)

   To authorise the publication of statutory notices for the closure of Macclesfield High School on 31 August 2011, with the closure being approved to take effect only if an agreement is made for the establishment of an Academy to replace the School.

6. **Key Decision 10/11-68 Establishment of a Pupil Referral Unit** (Pages 79 - 86)

   To consider the establishment of a Pupil Referral Unit for up to thirty secondary aged permanently excluded pupils on two sites from 1 April 2011.

7. **Key Decision 10/11-74 Shared Property Assets** (Pages 87 - 94)

   To consider the provisional agreement made between Cheshire East and Cheshire West and Chester Borough Councils regarding the disaggregation of various property assets following Local Government Reorganisation.

8. **Key Decision 10/11-76 Interim Planning Policy on Release of Housing Land** (Pages 95 - 122)

   To consider responses received to the consultation on the draft Interim Planning Policy on the Release of Housing Land and the proposed revisions to it in the light of the comments made.

9. **Key Decision 10/11-77 Interim Planning Statement on Affordable Housing** (Pages 123 - 160)

   To consider responses received to the consultation on the draft Interim Planning Policy on the Release of Housing Land and the revisions proposed to it in the light of comments made.

10. **Key Decision 10/11-81 Business Planning Process 2011/14 Budget Report** (Pages 161 - 302)

    To consider the Cheshire East Budget for 2011/12, including the spending plans and income targets for the coming financial year and the financial estimates for the 2012/13 and 2013/14 financial years.

11. **Corporate Plan 2011-2013 (Year 3)** (Pages 303 - 338)

    To consider updates to the Corporate Plan as part of its annual refresh in parallel with budget setting.

12. **Treasury Management Strategy and Minimum Revenue Provision Statement 2011/12** (Pages 339 - 360)

    To consider the Treasury Management Strategy for 2011/12 to 2013/14, and the Minimum Revenue Provision Statement for the redemption of debt for 2011/12.

13. **Risk Management Update Report** (Pages 361 - 368)

To consider the Council's risk management processes including what the key risks are and how they are evaluated, managed and reviewed.

14. **Strategic Housing Audit Commission Inspection** (Pages 369 - 376)

To consider the outcome of the inspection in October 2010 of Cheshire East's approach to housing, including a summary of its outcomes, strengths, areas for improvement and recommendations of the Audit Commission.

15. **Benefits Service Inspection** (Pages 377 - 382)

To consider the outcome of the Audit Commission inspection of Cheshire East's Benefits Service in August 2010, and the action plan to address the areas of improvement it highlighted.

16. **2010/11 Quarter Three Performance Report** (Pages 383 - 392)

To note the successes achieved during the first nine months of 2010/11 and to consider issues raised in relation to underperformance against targets and how these will be addressed.

17. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

18. **Managing Workforce Change - Severance Provision** (Pages 393 - 404)

To consider the report of the Head of Human Resources and Organisational Development.

19. **Key Decision CE10/11-75 Tatton Park Vision** (Pages 405 - 416)

To consider the report of the Strategic Director Places.

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Agenda Item 4

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Monday, 17th January, 2011 in The Capesthorne Room - Town Hall, Macclesfield SK10 1DX

PRESENT

Councillor W Fitzgerald (Chairman)
Councillor R Domleo (Vice-Chairman)

Councillors Rachel Bailey, D Brown, H Gaddum, A Knowles, J Macrae, P Mason and R Menlove

Councillors in attendance:
Councillors A Arnold, Rhoda Bailey, R Fletcher, D Flude, O Hunter, D Neilson, A Thwaite, G Walton and S Wilkinson.

Officers in attendance:
Chief Executive, Borough Treasurer and Head of Assets, Director of Adult, Community Health and Wellbeing, Director of Children and Families, Head of Health and Wellbeing, Head of Policy and Performance, Head of HR and Organisational Development, Interim Borough Solicitor, Strategic Director Places and Tatton Park and Visitor Economy Manager.

111 APOLOGIES FOR ABSENCE

There were no apologies for absence.

112 DECLARATIONS OF INTEREST

There were no declarations of interest.

113 PUBLIC SPEAKING TIME/OPEN SESSION

There were no questions from members of the public.

114 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 20 December be approved as a correct record.

115 KEY DECISION 10/11-55 LIFESTYLE APPLICATIONS FOR HEALTH AND WELLBEING SERVICES

Consideration was given to the principles underpinning the development of Health and Wellbeing Services as an arms length provider organisation. The report included options for the delivery of the proposed service, the

financial implications and links to a number of associated proposals relating to future operating models for Care4CE. The proposal would contribute to the reduction in health and social inequalities in Cheshire East whilst continuing to offer facilities to support health improvements to the whole population of the Council area.

RESOLVED

1. That the principles which underpin this development be agreed.

2. That approval be given to implement the options appraisal to explore the appropriate vehicle for delivery of the service proposed in this report including the exploration of opportunities to become an externalised provider alongside/with Care4CE.

3. That agreement be given to the levels of investment required and that the potential financial and non-financial benefits be acknowledged, including the capital implications, in relation to working towards the lifestyle centre investment, through an options appraisal and feasibility study in 2011-2012.

4. That the links to associated proposals under consideration relating to future operating models for Care4CE be acknowledged.

116 **KEY DECISION 10/11-57 LOCAL TRANSPORT PLAN STRATEGY AND DRAFT IMPLEMENTATION PLAN**

(Councillor D Brown arrived during consideration of this item)

Consideration was given to the proposed changes for incorporation into the final Local Transport Plan Strategy, and to the Draft Implementation Plan for consultation; following a four week period of stakeholder consultation the report would be submitted to full Council for final approval.

The transport priorities reflected the wider priorities of the area contained in such plans as the Sustainable Community Strategy, the Corporate Plan, the Local Development Framework and the Economic Development Strategy. Future investment in highways and transport would be directed to support the priority themes to ensure a sustainable future, and create conditions for business growth.

RESOLVED

1. That the proposed changes for incorporation into the final Local Transport Plan Strategy, as detailed in Appendix 2 of the report be agreed.

2. That approval be given to the draft Local Transport Plan Implementation Plan to be released for stakeholder consultation on 18 January 2011, as detailed in Appendix 1 of the report.

117 **KEY DECISION 10/11-60 VISITOR ECONOMY STRATEGY FOR CHESHIRE EAST**

Consideration was given to the approval and adoption of the Visitor Economy Strategy for Cheshire East. The strategy and framework set the context within which the Council would deliver services and work with partners to maximise the benefits of the areas visitor economy which was seen as an important economic sector.

The timescale for the development of the strategy had enabled it to run in parallel with that of the draft Economic Development Strategy, the Local Transport Plan, and also 2020: Meeting the Challenge, the sub regional framework for the visitor economy in Cheshire and Warrington so allowing greater coordination of related policy development.

RESOLVED

That the Visitor Economy Strategy for Cheshire East be approved and adopted as the Council's framework to deliver services and agree policy relating to the visitor economy.

118 **QUARTER THREE 2010/11 FINANCIAL PERFORMANCE REPORT**

Consideration was given to the projected financial performance for the 2010/11 financial year at the three quarter review stage. The report highlighted the key financial pressures faced by the Council, progress in mitigating action and measures to contain costs within the approved budget. In particular the report focussed upon area of high financial risk to the Council and included updates on the Capital Programme, Treasury Management, debt, and in-year collection rates for Council Tax and Business Rates.

RESOLVED

1. That the following points, contained in Annex 1 of the report, be noted:
    - the updated forecast outturn position for the Council's revenue budget at the third quarter stage of 2010-11, and the remedial actions detailed in Sections 2 and 3;
    - the potential impact on the Council's general reserves position as detailed in Section 4;
    - the Treasury Management update detailed in Section 6;
    - the Council's in-year collection rates for Council Tax and Business Rates, detailed in Section 7;
    - the Council's invoiced debt position as shown in Section 8;

- progress to date on delivering the 2010-11 Capital Programme, detailed in Section 9 and Appendix 1;
- Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Appendix 2a;
- Delegated Decisions to be approved by Directors in consultation withthe relevant Portfolio Holder and the Portfolio Holder for Resources for Supplementary Capital Estimates and virement requests over £100,000 and up to and including £500,000 as shown in Appendix 2b.

2. That approval be given to the following:
   - Supplementary Revenue Estimates totalling £165,000 for the Places Directorate to be met from general reserves, in respect of the following items (Section 3.22 of Annex 1);
     (a) £100,000 in respect of the costs of the Covanta Planning Enquiry;
     (b) £40,000 to meet additional costs relating to the back log of planning applications at Macclesfield;
     (c) £25,000 for consultancy support for the preparation of the "gypsy and travellers" planning application.
   - Supplementary Revenue Estimate of £864,000 for the Places Directorate in respect of Highways maintenance expenditure to be met from DCLG Winter Impact Grant (Section 3.22 of Annex 1);
   - Reductions in approved capital budgets, as shown in Appendix 3a.
   - Deferrals in approved capital budgets, as shown in Appendix 3b.

119 **ADULT SOCIAL CARE ASSESSMENT OF PERFORMANCE 2009/10**

Consideration was given to the results of the Annual Assessment of Performance by the Care Quality Commission, to determine the overall performance grading for the Council in respect of adult social care delivery. The overall performance grading was aggregated into an overall score from four grading levels these being performing poorly/adequately/well/excellently; the Cheshire East rating was 'performing well'.

The report detailed the seven outcomes upon which the Council was assessed. It was noted that this would be the last time an assessment was carried out in this way and that a consultation had been received on the new framework, and that the Performance, Standards and Information Team would be responsible for coordinating the Council's response.

RESOLVED

1. That the results and positive rating of the Care Quality Commission (CQC) performance assessment for 2001/10 be noted, and also that it was the final year of assessment in this way by the CQC.

2. That the future direction for the assessment of performance for this work be noted.

120 **ANNUAL PERFORMANCE RATING FOR CHILDREN'S SERVICES**

Consideration was given to the annual performance rating for Children's Services in Cheshire East, and to the steps being taken to drive continued improvements in service delivery to children and families. The Council had 'performed well' in the assessment by Ofsted, the four point scale being poor/adequate/well/excellent based upon all inspected and regulated activity for children in areas such as childcare provision, schools and colleges, fostering, children's homes and child protection services.

RESOLVED

1. That the contents of the report, and the Annual Performance Rating of Children's Services in Cheshire East by Ofsted as 'performing well', be noted.

2. That the steps being taken by the Director of Children's Services to drive continued improvements in service delivery to children and families across the partnership of agencies comprising Cheshire East's Children's Trust be noted.

121 **KEY DECISION CE10/11-75 TATTON PARK VISION**

Consideration was given to the new vision for Tatton Park, aiming to substantially develop the visitor experience and to generate new sources of income and in so doing to eliminate the need for a public subsidy. The report sought guidance on the principle of investing in a number of projects as part of the Tatton vision.

RESOLVED

1. That the Tatton Park Vision, supported by a capital "invest to save" programme to realise the full potential of the asset, be endorsed

2. That the Council's Capital Programme be updated in due course to include investment in development proposals as part of the Tatton Vision programme, supported by firm business cases.

122 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

123 **KEY DECISION TATTON PARK VISION**

At the beginning of the meeting the Chairman had requested that consideration of this matter be deferred to enable Officers to obtain further clarification on legal and commercial aspects of the project.

RESOLVED

That consideration of this item be deferred to enable Officers to obtain clarification on legal and commercial aspects of the project.

124 **MANAGING WORKFORCE CHANGE**

Consideration was given to the report of the Head of Human Resources and Organisational Development.

RESOLVED

1. That Cabinet supports the decision of the Chief Executive to release the employees whose roles are listed as 1 to 10 of Appendix A under the arrangements agreed in relation to voluntary severance provisions for employees in the Council.

2. That Cabinet notes the employee listed as 11 of Appendix A; following a management decision regarding this service, there was an urgent need to consider the request for voluntary severance from this employee. As a result the Procurement, Assets and Shared Services Portfolio Holder agreed to release them under the terms of his delegated powers.

125 **REVIEW OF RESIDENTIAL PROVISION - RESPONSE TO SCRUTINY REVIEW**

Consideration was given to the response of the Director of Children's Services to the recommendations of the Task and Finish Group of the

Children and Families Scrutiny Committee, considered by Cabinet on 20 September 20210.

RESOLVED

1. That the responses to the recommendations made to Cabinet in the report by the Children and Families Scrutiny Committee entitled Review of Residential Provision, considered by Cabinet on 20 September 2010 be noted.

2. That in response to recommendations 3 & 7 the recommendation that a further 12 residential beds should be made available within Cheshire East for children requiring residential provision and to reduce the reliance upon provision external to Cheshire East be endorsed.

3. That the Director of Children's Services be charged with taking steps to secure access to such provision in the most cost-effective manner; and that the provision should meet all statutory requirements to ensure high quality support is provided and the needs of the young people placed in the provision are met; that this be subject to completion of a cost and benefit analysis and formal approval of the revenue and capital budgetary provision via the Council's 2011/14 Budget.

4. That the necessary steps be taken to ensure the present arrangements with the Together Trust for the delivery of residential care at Wilkinson House in Sandbach can be continued for a further period of 12 months while additional provision is secured within the Borough.

The meeting commenced at 2.00 pm and concluded at 3.50 pm

W Fitzgerald (Chairman)

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Agenda Item 5

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Lorraine Butcher. Director of Children and Families
Subject/Title:	Outcome of the formal consultation on the proposal to close Macclesfield High School and permission for the publication of statutory notices
Portfolio Holder:	Cllr Hilda Gaddum

1.0 Report Summary

1.1 This report details the background to the proposal and the outcome of the recent formal consultation on the proposed closure of Macclesfield High School upon the establishment of an Academy for September 2011. The report seeks permission from Members to publish statutory notices.

2.0 Decision Requested

2.1 Cabinet are recommended to authorise the publication of statutory notices for the closure of Macclesfield High School on 31 August 2011.

2.2 The notice, if authorised, will confirm within the explanatory notes that the closure of Macclesfield High School will be approved to take effect only if by the date of closure an agreement has been made under section 482(1) of the Education Act 1996 for the establishment of an Academy to replace the School.

3.0 Background

3.1 There are four mainstream secondary schools in Macclesfield, each providing education aged 11 to 18. These are:

1. Macclesfield High (formed in 2007 from the relocation of Henbury High School onto the Macclesfield Learning Zone site);
2. The Fallibroome Academy (formerly Fallibroome High School)
3. All Hallows Catholic College
4. Tytherington High School

The establishment of Macclesfield High on the Learning Zone was a joint venture with Macclesfield College and Park Lane Special school and was established with £15,948,507 investment. The Sixth Form (LZ6) provision on the Macclesfield High School site is a shared provision with Macclesfield College.

3.2 The current number of places available in the four mainstream high schools, including their sixth form provision is 4766. An analysis of the latest data shows

that the number of pupils attending these schools has fallen over the past years from 4981 pupils in 2002 to 4571 in October 2010 (taken from the Autumn Term School Census Returns). This reduction is forecast to fall again by September 2017 to 4380 resulting in an 8% surplus forecast for the town. This forecast has been calculated using the Council's pupil forecasting methodology, which takes into account the number of pupils on roll at the primary schools and the pattern of transfer to secondary schools to calculate the average for the last three years. This produces a percentage 'feeder school transfer rate' for each primary school. These percentage 'feeder school transfer rates' are then applied to the number of pupils actually on roll at the primary schools in January to generate the future number of pupils which it is expected will feed from each of these primary schools into the secondary schools. As well as using the primary school feeder transfer rates, an estimate of the number of pupils admitted to secondary schools from non-Cheshire East primary schools based on past data is included in the calculation. The projected estimates for numbers on roll in future years are these 'feeder school transfer rates' rolled forward, i.e. Year 7 in 2010 becomes Year 8 in 2011, Year 9 in 2012 and so on.

3.3 It is important to note that the pattern of parental preference in the Macclesfield area is significant in that the majority of surplus places are at Macclesfield High School; whilst the number of pupils attending Macclesfield High School in October 2010 of 745 produces a surplus for the school of 26%, the number on roll is forecast to fall further to 708 by 2017 (based on the pupil forecasting methodology), which if realised, would result in 30% surplus places at the school. The indications are that this surplus figure could be much greater if no action is taken with a potential for the number of surplus places to reach as much as 67% by 2017 if the other three mainstream schools continue to receive applications in line with their published admission numbers; this forecast is based on the current pattern of parental preference in the area and the assumption that if this continues, the intakes into the other three high schools into year 7 in September (i.e. at the normal point of entry to the school) will be maintained.

3.4 The removal of surplus places is a government requirement since it leads to a significant financial drain on school budgets and an inefficient use of resources. Current admissions law allows published admission numbers to be higher than the number indicated by the net capacity calculations and this can result in a school having a negative surplus. It is important to note therefore, that the current number of places available for admission into year 7 is 840 and that the proposal to establish an Academy with an admission number of 120 places would reduce this to 780 with a potential intake of 3900 pupils (780 across five year groups) across the four mainstream high schools. Looking at the forecasts for the five year groups Y7-11 (11-16 year olds), the projections show that at October 2010 there were 3717 pupils on roll at the four high schools and by 2017 it is forecast that this will fall to 3589. In order to facilitate a 5-6% surplus across the area to allow for movement and to increase opportunities for parental choice, the Local Authority would need to provide approximately 3807 places. This is based on an average across the years 2010-2017. Admission numbers are part of an admission authority's admission arrangements. Admission authorities can propose changes to published numbers; taking into

account the net capacity of the school, demand for places and to manage surplus at the school, as part of the statutory admission consultation process.

3.5 The three year trend in the academic standards at Macclesfield High School, following its creation as a new secondary school in September 2007, has been downward. This trend culminated in the school only just achieving above the 30% national baseline in terms of 5+ A*- C including English and Maths (actual result 31%) in Summer 2009. The resulting decision by the Local Authority and the DFE to include the school within the National Challenge programme was a vital and necessary step to significantly accelerate improvements in pupil attainment. Leadership and Management support from Tytherington High School resulted in the school not being placed in special measures following an OfSTED Inspection in February 2010. The school achieved National Challenge Target in summer 2010 examinations and a recent OfSTED monitoring visit judged the school to be making good progress.

3.6 The level and range of interventions have been significant and all have contributed to the improvements in attainment as seen in the Summer 2010. There has been a positive rise in the 5+A*-C including English & Maths rate up to 42% (11% rise) which has brought improved confidence in the school and the local community to deliver high quality learning. Whilst these improvements need to be celebrated, there is still a considerable amount of further work to be undertaken throughout the school to fully embed the progress seen and create a consistent and sustainable rate of school improvement in terms of the costs of external interventions into the school during 2009-10 and 2010-11. This currently stands at £445,000, which includes National Challenge funding of £161,000, Local Authority Intervention funding of £77,000, Schools Causing Concern funding of £166,000 and 1:1 Tuition funding of £41,000. In addition to this, the school has benefited from over 20 days of direct support and monitoring from the National Challenge Adviser, external monitoring visits from Ofsted Inspectors as well as direct curriculum and behavioural support from LA Officers. Again these costs have been met by the Authority to ensure improvement in standards of attainment. The view of the Local Authority, and the Evaluation Panel convened to evaluate all options for change against a set of agreed fundamental criteria, is that further sustainable improvement would be best delivered with external support and an appropriate sponsor.

3.7 In order to address these issues, at the Cabinet Member (Portfolio Holder) meeting of 24 June 2010 permission was requested to proceed with formal consultation on a proposal to close Macclesfield High School with effect from 31 August 2011 and to expand Tytherington High School to deliver 11-18 provision across the two sites from September 2011. The resolutions of the meeting are set out below:

1 The decision on the request for formal consultation be deferred to allow for further informal consultation up until Friday, 8th October 2010;
2 all other options be explored in greater depth;
3 the advice of the Cheshire East Admissions Forum be sought on the admission arrangements in Macclesfield;
4 further discussions take place with the MP, Mr David Rutley, in the light of new information from the Government;

5 any other suggestions from the public be examined; and
6 these proposals lead to a statutory period of consultation on revised options for consideration at the beginning of November 2010.

3.8 Further informal consultation was therefore undertaken and feedback received by the agreed date of 8 October was summarised in a report presented to the Cabinet Member with responsibility for Children and Families on 8 November 2010.

3.9 Informal consultation delivered 40 options for consideration. These were evaluated against a set of agreed fundamental criteria and this was reported to the Cabinet Member for Children and Families at the Portfolio Holder's meeting on the 8th November. Upon completion of the evaluation process the single preferred model was the establishment a new 11-16 Academy with Macclesfield College of Further Education as sponsor and deliverer of post 16 provision on an integrated 11-18 site. The evaluation panel concluded that this option satisfied all fundamental criteria (those of achieving better outcomes for children and young people, reducing surplus places due to falling roles, being affordable, deliverable and sustainable) and presented the most logical solution with the greatest potential to deliver further improvement in Achievement and Attainment for children and young people.

3.10 At the meeting of 8 November Councillor Gaddum, Cabinet Member with responsibility for Children and Families Services decided to approve the commencement of statutory formal consultation on the proposal to close Macclesfield High School upon the establishment of an 11-16 Academy on the Macclesfield High School site with a pupil admission number of 120 and agreeing to the continuation of liaison with the Department for Education in respect of the establishment of an Academy for the site, acknowledging that the Council's preferred Academy sponsor would be Macclesfield College.

3.11 To progress the development of an Academy it has been necessary to liaise with the Department for Education (DfE) to agree an appropriate sponsor, which was acknowledged at the meeting of 8 November. On 11 November a Statement of Intent was issued by the Office of the Schools Commissioner to the Local Authority. This confirms that partnerships have been established and that the sponsor intends to work with the Local Authority in taking forward the Academy Project.

3.12 The Sponsor and the Local Authority have continued to work together on the preparation of a formal Expression of Interest (EoI), which was submitted for Ministerial consideration at the DfE on 11 January. The purpose of the EoI is to demonstrate the need for a new Academy and for the sponsor to provide more details about the proposed Academy. Once an EOI has received Ministerial approval the project can move to the feasibility stage.

3.13 The identified sponsor (Macclesfield College) held a 'drop in' style event on 12 January to engage with the community and facilitate consultation with stakeholders as to the ethos, character and operation of the potential new Academy. 20 people attended the event. Local Authority officers were available to provide information on the school closure proposal and to provide a final

opportunity for interested parties to feedback their views 'face-to-face' before the Local Authority's consultation closing date of 14 January. Feedback received by the Local Authority on the College's proposed Academy has been collated and forwarded to the College to inform its own consultation process in order that views expressed by interested parties can be taken into account in developing proposals further.

3.14 If closure is approved, the LA will work with the sponsors and DfE to ensure smooth transition between the predecessor school and the new academy to ensure continuity of provision for pupils, for the TUPE transfer of staff, and to ensure the transfer of assets.

3.15 A number of key stakeholders have raised concern about the potential impact on schools in the future due to population increases and the relevance of this for any proposed reorganisation. Forecasts show that in the Macclesfield Local Area Partnership, which includes the wards of Alderley, Bollington and Disley, Broken Cross, Macclesfield Forest, Macclesfield Town and Macclesfield West, the total population is set to increase by 2017 by around 3%. However, the number of children (aged 0-15) is forecast to decrease by around 5% between 2009 and 2027 and the largest decrease of 8% will be in the number of 0-4 year olds by 2027. Throughout the forecast years the numbers of children in each age group fluctuate, reflecting past patterns of numbers of births. The forecasts also indicate that the number of 5-10 year olds will increase by 5% by 2017. However, after 2017 the numbers will start to decrease again. Numbers of children aged 11-15 are forecast to decrease by 7% by 2027. Therefore in summary these projections are not expected to have a significant impact on pupil numbers.

3.16 Further information about the housing analysis illustrates that there are a small number (80) of potential development sites within the Macclesfield High School catchment area and only 15% of these being assessed as being deliverable[1]. The proposed sites would provide an additional 309 net capacity of dwellings within 15 years. It is anticipated that 76.05% would be delivered within 5 years with the remaining 23.9% being delivered within 15 years. This small increase is not anticipated to have a significant impact on pupil numbers. Using agreed child yield housing formula[2], is anticipated that there could potentially be an additional 78 primary school pupils and 56 secondary pupils a result of the current housing developments with full permission for development within Macclesfield, by 2026.

3.17 In the event that a final decision is taken to close Macclesfield High School and to establish an Academy on the same site with effect from September 2011, pupils for whom places have been offered and accepted at Macclesfield High School, together with pupils on the roll of the school at the time of closure, will automatically be entitled to a place at the new Academy.

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[1] **Definition**: The site is available now, offers a suitable location for housing development now and there is a reasonable prospect that housing will be delivered on the site within five years from the date of adoption of the plan

[2] **Child Yield Housing Formula**: Source Department for Education. http://www.edubase.gov.uk

3.18 The Macclesfield High School Governing Body met on Thursday 4th November to consider the proposal that Macclesfield High School to close the school upon the establishment of an academy with the preferred sponsor, Macclesfield College. Governors looked closely at the proposed change and whilst they agreed in essence with the proposal, it was felt that publicity and marketing would be essential to the future sustainability of the proposal and that this included the 11 to 18 provision and beyond that would be available as part of the Macclesfield Learning Zone in the event that a decision is taken to close the High school and an Academy is established. Governors felt that the establishment of an academy sponsored by the college creates the opportunity for all-through provision on the Learning Zone site with sixth form provision that will go beyond the provision offered in a traditional 11 to 18 school.

4 Outcomes from the Formal Consultation Process

4.1 How statutory consultation is carried out is not prescribed in regulations and it is therefore for the Local Authority as the proposer to determine the nature of the consultation. In order to facilitate feedback on the proposal, a formal document was produced (Appendix 1) detailing the background to the proposal and the statutory consultation process, with information on how feedback can be provided together with a feedback form. The Local Authority has made available for all consultees and relevant stakeholders copies of the consultation document together with a 'Frequently Asked Questions' document (Appendix 2). Staff and Governors at Macclesfield High School were presented with information by officers of the Local Authority on the proposal and formal consultation process in November and advised on how feedback could be submitted. The formal consultation document was published on the Council's website and was made available in hard copy on request. The Council's website has been regularly updated to provide full details about the process and information has been communicated in writing (including e-mail) to all key stakeholders as listed in the document attached as Appendix 3.

4.2 In addition; and to ensure that all interested parties had the opportunity to feedback their views in person or to raise any concerns that they may have with officers of the Local Authority, three 'drop in' style consultation events were held in Macclesfield two in December and one in January. A total of 67 people attended these events. Hard copies of the consultation document, FAQs and feedback forms were provided at these events, and representatives from Macclesfield College, including the Principal, also attended to provide information. The events were communicated to all key stakeholders, as listed in Appendix 3 and information about the events was also published on the Council's website. A press release was issued to inform the wider community together with a local radio 'phone in' involving Hilda Gaddum, the Council's Cabinet Member for Children and Families Services and Wendy Wright, Principal of Macclesfield College and Academy sponsor.

4.3 At the meeting of the Children and Families Scrutiny Committee of 7 December 2010, Members were invited to comment on the consultation document and process implemented by officers in respect of the proposal to close Macclesfield High School. The minutes of the meeting state,

'That the Committee fully endorse Cheshire East Council's consultation arrangements ….and in doing so congratulate the Council on the clarity of the consultation document.'

4.4 The general level of response and involvement of stakeholders and consultees has been comparatively low compared with the informal consultation implemented by the Local Authority in the Summer on a range of options. The various consultation events and processes have generated a total of 88 written responses from interested parties offering a variety of feedback. The number of responses received that have indicated support for the proposed closure of Macclesfield High School is 40, with 22 confirming their opposition to the proposed closure. A further 26 consultees have returned a 'no view' response. Others responses received by the Local Authority were to raise questions about such matters as the viability and sustainability of the proposal and curriculum delivery and staffing. A detailed summary of the feedback received is included as Appendix 3 to this report together with Appendix 4 (Feedback Log), which includes all feedback. Hard Copies of all the submissions received are also available for Members of the Cabinet to view at the Cabinet Office, Westfields, Sandbach. These will be available at the meeting on the day. Members are advised to familiarise themselves with the submissions received prior to the meeting of the 14 February.

4.5 In order to ensure that pupils at the school are consulted, arrangements were made with the Headteacher of Macclesfield High School. The proposal was presented to pupils in the week commencing 10 January and feedback forms were completed to capture their views. Of the 526 pupils that took part and provided a response, the outcomes show that whilst 421 pupils expressed the view that they hope that the school remains open on the current site, 240 pupils demonstrated support of an Academy as a good solution for the area with only 59 against and a further 219 who were unsure. In answer to question 4, which asked about the perceived benefits of an Academy, 192 pupils indicated that they saw benefits in establishing an Academy compared with only 75 pupils who did not. A further 226 pupils were unsure. A summary of the outcome of this pupil consultation is included in Appendix 3. All feedback is provided in Appendix 5.

4.6 Many of the questions and issues raised during this consultation are regarding the proposed Academy. The Local Authority consultation is focussed on the proposal to close the High school, but although not a related proposal in legal terms, this is conditional on the establishment of an Academy utilising the existing site. These questions and issues have therefore been forwarded onto the College for the attention of the Academy sponsors.

4.7 The Local Authority recognises that not all the information about the proposed Academy is available at this stage. The Local Authority has however, endeavoured to provide as much confirmed information as possible. Further aspects of the proposed Academy will be developed by the sponsors over the coming months as part of the feasibility stage.

4.8 Cabinet Members are requested to consider the feedback from the formal consultation and decide whether to publish the statutory notice proposing the closure of Macclesfield High school. If this is agreed a 6 week period of representation will follow. The Cabinet would then have to consider those responses when making its final decision on the closure of the school.

5.0 Reasons for the Recommendation

5.1 The outcome of the recent formal consultation (attached as Appendix 3) provides a summary of the feedback received on the proposal to close Macclesfield High School on 31 August 2011 upon the establishment of an 11-16 Academy on the same site.

5.2 Permission to publish notices will enable the Local Authority to comply with its statutory duty in respect of the discontinuance of a school.

5.3 The establishment of an Academy is subject to the agreement of the Secretary of State and falls outside School Organisation regulations. Cabinet are advised that the guidance issued by Department for Education is that there should be a presumption in favour of approval of a proposal to close a school if provision for pupils is dependent on the establishment of an Academy.

5.4 If permission is given, the Local Authority with the Department for Education and Macclesfield College will continue to take the appropriate steps to prepare for implementation of the new arrangements with effect from 1 September 2011 to apply in the event that the closure of Macclesfield High School is approved at the end of the representation period and thereby ensuring that the successful delivery of statutory education (11 to 16) and the existing post 16 offer, including A levels and vocational qualifications, will continue to be delivered on the Macclesfield Learning Zone site without any interruption.

5.5 Analysis has shown that the number of pupils attending Macclesfield High School over the coming years is expected to continue to fall resulting in a significant increase in the number of surplus places by 2017 to around 47.5%. The consequence of this is that if no changes are made this will have a detrimental impact on the school budget and the school's capacity to utilise its resources efficiently and effectively. Feedback received during informal consultation in the summer 2010 on a range of options demonstrated the desire by parents, carers and other interested parties in the need to retain a non-faith provision on the south side of the town, which this proposal would facilitate. The three year downward trend in the academic standards at the school, following its creation as a new secondary school in September 2007, resulted in a decision by the Local Authority and the DFE to include the school within the National Challenge programme. Interventions have been very positive resulting in a recent OfSTED monitoring visit judging the school as making good progress. However, whilst these improvements need to be celebrated, the level and range of interventions, including additional financial investment in the school, have been significant and it is considered that further sustainable improvement would be best delivered with external support and an appropriate sponsor.

6.0 Wards Affected and Local Ward Members

6.1

COUNCILLORS NAME	REPRESENTING WARD
Cllr Harold Davenport	Bollington & Disley
Cllr Matthew Davies	Bollington & Disley
Cllr Diana Thompson	Bollington & Disley
Cllr Ainsley Arnold	Broken Cross
Cllr John Goddard	Broken Cross
Cllr John Narraway	Broken Cross
Cllr Marc Asquith	Macclesfield Forest
Cllr Hilda Gaddum	Macclesfield Forest
Cllr Lesley Smetham	Macclesfield Forest
Cllr Stephen Broadhurst	Macclesfield Town
Cllr David Neilson	Macclesfield Town
Cllr Christine Tomlinson	Macclesfield Town
Cllr Sandy Bentley	Macclesfield West
Cllr Martin Hardy	Macclesfield West
Cllr Darryl Beckford	Macclesfield West
Cllr Paul Findlow	Prestbury and Tytherington
Cllr Thelma Jackson	Prestbury and Tytherington
Cllr Bill Livesley	Prestbury and Tytherington

7.0 Policy Implications

7.1 This proposal accords with government policy and current DfE guidance on the discontinuance of a maintained school and formation of Academies under the Academies Act 2010.

8.0 Financial Implications (Authorised by the Borough Treasurer)

8.1 The main cost associated with the school closure for the Local Authority will be the inheritance of any potential budget deficit. A Notice of Concern is to be issued immediately following any decision to close Macclesfield High School. The Notice of Concern should outline the steps to be taken by both the LA and Macclesfield High School, to ensure any potential deficit is controlled as far as possible. Measures to include: requirement of LA countersignature for payments from High School's bank account; discussion of any potential liabilities prior to terminating any of the High Schools contracts. Strict financial monitoring regime to be imposed by the LA to ensure that expenditure is controlled as far as possible to avoid the LA inheriting a deficit budget problem upon conversion.

8.2 Any further costs to the Local Authority will be in relation to the establishment of the proposed Academy and Members will be advised of this accordingly as part of the process. The new Academy should apply for, where applicable, all additional available funding sources from the DfE prior to conversion such as for feasibility, implementation and start up grants. Where possible, the Dedicated Schools Grant (DSG) should not be used for these costs. A new

bank account set up for academy costs would be a sensible option to monitor such expenditure.

8.3 There should be an upfront agreement of the severance costs associated with the TUPE of staff which the LA is willing to meet. The LA has outlined an agreement to meet associated TUPE costs as a consequence of the restructure only due to any overstaffing of the predecessor school, or the predecessor running at a deficit, and only up to 31/08/11. Discussion and consideration of the impact and costs of the appointment of a new Academy Head, should a closure not be agreed, are on-going.

9.0 Legal Implications (Authorised by the Borough Solicitor)

9.1 Local Authorities are under a statutory duty to ensure that there are sufficient school places in their area, promote high educational standards, ensure fair access to educational opportunity and promote the fulfilment of every child's educational potential. They must also ensure that there are sufficient schools in their area, promote diversity and increase parental choice.

9.2 If a Local Authority needs to close a maintained mainstream school statutory proposals will be required (S15 of the Education and Inspections Act 2006). Cabinet is being asked to give permission for statutory proposals to be published.

9.3 Under section 16 of the Education and Inspections Act 2006 a local authority considering bringing forward statutory proposals to close a school must consult interested parties, and in doing so it must have regard to the Secretary Of State's guidance.

9.4 The guidance requires those bringing forward proposals to consult all interested parties (a list of interested parties is given and Appendix 3 refers to that list and shows how each heading has been complied with). In doing so they should:

- Allow adequate time
- Provide sufficient information for those being consulted to form a considered view on the matters on which they are being consulted:
- Make clear how their views can be made known; and
- Be able to demonstrate how they have taken into account the views expressed during consultation in reaching any subsequent decision as to the publication of proposals

9.5 The guidance as set out above, encompasses the Sedley requirements which are the standards of proper consultation expected by the Courts (*R v Barnet LBC, ex p B* [1994] ELR 357, 372G, referring to *R v Brent LBC, ex p Gunning* (1985) 84 LGR 168). It is imperative that this part of the guidance is followed to avoid challenge at a later date.

9.6 Before going on to consider the recommendation of this report, Cabinet should consider the papers attached in respect of the consultation and satisfy itself that the consultation undertaken has been properly conducted.

9.7 Consultation on this matter took place between 15 November 2010 and 14 January 2011 and a summary of the results has been attached to this report. The full responses have been made available to Cabinet to view before the meeting on 14 February 2011 and will also be available at the meeting. In order to ensure that the local authority has complied fully with the Sedley requirements (above), Cabinet members need to ensure that they have familiarised themselves with the views expressed during consultation and be clear as to how those views have been taken into account in reaching the final decision as to whether or not to approve publication of proposals for closure of Macclesfield High School.

9.8 If Cabinet gives permission for the proposal for the closure of Macclesfield High School to be published, the proposal should be conditional upon the opening of an Academy on the same site. Under Section 13 of the Education Act 1996, a local education authority has a duty to ensure that there are sufficient school places to meet the needs of all children in its area. It is understood that if Macclesfield High School was simply closed, Cheshire East Council would not have sufficient school places available in the Macclesfield area to meet its statutory obligations. The establishment of the proposed Academy is therefore crucial to any proposal to close Macclesfield High School.

9.9 If Macclesfield High School were to close, there will be employment issues. Formal notices of closure will have to be issued having formally consulted. There are Human Resource implications for all staff at the closing school as they may be subject to the Transfer of Undertakings Protection of Employment Rights Regulations 2006 (TUPE) or may be at risk of redundancy depending upon which option is adopted. If it is a Redundancy situation then the Employer has a duty to seek to find suitable alternative employment for those staff affected. Given that the authority has no legal right to redeploy staff to schools, this is achieved by working collaboratively with schools and through the use of a staffing protocol which schools would be asked to agree. Schools would agree to consider staff for any vacancies in advance of advertising more widely. Until new staffing structures are fully developed it is difficult to predict severance and redundancy and TUPE implications accurately at this stage.

10.0 Risk Management

10.1 Apart from the risk of legal challenge, this proposal was identified as offering the best solution to the very difficult position the school finds itself in with increasing surplus places, budgetary pressures and the need for continued external support and additional investment to continue to raise standards. There is a need to minimise the period of uncertainty for governors, staff and parents and carers of children at the school or due to transfer there in the near future. The risk of not doing anything far outweighs that of taking action now.

11.0 Access to Information

Hard Copies of all the submissions received are available for Members of the Cabinet to view at the Cabinet Office, Westfields, Sandbach.

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

Name: Rob Hyde,
Designation: Organisation and Capital Strategy Manager
Tel No: 01606 271821
Email: rob.hyde@cheshireeast.gov.uk

Decision Notice

Notice is given that the following decision has been taken under the Provisions set out in the Council's Constitution

Decision-maker: Cabinet

Decision taken on: 14 February 2011

Decision in the matter of: Authorisation of the publication of statutory notices on the proposed closure of Macclesfield High School on 31 August 2011.

DECISION: To give approval to:

- The publication of statutory notices for the closure of Macclesfield High School on 31 August 2011.
- an explanation within the explanatory notes section of the statutory notice, to confirm that the closure of Macclesfield High School will be approved to take effect only if by the date of closure an agreement has been made under section 482(1) of the Education Act 1996 for the establishment of an Academy to replace the School.
- Continued liaison with the Department for Education and Macclesfield College of Further Education, Academy sponsor, to prepare for implementation of the new arrangements with effect from 1 September 2011 so that in the event of closure, the successful delivery of statutory education (11 to 16) and the existing post 16 offer, including A levels and vocational qualifications will continue to be delivered on the existing site without any interruption.

DRAFT

Background: Following the decision of the Cabinet Member of 8 November, formal consultation has been undertaken between 15 November 2010 and 14 January 2011 on the proposal to closure Macclesfield High School with effect from 31 August 2010 conditional on the establishment of an Academy on the same site. Academy proposals do not fall under School Organisation regulations, however, the guidance published by the Department for Education states that there should be a general presumption in favour of approval if provision for pupils at a school proposed for closure is dependent on the establishment of an Academy.

Cabinet has taken into account the views expressed during the consultation in reaching its decision. Responses to the formal consultation have been summarised in the report and hard copies of all the submissions received were available for Members of the Cabinet to view at the Cabinet Office, Westfields, Sandbach with effect from Friday 28 January for a period of approximately two weeks prior to the meeting. These were also available at the Cabinet meeting on 14 February 2011.

The decision will enable the Local Authority to comply with its statutory duty to publish notices on a school closure.

The advice of the Council's Legal and Finance Officers has been taken into account in producing the report presented to Cabinet.

Background Documents: *If a Part 1 report:*

The background papers relating to this matter may be inspected by contacting the report writer.

Approved: ..... (Cabinet Member)

Date: .....

Advising Officer: .....

Title: .....

Issued by the Borough Solicitor's Department

DRAFT

APPENDIX 1

FORMAL PUBLIC CONSULTATION

PROPOSAL FOR THE CLOSURE OF

MACCLESFIELD HIGH SCHOOL

UPON

THE ESTABLISHMENT OF AN ACADEMY

15 November 2010 to 14 January 2011

Cheshire East Council
Children & Families Services
School Organisation and Capital Strategy
Delamere House, (EC)
Delamere Street,
Crewe,
Cheshire CW1 2LL

www.cheshireeast.gov.uk/schools

APPENDIX 1

Formal Consultation on Proposed Change to Secondary School Provision in Macclesfield

At the meeting of 8 November 2010, Councillor Gaddum, Cabinet Member with responsibility for Children and Families, approved formal consultation on a proposal to close Macclesfield High School upon the establishment of an 11-16 Academy on the Macclesfield High School site, with a pupil admission number of 120.

Approval was also given for the continuation of liaison with the Department for Education (DfE) on the confirmation of Macclesfield College as its preferred Academy sponsor. The Council will also continue to liaise with the DfE during this period regarding any further sponsors which may emerge.

Councillor Gaddum approved the recommendation that the Local Authority, with the DfE and Macclesfield College, take the appropriate steps to prepare for the implementation of the new arrangements with effect from 1 September 2011.

The Council is therefore seeking your views on this proposal up until Friday 14 January. A final decision to close Macclesfield High School will be conditional on the establishment of a new Academy on the same site.

The Council is supporting the proposal for closure to enable the establishment of a 600 place Academy (11-16 year olds). It is considered that Macclesfield College would be a strong educational sponsor and would have the appropriate skills and resources to support the Academy in the longer term. If the proposal is approved then the Sponsor would be responsible for running the Academy and, working with local partners, would provide a full range of courses to meet students' academic, vocational and pastoral needs.

Macclesfield College already enjoys close links with the High School thanks to their shared site on the Learning Zone and joint management of the LZ6 Sixth Form College. The proposed option would provide young people with clear progression routes from age 11 to GCSEs through to A Levels or vocational qualifications and on to higher education degrees, **on one modern 11-18 campus.**

The proposed timescale for implementation of 1 September 2011 would reduce the period of uncertainty for all of those potentially affected by this proposal. Should the proposal to close Macclesfield High School be approved after this consultation, the successful delivery of statutory education (11 to 16) and the existing post 16 offer, including A levels and vocational qualifications, will continue to be delivered on the existing site without any interruption.

All interested parties are now invited to comment on the proposal. There is a response form at the end of this document which you can complete and return to the Council up until the end of the process on 14 January 2011. In accordance with statutory requirements, the consultation will last for a minimum of 6 weeks and during this time we hope to gather as much feedback as possible. Further details about how you can take part in this process are included at the end of this document.

APPENDIX 1

About this consultation document:

This document has been produced by Cheshire East Council as the first part of the formal public consultation process with pupils, parents, staff, governors, the local community and other key stakeholders. It seeks the views of all these interested groups on the proposal to close Macclesfield High School with effect from 31 August 2011 in order to establish an Academy on the existing site. Included in this document is information about the outcome of the recent informal consultation on options for change, which ended on 8 October 2010, and provides background information on the key issues facing the Council to explain why this proposal has been put forward for formal consultation.

Why do we need to make changes?

Background Information:

There are four secondary schools in Macclesfield, each providing education aged 11 to 18. These are:

1. Macclesfield High School (formed in 2007 from the relocation of Henbury High School onto the Macclesfield Learning Zone site);
2. The Fallibroome Academy (formerly Fallibroome High School)
3. All Hallows Catholic College
4. Tytherington High School

The establishment of Macclesfield High on the Learning Zone was a joint venture with Macclesfield College and Park Lane Special School and was established with £15,948,507 investment. The Sixth Form (LZ6) provision on the Macclesfield High School site is a shared provision with Macclesfield College.

For some time now, discussions have been ongoing with Cheshire East Council officers, school governors and headteachers in Macclesfield aimed at strengthening local secondary provision and to promote fair access to educational opportunity for all young people in the area whilst addressing the issue of a continued decline in pupil numbers resulting in surplus places in some of our schools.

Secondary School Forecast Formula (Pupil Forecasting)

The year 7 secondary school intake figures are arrived at by studying which primary school the pupils came from in the previous September. Using this information the percentage ‘feeder school transfer rates’ are calculated for each of the primary schools and this is based on an average rate transferring from that primary school to secondary school over the last three years.

These percentage ‘feeder school transfer rates’ are then applied to the number of pupils actually on roll at the primary schools in January to generate the future number of pupils which it is expected will feed from each of these primary schools into the secondary schools.

As well as using the primary school feeder transfer rates, an estimate of the number of pupils admitted to secondary schools from non-Cheshire East primary schools based on past data is included in the calculation. The projected estimates for numbers on roll in future years are these 'feeder school transfer rates' rolled forward, i.e. Year 7 in 2010 becomes Year 8 in 2011, Year 9 in 2012 and so on.

Surplus places

The current number of places available in the four high schools, including all sixth form provision, is 4,722. The number of pupils attending these high schools has fallen over the past years from 4981 pupils in 2002 to 4,570 in May 2010 (i.e. using the latest data from the summer 2010 School Census return), with a forecast pupil number for September 2017 of 4,558.

Based on the pupil forecasting formula and the pattern of transfer to high schools in the area, the distribution of pupils in Macclesfield is expected to deliver a fall in the number of pupils attending Macclesfield High School, which in 2010 is 809, to 531 pupils by 2017. The consequence of this is that if no changes are made the surplus places for Macclesfield High School by 2017 could be around 47.5% compared with the school's current surplus (for May 2010) of 20.1%.

As this forecast takes into account the current pattern of parental preference in the area, this forecast is based on the assumption that the current intakes at year 7 to the other three high schools will be maintained. The removal of surplus places is a government requirement since it leads to a significant financial drain on school budgets.

The proposed Academy of 600 places would reduce the number of pupil places at the Macclesfield High School site from 1012 (including the sixth form).

Pupil data forecasts for Macclesfield indicate there will be 611 surplus places for 11-16 year olds by 2017, equating to 14.6% of available places. Forecasts for Macclesfield High School indicate surplus places of 30.1% by 2017. Such high levels of surpluses put a significant strain on the budgets for all schools within Cheshire East, effectively diverting funding from provision for pupils into building maintenance and other costs that are unnecessary. Government guidance is clear that Local Authorities must take steps to reduce surplus places to acceptable levels, allowing some latitude for pupil mobility. The proposed admission number for the new school to replace Macclesfield High will ensure that the overall surplus places in Macclesfield will fall to 8.0% by 2017, which is within government guidelines.

Attainment and Achievement

The three year trend in the academic standards at Macclesfield High School, following its creation as a new secondary school in September 2007, has been downward. This trend culminated in the school only just achieving above

the 30% national baseline in terms of 5+ A*- C including English and Maths (actual result 31%) in summer 2009. The resulting decision by the Local Authority to include the school within the National Challenge programme was a vital and necessary step to significantly accelerate improvements in pupil attainment. The invitation to Tytherington High School from the Council to provide Leadership and Management support to the school resulted in the school not being placed in special measures following an Ofsted Inspection in February 2010. The school achieved National Challenge Target in summer 2010 examinations and a recent Ofsted monitoring visit judged the school to be making good progress.

The level and range of interventions have been significant and all have contributed to the improvements in attainment as seen in the summer 2010. There has been a positive rise in the 5+A*-C including English & Maths rate up to 42% (11% rise) which has brought improved confidence in the school and the local community to deliver high quality learning. Whilst these improvements need to be celebrated, there is still a considerable amount of further work to be undertaken throughout the school to fully embed the progress seen and create a consistent and sustainable rate of school improvement.

The cost of external interventions into the school during 2009-10 and 2010-11 currently stands at £445,000, which includes National Challenge funding of £161,000, Local Authority Intervention funding of £77,000, Schools Causing Concern funding of £166,000 and 1:1 Tuition funding of £41,000. In addition to this, the school has benefited from over 20 days of direct support and monitoring from the National Challenge Adviser, external monitoring visits from Ofsted Inspectors as well as direct curriculum and behavioural support from LA Officers. Again these costs have been absorbed by the Authority to ensure improvement in standards of attainment. The view of the Local Authority, and the Evaluation Panel convened to evaluate all options against a set of agreed fundamental criteria, is that further sustainable improvement would be best delivered with external support and an appropriate sponsor.

Population Forecasting

A number of key stakeholders have raised concern about the potential impact on schools in the future due to population increases and the relevance of this for any proposed reorganisation. Forecasts show that in the Macclesfield Local Area Partnership, which includes the wards of Alderley, Bollington and Disley, Broken Cross, Macclesfield Forest, Macclesfield Town and Macclesfield West, the total population is set to increase by 2017 by around 3%. However, the number of children (aged 0-15) is forecast to decrease by around 5% between 2009 and 2027 and the largest decrease of 8% will be in the number of 0-4 year olds by 2027. Throughout the forecast years the numbers of children in each age group fluctuate, reflecting past patterns of numbers of births. The forecasts also indicate that the number of 5-10 year olds will increase by 5% by 2017. However, after 2017 the numbers will start to decrease again. Numbers of children aged 11-15 are forecast to decrease by 7% by 2027. Therefore in summary these projections are not expected to have a significant impact on pupil numbers.

Housing Analysis

Further information about the housing analysis illustrates that there are a small number (80) of potential development sites within the Macclesfield High School catchment area and only 15% of these being assessed as being deliverable[1]. The proposed sites would provide an additional 309 net capacity of dwellings within 15 years. It is anticipated that 76.05% would be delivered within 5 years with the remaining 23.9% being delivered within 15 years. This small increase is not anticipated to have a significant impact on pupil numbers. Using agreed child yield housing formula[2], is anticipated that there could potentially be an additional 78 primary school pupils and 56 secondary pupils a result of the current housing developments with full permission for development within Macclesfield, by 2026.

Informal Consultation

In order to address the aforementioned issues, at the Cabinet Member (Portfolio Holder) meeting of 24 June 2010 permission was requested to proceed with formal consultation on a proposal to close Macclesfield High School with effect from 31 August 2011 and the related proposal of the expansion of Tytherington High School to deliver 11-18 provision across the two sites from September 2011. The resolutions of the meeting are set out below:

1. The decision on the request for formal consultation be deferred to allow further informal consultation until Friday, 8th October 2010;
2. All other options be explored in greater depth;
3. The advice of the Cheshire East Admissions Forum be sought on the admission arrangements in Macclesfield;
4. Further discussions take place with the MP, Mr David Rutley, in the light of new information from the Government;
5. Any other suggestions from the public be examined; and
6. These proposals lead to a statutory period of consultation on revised options for consideration at the beginning of November 2010.

Further informal consultation was therefore undertaken and during this process the Council received additional options for change (submitted under Option J) resulting in a total of 38 options for consideration, including the Council's own options (A to I). Two further options emerged through discussion with other stakeholders resulting in a total of 40 options.

Feedback received by the deadline of 8 October 2010 was summarised in a report for Councillor Gaddum and this was presented at the meeting of 8

[1] **Definition**: The site is available now, offers a suitable location for housing development now and there is a reasonable prospect that housing will be delivered on the site within five years from the date of adoption of the plan

[2] **Child Yield Housing Formula**: Source Department for Education. http://www.edubase.gov.uk

November 2010, together with the final list of options and the outcome of the options evaluation process. Copies of these documents are available on the Council's website at www.cheshireeast.gov.uk/schools.

Options Evaluation Process

In order to evaluate all options objectively in a fair and consistent manner a framework was produced, which included key criteria that must be met for an option to be recommended to the Council's Cabinet Member (Portfolio Holder) for formal consultation. The Evaluation Framework was endorsed as a robust process by the Council's Children and Families Scrutiny Committee at its meeting of 7 September.

The fundamental criteria included in the framework are:

- Improved Outcomes for Children – Attainment and Achievement
- Addresses Surplus Places
- Affordability
- Deliverability
- Sustainability

The overriding requirement in this evaluation process is for any preferred option to deliver improved attainment, achievement and outcomes for children and young people and to do so an option has to meet all the additional criteria.

An Evaluation Panel, chaired by Head of Strategy, Planning and Performance and including representatives of the Cheshire East Admissions Forum and Officers of Cheshire East Council was established to apply the agreed framework. This group met on four occasions.

The analysis and evaluation of the 40 options concluded that the single preferred model, which most closely satisfied the agreed set of fundamental criteria is **the closure of Macclesfield High School and the opening of an 11-16 Academy on the same site for September 2011.** Full details about this evaluation process are available on the Council's website.

Establishing an Academy

To progress the establishment of an Academy it has been necessary to liaise with the DfE to agree an appropriate sponsor. The identified sponsor (Macclesfield College) will be required to undertake a consultation with stakeholders as to the ethos, character and operation of the potential new academy. If timescales allow, this consultation will coincide with the Local Authority's consultation on the proposed closure of Macclesfield High School. The sponsor would then take these views into account in developing proposals further and gaining the required approvals from the DfE for progression.

If approved, the Local Authority will work with the sponsors and DfE to ensure a smooth transition between the Macclesfield High School as the predecessor school and the new Academy to ensure continuity of provision for pupils, for the TUPE transfer of staff, and to ensure the transfer of assets.

The benefits

The establishment of a new Academy could provide many benefits, including:

- A transitional grant for the Academy that would not be available otherwise.
- An opportunity to provide significant and sustained improvement in teaching, learning and pupil attainment.
- Sponsor involvement, which would provide expertise and continuous support throughout the delivery and operation of the Academy.
- The opportunity to establish effective partnerships, encourage true inclusion and promote community involvement.

As the Council's preferred sponsor, Macclesfield College would bring much experience and expertise to the development of the Academy. These include:

- The College's senior team has an excellent track record of improving outcomes for learners by raising educational standards and the aspirations of young people. The College is also a Beacon College, which is the Government's recognition of excellence, and commits the College to working with other institutions to help them to raise their performance and the College was judged as Outstanding in its most recent Ofsted inspection.
- The College propose to appoint an inspirational Head Teacher as a leader for the Academy, and the College's senior team are confident of applying their educational expertise in a secondary setting
- As a partner, co-located on the Learning Zone, Macclesfield College would be in a unique position to provide a sustainable solution to the problem of surplus places, with the minimum disruption to the current students of Macclesfield High School and their parents
- As an 11 to 16 school, the Academy could be more economically viable with 4 forms of entry and so a total planned student population of 600. Shared services across the Learning Zone campus would enhance efficiency and leave more money available to support teaching and learning
- The College already has a number of partnerships with high profile employers in the region which will benefit the school including existing links with Higher Education, including Manchester Metropolitan University's Institute of Education.
- The proposal opens up the possibility of new curriculum opportunities for Academy students, through partnerships with employers accessed through the College's extensive employer engagement

- Under this proposal the Learning Zone would be able to offer young people clear progression routes from Year 7 right through to Higher Education degrees on one modern integrated campus. Making these opportunities fully visible and accessible on a single campus would raise aspirations.
- Macclesfield College would also build on and enhance its partnership with Park Lane Special School, seeking to develop the opportunities for Park Lane's Key Stage 4 students based upon successful experience within LZ6. Park Lane Special School has also been judged Outstanding by Ofsted and the College would wish to draw on their expertise, particularly in the development of a personalised curriculum and behaviour management

The sponsor will also be consulting the community separately about their proposal to establish a new Academy and about their vision and ethos.

School Admissions

In the event that a decision is taken to close Macclesfield High School and to establish an Academy on the same site with effect from September 2011, pupils for whom places have been offered and accepted at Macclesfield High School, together with pupils on the roll of the school at the time of closure, will automatically be entitled to a place at the new Academy.

Future admission arrangements for the new Academy would be the responsibility of the Sponsor and further information about this will be presented during the consultation process implemented by the sponsors.

Your Role in this Formal Consultation Process

Please consider the information presented in this document and return your comments and views to this Council by 14 January by completing the feedback form provided at the end of this document. All feedback is extremely important to us.

All feedback received during formal consultation will be collated and presented in a report to the Cabinet Member with responsibility for Children and Families on the proposed date of 7 February 2011 (date to be confirmed) with an analysis of the responses received and recommendations on the next steps, which may include a decision to publish statutory notices on the proposal to close Macclesfield High School with effect from 31 August 2011, conditional on the establishment of a new Academy for September 2011 utilising the same site.

If a decision is taken to publish statutory notices, there will be a further opportunity to send comments to the Council about the proposal. The feedback received will be summarised in a report with an analysis of the outcomes of the consultation and recommendations on the next steps. The

report is then taken to a meeting of the Council's Cabinet Sub Committee, where they have the following options;

• To decide not to take the proposals any further
• To change the proposal in some way
• To proceed with the original proposal

If the Council's Cabinet Sub Committee wanted to make a major change to the proposal then a fresh public consultation would need to be carried out.

Key Dates:

8 November 2010	Formal Consultation approved
15 November	Consultation begins
14 January 2011	Consultation ends
7 February 2011 (TBC)	Cabinet Member to consider outcomes from formal consultation and for a decision on the next steps, which may include publishing statutory notices on the proposal to close Macclesfield High School
14 February 2011 (TBC)	*If approved,* statutory notices published conditional on the establishment of an Academy on the same site. (6 weeks fixed period for representation to be made to the Council)
28 March 2011 (TBC)	End of Notice Period
Date TBC	Report to the Council's Cabinet Sub Committee for a decision on the proposed closure of Macclesfield High School conditional on the establishment of an Academy
31 August 2011	*If approved,* implementation of School closure
1 September 2011	Academy opens

Consultation Events

There are two public formal consultation 'drop in' events arranged for December. These are open to anyone interested in the proposed Macclesfield reorganisation:

6 December at Macclesfield High School from 4 - 8pm

7 December at Macclesfield Town Football Club from 1.30 – 3.30 & 5 – 8pm

You are welcome to attend whichever of the two events is more convenient for you. All interested parties will be able to meet with officers from the Council and the College who will respond to any questions and will record feedback. Further information on is available on our website at www.cheshireeast.gov.uk/schools

APPENDIX 1

During this formal consultation period there will be a separate consultation on the establishment of the proposed new Academy, which will be led by the Sponsor and will give you insight into this proposal.

How to be involved

1. Send in your views using the electronic feedback form available on our website at www.cheshireeast.gov.uk/schools or by completing the paper version of the form provided at the end of this document:

Completed paper feedback forms should be returned to the Council at the address provided on the form.

2. Attend the 'drop in' events in December where you will be able to discuss the proposal with officers of the Council and provide feedback.
3. Alternatively, you may prefer to return your comments by:

- e-mail to SOCS@cheshireeast.gov.uk;
- telephone on 0300 123 5012;
- letter to School Organisation and Capital Strategy at the address on the front page of the document.
- fax to 01270 686491

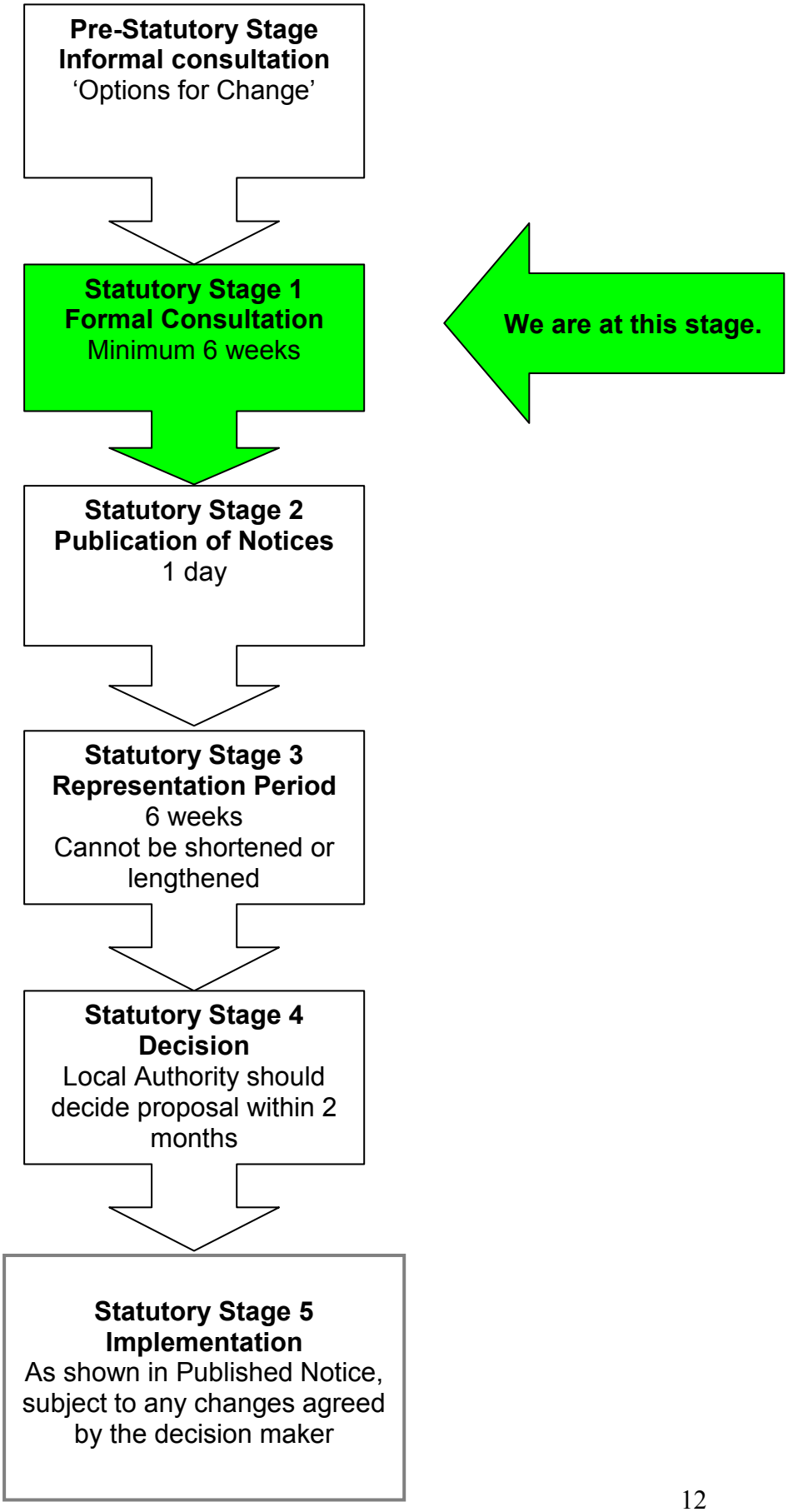
Informal consultation will end on **14th January 2011.** Please note: Any feedback received after this deadline cannot be considered.

All feedback is extremely important to us and we would like to take this opportunity of thanking you for your continued support during this process.

APPENDIX 1

Formal Consultation

Overview of the Process for Agreeing School Organisation Changes



APPENDIX 1

Consultation Feedback Form

You are invited to comment on Cheshire East Council's **proposal to close Macclesfield High School upon the establishment of an 11-16 Academy on the same site for September 2011.**

Please refer to the Consultation Document attached, which provides you with further information about this proposal.

	Please tick (✓)		
Do you support the proposal to close Macclesfield High School upon the establishment of an 11-16 Academy on the same site for September 2011?	**Yes**	**No**	**No View**

Comments (if any)
(Please continue on a separate sheet, if required.)

Please indicate below any of the following that apply to you:

	Please name the school
Parent/Carer of Present Pupil(s)	
Governor	
Member of Staff	
Pupil	
Other (please specify)	

Optional:

Name:	**Date:**
Address:	**Signed:**

Please return this form to:
Cheshire East Council, Children and Families Services, School Organisation and Capital Strategy, Delamere House (EC), Delamere Street, Crewe CW1 2LL, **by Friday, 14 January 2011.**

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APPENDIX 2

PROPOSAL FOR THE CLOSURE OF MACCLESFIELD HIGH SCHOOL UPON THE ESTABLISHMENT OF AN ACADEMY

Frequently Asked Questions

ACADEMIES

Q. What are Academies?
Academies are publicly funded independent local schools that provide free education. They are not Local Authority (LA) maintained schools. They are all-ability schools established by sponsors such as businesses, further educational providers, faith or voluntary groups working with partners from the local community. Academies provide a teaching and learning environment that is in line with the best in the maintained sector and offer a broad and balanced curriculum to pupils of all abilities, focusing on one or more subject specialisms.

Q. What is the legal basis of an Academy?
Academies are publicly funded independent schools with sponsors, and are not governed by the same legislation that applies to the maintained sector. However, the Funding Agreement signed between the Academy and Secretary of State, replicates many of the Education legislative expectations.

Q. Do Academies have to serve the immediate local community?
Under section 482 of the Education Act 1996, Academies must provide education for pupils of different abilities who are wholly or mainly drawn from the area in which the school is situated. They are often located in areas of disadvantage and are expected to offer facilities to the local community and community of local schools, for example through sharing their sports, arts or ICT facilities, perhaps through evening provision and during holidays for young people and adult learners.

Q. Is an Academy selective?
Depending on its specialism(s) an Academy may be able to select up to 10% of pupils by aptitude. This is in line with the legislation for specialist schools generally. Although an academy has specialist status, it must offer a broad and balanced curriculum and offer a range of examination opportunities.

Q. I thought only outstanding schools could become Academies?
Previously Academies have opened in schools and areas with challenging circumstances and where there is a ambitious school improvement agenda. Most schools that have previously changed into Academies had very low results and therefore, as in other schools, it will take time to improve sufficiently for this to show in GCSE results. The new coalition government has introduced additional Academy legislation to enable outstanding schools to also become Academies.

6th FORM PROVISION

Q. Will becoming an 11-16 Academy be inferior to other local schools offering 11-18 education?

No, fundamentally, all Secondary Schools are 11-16 schools following which, learners choose their preferred pathway according to their individual needs, the range of local provision and the quality of Information, Advice and Guidance (IAG). The Academy proposal will maintain the high standard of teaching currently provided by the LZ6 Sixth Form College, which is currently a shared provision between the High School and Park Lane School and the College. The proposed Academy has the real potential to provide young people with clear 'all-through' progression routes from age 11 to GCSEs through to A Levels or vocational qualifications and on to higher education degrees, on one modern 11-18 campus. This unique opportunity will generate on one campus the full range of provision which can actually offer bespoke learner pathways without the need for additional travel or incurring the difficulties of integrating curriculum structures.

It is proposed that students (only if they do A Levels) would continue to be taught in the sixth form by those teachers who may have previously taught their children at KS3 and KS4 as part of the Academy. Recent Ofsted inspections have judged teaching with LZ6 as being to a high standard and this has been illustrated by recent A level results.

The establishment of an Academy sponsored by the College would create the opportunity for all-through provision on the Learning Zone site with sixth form provision that will go beyond the provision offered in a traditional 11 to 18 school.

GOVERNANCE

Q. How will becoming an Academy affect the Governing Body structure?
The flexibility of the Academy governance model allows, in most cases, for converting schools to replicate their existing governing body if they wish to do so. There are some minimum requirements. These are that an Academy must have at least two parent governors, no more than a third of governors can be academy staff, and there can be no more than one LA Governor. Other than these core requirements, the flexible model allows the Academy Trust to appoint a Governing Body that is appropriate for their school.

Q. Are Governors personally liable if the Academy fails?
Personal liability will not arise if Governors carry out their duty acting in good faith. Academies are required to have Governor liability insurance with minimum cover of £10 million which insures against collective liability of the Governing Body acting in good faith.

Q. How will the role of Governors change if MHS closed and became an Academy?
The principles of governance are the same in Academies as they are in

maintained schools but the Governing Body has greater freedom to make decisions.
The new Academy would establish – an Academy Trust, a charitable company limited by guarantee, responsible for the strategic oversight of the Academy with control over the school land and other assets. The responsibilities will be similar to those in most maintained schools. The Governing Body can continue to delegate functions to committees, the headteacher or any other holder of an executive office. Governors should not get involved in the day to day management of the school. The Governing Body can also buy in additional skills and services such as HR support or training for Governors.

STAFF ISSUES

Q. Staff – who employs them?
The Academy employs staff and can negotiate with staff their own terms and conditions of employment. The Academy is responsible for the finances of the school.

Q. Do Staff of a Closing School Transfer?
During the Feasibility Study, the future structure of the curriculum and management of the Academy are developed by the sponsor and project team. Once the Academy is opened, staff then transfer across to posts in the new school and are protected by 'TUPE' rules

Q. What about new staff appointed after the Academy opens?

TUPE does not safeguard rights for new recruits appointed to posts in the Academy. It is a protection only for transferring employees.

THE SPONSOR

Q. How are Academies funded?
The government funds Academies directly. The revenue grant is at the same level as for other local secondary schools. There is also an implementation grant, specialist school funding and capital grants. The portion of the budget that was previously granted to the Council to support the school is paid directly to the Academy.

Q. What's in it for the Sponsor?
The sponsor sets up a charitable company trust and it is the company that signs the Funding Agreement with the Secretary of State. Some types of sponsors must make an initial financial donation. The sponsor names most of the board (which is also the Governing Body of the Academy) though there must also be headteacher and parent representation. Through these Governors the Academy has some accountability to the local community.

If serious problems arise with standards, discipline or health and safety at the Academy, the Secretary of State can appoint additional governors. The sponsor

sets the ethos, aims and aspirations of the school. The sponsor makes no financial gain and cannot make any charge to parents.

Q. What Does a Sponsor Bring to the Academy?
The Government's intention is that sponsors will provide an inspirational and motivational vision for the Academy, with fresh ideas, enthusiasm for innovation and a challenge to traditional ways of thinking. All sponsors are expected to demonstrate a commitment to high quality education and vocational training, Higher Education and offering a broader curriculum thus raising standards.

Further education sponsors bring an understanding of the business sector and first hand knowledge of the needs of employers in terms of vocational education and training.

Q. What gain is there for a sponsor – does the sponsor own the school and can the sponsor change the usage of the site?
The sponsor sets up a charitable company trust and it is the company that signs the Funding Agreement with the Secretary of State. The sponsor sets the ethos, aims and aspirations of the school. The sponsor makes no financial gain and cannot make any charge to parents.

Q. What about the name and uniform of the proposed Academy – will it change?
At present it is too early to provide any specific information on these issues, as part of the consultation process the sponsor will consult widely with parents, staff and the community on its vision and ethos for the Academy. Issues such as this will be considered and opportunities for feedback will be provided.

ADMISSIONS

Q. How will the transition be managed?
If you are a parent or carer of a child or children due to transfer to high school in September 2011, and have already completed your application for a year 7 place by the closing date of 31 October 2010, you may now have concerns about the Academy proposal. Admissions officers will therefore be available during the consultation to provide you with further information and to respond to any queries that you may have. Information will also be made available on our website.

Q. Will all current pupils at the High School transfer to the Academy?
In the event that a final decision is taken to implement the proposal for September 2011, all pupils on the High School roll at the time of closure, together with pupils who have been offered and accepted places, would automatically be entitled to a place at the Academy. The Council would work closely with the College and the Department for Education to provide more information and to ensure a smooth transition between the High School and the Academy and guarantee continuity of provision for pupils and the TUPE transfer of staff.

APPENDIX 2

IMPLEMENTATION

Q. What are the principal stages in the establishment of an Academy?

1. Initial Phase
The Office of the Schools Commissioner (OSC) will support the development of partnerships between Sponsors and Local Authorities (LAs) to enable them and the Department for Education (DfE) to assess their secondary education and decide if a new Academy is the right solution for their needs.

Once partnerships have been established, a Statement of Intent letter is issued by the OSC to the Local Authority (LA). This confirms to the LA the sponsor's intention to work with them in taking forward the Academy Project. The statement of Intent has now been issued by the OSC with respect to an Academy sponsored by Macclesfield College.

2. Pre-Feasibility
Once the Statement of Intent has been issued, the Sponsor and LA will work together to prepare a formal Expression of Interest (EoI) for Ministerial consideration at the DfE. The EoI will clearly demonstrate the need for a new Academy in the area proposed and provide more details about the proposed Academy e.g. age range and pupil numbers. The DfE provides detailed guidance on the form that the Expression of Interest should take. Once an EoI has received Ministerial approval the project will move to the feasibility stage.

3. The Feasibility Stage
The length of the feasibility stage is normally determined by the statutory process of consulting to close the predecessor school. The purpose of the feasibility phase is to consult widely with key stakeholders to ensure the proposed academy meets their requirements of raising education standards and driving up wider community aspirations.

During this phase, the proposals in the EoI are developed further. In particular the sponsors vision and ethos for the Academy are developed into an education brief which will form the foundation of the Academy's curriculum.

A series of documents will need to be prepared to support the Academy proposal. These will allow the Secretary of State to judge whether to enter into a legally binding Funding Agreement to establish an Academy.

A project management company is appointed to co-ordinate and manage the wide range of tasks that will need to be completed ahead of the Funding Agreement. A number of specialists and experts will be drawn upon to complete technical aspects such as legal work and public relations. The project management company is responsible for overseeing the work of these specialists and ensuring that work is completed on time and within the budget which DfE has agreed.

4. The Implementation Stage
Once the Funding Agreement has been signed, the Implementation phase

commences and the remaining time ahead of the Academy opening will be spent preparing for a new school to open. This will include finalising management and staff appointments, agreeing the curriculum, undertaking Academy marketing and collaboration activities, and supporting school development plans. Where the Head Teacher is appointed prior to opening, the Head Teacher will be closely involved in much of this work with support from the project management company.

At the end of the phase, the Department completes final sign off on the educational plans and approves the academy for opening as an institution. Academies that open initially in the existing school buildings may be entitled to a small additional capital grant to cover costs such as renewed signage and other small capital projects required to open the school as an Academy.

5. Opening

The opening of the Academy is a major milestone. However there is still much work to be done to ensure it is successful. During the initial stages of this phase a School Improvement Partner will be appointed to provide ongoing advice and support to the Academy and its leadership team in its efforts to realise the Academy's vision and deliver sustainable improvements in educational standards.

For more information on Academies please visit the Department for Education website: www.education.gov.uk/academies

FORMAL CONSULTATION

Q. How can I get involved in the Consultation?

1. Send in your views using the electronic feedback form available on our website at www.cheshireeast.gov.uk/schools or by completing the paper version of the form provided at the end of the consultation document

2. Attend the 'drop in' events in December where you will be able to discuss the proposal with officers of the Council and provide feedback.
3. Alternatively, you may prefer to return your comments by:

- e-mail to SOCS@cheshireeast.gov.uk;
- telephone on 0300 123 5012;
- fax to 01270 686491

Informal consultation will end on **14th January 2011.** Please note: Any feedback received after this deadline cannot be considered.

Appendix 3

FORMAL CONSULTATION – FEEDBACK SUMMARY

1 Introduction

1.1 On 8 November 2010, a report was presented to Councillor Gaddum, Cabinet Member for Children and Families, detailing the outcome of informal consultation on a range of options for change to secondary school provision in Macclesfield and requesting permission to proceed with formal consultation on the preferred option of the closure of Macclesfield High School on 31 August 2011 upon the establishment of an 11-16 Academy on the same site with a pupil admission number of 120.

1.2 Formal consultation was authorised and this commenced on 15 November 2010 and concluded on 14 January 2011. As part of this formal consultation process, in addition to inviting written feedback on the proposal, two 'drop in' style events were organised in Macclesfield at Macclesfield High School on Monday 6 December between 16.00-20.00 and Macclesfield Town Football Club on Tuesday 7 December over two sessions between 13.30-15.30 and 17.00 – 20.00. Representatives from Macclesfield College, including the Principal, also attended to provide information at both events. Attendance at these events was low with only 47 attendees in total comprising of 32 people who attended the Macclesfield High School event and 15 attending the event organised at Macclesfield Town Football Club. A further event, organised by the College sponsor on 12 January, between 16.00-20.00, and was attended by officers of the Local Authority to facilitate further feedback on the Local Authority's proposal to close Macclesfield High School. 20 people attended this event.

1.3 The following provides a summary of all feedback received during formal consultation. Copies of all the submissions are available for Cabinet Members to view at the Cabinet Office, Westfields, Sandbach, by arrangement with Diane Rogers and will be available for Members at the Cabinet meeting on 14 February. Members are advised to familiarise themselves with the consultation responses prior to the meeting.

2 FEEDBACK SUMMARY

2.1 Formal consultation has resulted in a total of 88 representations in response to the Council's schoool closure proposal., which is illustrated in the following table.

Feedback Received			
For	Against	No View	Total
40	22	26	88

2.2 The various consultation events and feedback mechanisms implemented by the Local Authority have generated as total number of 88 responses. In addition to the questions raised about the school closure proposal, a number of questions have been directed to the Local Authority about the separate

proposal by Macclesfield College for the establishment of an Academy on the same site with effect from 1 September. It is important to note that this document is concerned with the feedback on the closure and not the proposed Academy. However, as the closure is to be conditional upon the establishment of an Academy on the same site, any concerns raised in relation to an Academy have been included in this summary and full details are available in the Feedback log, which is available for Members as mentioned in paragraph 1.3 above. In addition, all correspondence received, which has raised questions about the Macclesfield College proposal for an Academy, has been forwarded on to the Sponsor.

2.3 Included in the 88 responses is the feedback recorded at the public 'drop in' events held in December together with any feedback presented to the Local Authority about the school closure proposal at the event held by, Macclesfield College, the preferred Academy sponsor, on 12 January.

2.4 Of the 88 responses received, 40 indicate support for the proposed closure of Macclesfield High School. This is compared with only 22 responses confirming opposition to the proposed closure. Included in the 88 responses are 26 submissions not expressing a view on the proposed closure, but instead raising a number of questions, including many queries about the College proposal to establish an Academy, which have been forwarded on to the sponsor as part of this process.

2.5 Comments received by the Local Authority have been in relation to a number of issues perceived by consultees as key to this school reorganisation process. These include concerns about the viability and sustainability of the proposal and future curriculum delivery and staffing issues. Once again, many of these queries relate specifically to the proposed Academy and not the Local Authority proposal to close Macclesfield High School, but as they are relevant to the decision-making process they have nevertheless been summarised for Members in this report.

3 Areas of Concern - Feedback During Formal Consultation

3.1 The main areas of concern raised by interested parties are shown in the table below. The number of responses received about each concern illustrates that, these are, broadly speaking, of equal importance to consultees. However, it is interesting to note that the majority of comments focused on the viability and sustainability of the proposal to close Macclesfield High School and establish an Academy on the same site.

Specific Areas of Concern	Total
Viability & Sustainability	48
Curriculum Delivery	46
Staffing at the Academy	37
School Management	25
Academy/Sponsor	31

3.2 A list of extracts from the consultation responses are listed below to indicate to Members the feedback received in relation to these specific areas of concern. Feedback has been received on other issues, such as transitional measures for pupils, general views about the proposed reorganisation and the impact on other mainstream schools in the Macclesfield area. Some of the comments stated by respondents were to demonstrate support for the proposed closure and others to justify the decision to oppose the proposal. The extracts below have therefore been organised to reflect this.

Viability and Sustainability - *Support for the Proposal*

'I am convinced that the establishment of an Academy that can build on the considerable effort that has already gone into the establishment of an educational partnership with the College is a good idea.'

'The proposals represent a positive step forward for Macclesfield's families, pupils and schools and, in particular, are very important for the future of the provision of education in the south of the town.'

Viability and Sustainability – *Opposition to the Proposal*

'What school can possibly thrive when it can't offer a full curriculum? And a school with 120 in each year group, staffed accordingly, cannot possibly offer that.'

'Is this sufficient to provide funding for a broad and balanced 11-16 curriculum? If not and the school wishes to expand and is successful in doing so will this not bring instability to other schools in Macclesfield?'

Curriculum Delivery - *Support for the Proposal*

'We were really saddened by the threatened closure of the school which we feel has outstanding facilities and were disappointed that such a new establishment could face the axe….As a community perhaps we can back this "flagship" school. Its connections with the college can only benefit students as they progress through the education system.'

'There is a broad range of subjects both academic and vocational offered to allow students of all abilities to achieve their maximum potential.'

Curriculum Delivery – *Opposition to the Proposal*

'We do not want our son put in a position where curriculum options are reduced or, in the worst case scenario, the school closes and pupils have to be redistributed.'

'How can the choice in the curriculum still be sustained or expanded with the loss of staff?'

'I am concerned about the school being perceived as a school which offers mainly vocational courses, thus deterring parents of more academically minded students and creating a skewed intake.'

Staffing at the Academy and School Management - *Support for the Proposal*

'The academy needs strong leadership with particular attention to discipline and behaviour balanced with effective pastoral care.'

'Crucial to its success is the recruitment of a "Super Head".'

'I also feel that the pastoral care offered by the High School is very good and I wouldn't want to see this suffer.'

Staffing at the Academy and School Management – *Opposition to the Proposal*

'Will they retain the current national conditions of service for school teachers that will ensure recruitment of well trained high calibre teachers who will be necessary to the school's success in the longer term.'

'*The results achieved at the High School have been increasing over the last year and there is a good and strong commitment to its future from parents, students and staff.'*

The Academy Sponsor - *Support for the Proposal*

'The academy proposal is very exciting.'

'I acknowledge that the College has a good Ofsted report and feel that the High School will only benefit from their support.'

'We support the running of an academy by the college management as the most logical use of the site and in the hope it will provide similarly high standards in the new academy.'

'I feel that the links between the School and the College are essential and therefore support the closure of MHS to facilitate this. It is important that opportunities are made available for young people.'

'I support the proposal to open Macclesfield High School as an academy. The facilities and teachers are wonderful and it would be a waste if the school closed.'

The Academy Sponsor – *Opposition to the Proposal*

'If the school should fail, and not get enough numbers, presumably the excellent facilities will go to the College, and not to the school children of Macclesfield, for whom it was built.'

'I'm uncertain that this proposal, unlike the one that superseded it, solves the current problem. In the eyes of many parents, the new academy will be the old school re-badged.'

General Comments – Support for the Proposal

'It is extremely important that the academy is seen to be offering 11-18 education since it will be in competition with other 11-18 secondary schools in the town and will be seen as "the poor relation" by parents and others if not.'

'Having a son (at MHS) with special educational needs I want to ensure there is the least possible disruption to his school life as possible.'

'Let's hope a decision is made with some speed as this uncertainty cannot help both students their parents and even the staff from a very hard working school.'

General Comments – Opposition to the Proposal

'The development of collaborative working arrangements across the town will be lost and there will be a return to a very competitive educational environment…'

'Changing the name of the school and down sizing it to suit the numbers the school can attract does not fundamentally improve the school.'

4 Pupil Participation – MHS

4.1 In the week commencing 10 January 2010, pupils in all year groups at the High School were presented with information by staff at the school on the proposal to close Macclesfield High School upon the establishment of an Academy on the same site and were invited to submit their comments in response to a set of specific questions as listed below:

1	Do you hope the school remains open on this site?
1a	Do you think the proposed academy provides a good solution for the area?
2	Do you have any concerns about the proposed academy?
3	Would you like someone from the college to speak to your house or year group?
3a	Do you think that a student committee would be helpful to present your views?
3b	Do you think informing you through assemblies and form periods would be sufficient?
4	Do you think there are benefits to the proposed Academy?

4.2 The outcomes of the consultation for all year groups are shown below.

	YES	NO	NOT SURE	NOT ANSWERED	TOTAL	TOTAL ANS
1	421	25	75	5	526	521
1a	240	59	219	8	526	518
2	80	339	95	12	526	514
3	131	207	145	43	526	483
3a	148	173	154	51	526	475
3b	256	107	113	50	526	476
4	192	75	226	33	526	493

4.3 The question with the highest level of response was question 1, which asked for the pupils' views about the proposed closure of the school. Of the 526 pupils that took part and provided a response, the outcomes show that whilst 421 pupils expressed the view that they hope that the school remains open on the current site, 240 pupils demonstrated support of an Academy as a good solution for the area with only 59 against and a further 219 who were unsure. In answer to question 4, 192 pupils indicated that they saw the benefits of the proposed Academy compared with only 75 pupils who did not. A further 226 pupils were unsure. However, when asked in question 2 if the Academy proposal caused them any concerns, a majority of 339 pupils confirmed that it did not compared with only 80 confirming that it did and only 95 pupils who were unsure. When asked how they wished to be kept informed about the proposed changes, most pupils indicated that they were happy to be kept informed in assemblies and form periods.

4.4 Overall, the level of response was very high and provided a clear indication that the priority for pupils attending Macclesfield High School was for a school to remain on the Macclesfield High School site in the future.

4.5 The questions and concerns listed below have been extracted from the feedback questionnaires and reflect the views expressed by many of the Macclesfield High School pupils.

- It will solve the money problem and will hopefully give us more opportunities
- All the academy proposal is doing is saving the school, changing the sponsors and funding.
- Does it mean we will carry on as normal?
- Do we need a different uniform?
- Not really changing anything but the school name
- Get better links with the college so we can do courses with our A levels
- You get a place in the 6th form and the school a chance to stay open
- It might make more people come to the school, also it would give the school a good reputation
- There will be no change in teaching and learning areas.
- Also people won't lose their jobs
- How will you pick the teachers to stay and teachers to go?

- More GCSE options
- Better opportunities
- The school stays open - no competition to get into other schools
- The plan might fail then we will have no school

5 Other Key Submissions

5.1 Members will wish to consider the following key submissions:

Governing Body, Macclesfield High School

The Governing body of Macclesfield High School have indicated their support for the proposal to close the high school upon the establishment of an Academy on the same site. However, governors have indicated that they feel that the Academy should be presented as part of the full 11 to 18 provision and beyond that would be available as part of the Macclesfield Learning Zone.

The submission also stated that 'parent governors felt that it was important that their children would continue to be taught in the sixth form by those good teachers who had previously taught their children at KS3 and KS4'.

The submission confirmed that the view of the governing body is that 'the establishment of an academy sponsored by the college creates the opportunity for all-through provision on the Learning Zone site with sixth form provision that will go beyond the provision offered in a traditional 11 to 18 school'.

Macclesfield High School Staff

The level of responses from staff employed at Macclesfield High School has been very low with only 3 submissions as set out below:

Of the feedback received, one staff member confirmed support for the establishment of an Academy stating that it could build on the considerable effort that had already gone into the establishment of an educational partnership with the College, but expressing concern about the viability and sustainability of a small 4-form entry school and without some transitional funding.

A separate response demonstrated support for the establishment of an academy that offers 11 to 18 educational provision on the Macclesfield Learning Zone campus stating that this would be in line with the original concept of the Macclesfield Learning Zone as an inter-related group of partner educational establishments on one site feeling also that the transition for students from MHS to the Academy would be seamless.

The final response confirmed support for the proposal but expressed concern about the unknown implications for current staff if an Academy is established.

Acting Executive Headteacher, Macclesfield High School.

In addition, concern has been expressed that the proposal to retain four providers of secondary education in the town does not address the issue of surplus places and has the potential to impact on collaborative working practices by increasing competition between schools in the town. Further concern has been raised about the impact on sixth form provision if the college becomes responsible for the LZ6 (Learning Zone) provision at a time when reductions are proposed in sixth form and FE sector funding. Confirmation has been received that this view is supported by the majority of governors of Tytherington High School.

David Rutley, MP for Macclesfield

The submission received stated that 'the proposals represent a positive step forward for Macclesfield's families, pupils and schools and, in particular, are very important for the future of the provision of education in the south of the town'. However, whilst it was acknowledged that many options had been actively considered during this reorganisation process but that no others had met the agreed evaluation criteria, it was considered regretful that more options were not available for parents to consider during formal consultation.

Diocese of Shrewsbury

The issues raised by the Diocese are around sustainability with concern about 'the increasing competition amongst the four schools for a declining student population'. The view expressed is that any plans for the future provision of education 'should not seek solely to address immediate issues'. The Diocese is concerned that an Academy will not address the surplus places problem affecting Macclesfield but could instead have a 'deleterious impact on the curriculum, staffing and financial planning of the other three schools' if an Academy is successful in increasing the number of applications for places at the school. These views have been echoed by the Governing Body of All Hallows Catholic College.

Governing Body, All Hallows Catholic College

The Governing Body has confirmed its support for parental choice and diversity of provision, but has concerns that the proposal does not address the surplus place issue if four schools are to continue, increasing competition between schools at the expense of collaborative working.

Disappointment has been conveyed that the option of establishing a split site school through the closure of Macclesfield High School and the expansion of Tytherington High School had been dismissed 'in favour of re-branding Macclesfield High School', acknowledging that 'in linking Macclesfield High School to another school in order to improve educational standards seemed a logical solution to the performance issues'.

Full details of the aforementioned responses are available for Members to view in the Cabinet Office between 28 January and 14 February.

6 Consultees

6.1 The guidance requires those bringing forward proposals to consult all interested parties. The mechanisms employed by officers together with a list of consultees are provided below at paragraph 6.2.

6.2 List of Consultees

Pupils at the school	Macclesfield High School	Pupil Questionnaire
Governing body of the school	Macclesfield High School	Email & Meetings
Teachers and other staff at the school	Staff body	Letter/Briefings/Email
Families of pupils at the school and potential future pupils for 2011	Parents and carers	Letters mailed to Parents/Carers, public events
Neighbouring Local Authorities - where potential for significant cross-border movement of pupils	Stockport, Derbyshire Staffordshire, Trafford	Letter by Email
Governing bodies, teachers and other staff	At schools potentially affected	Briefings & Email
Families of pupils at MHS feeder primary schools	Whirley, Ash Grove, Broken Cross, Gawsworth, Hollinhey, Ivy Bank, St John the Evangelist, Wincle, Park Royal, Puss Bank	Email to be cascaded to pupils (newletter/pupil post)
Other Primary schools	Macclesfield	Email to be cascaded to pupils (newsletter/pupil post)
Diocesan Authority and the Bishop of	Catholic Diocese of Shrewsbury Anglican Diocese of Chester	Letter by Email:
YPLA (LSC) - directly funding 16 - 19 provision	North West	Letter by Email:
MP of the constituency affected	David Rutley MP	Letter by Email:
Councillors - Ward Members	Macclesfield	Letter by Email
Local District / Parish where the subject school is located	Bollington, Gawsworth, Henbury, kettleshulme, Mottram St Andrew, Nether Alderley, Prestbury, Macclesfield Forest & Wildboarclough	Letter by Email:
Trade Unions of staff	At schools potentially affected	Letter by Email
Any other interested party	Cre8 youth and community project, Macclesfield Youth Achievement Foundation, Macclesfield School Sport Partnership (SSP)	Letter by Email
The wider community	Macclesfield and beyond	Local press releases, radio, Cheshire East website, public consultation events.

For	Against	No View	Comments
		1	Can they change their preference? What is an academy? Concerns that the sponser was not known before closing date. And also what courses the college may offer
		1	doesn't think the academy is viable so hasn't put her sons name down, wanted to know if anyone had looked at the real number. What would make parents choose Macc?
		1	he had talked to many people and they had said the proposed 4 institute model was not sustainable. Asked if the academy did fail would it revert back to Ce as this would cause rivalry with tytherington as the only CE school in the area. Would there still be opportunity to go to a 3 institute model in the future.
		1	LA state Status quo is not an option but that's exactly what it is. The difference is the college is picking up the tab Grave concerns about the long term sustainability Concerns that the fantastic facility would be gifted to the college when and not if it fails Concerns about the small number in the school and that it wont be able to deliver the current breadth of curriculum The SEN review should have been completed before the proposals were tabled. The cost of adapting a new building is considerably lower than the adaptation of a poor quality older building. Its not fair and will disadvantage the already disadvantaged group of people Risk of early failure and transfer of a fantastic asset to the college is increased because the sponsoring body is a college and not a school
		1	Can I change my preference?
		1	concerns over the fact the sponsor name was not available until after the closing date
		1	Parent of children potentially affected. Satisfied with current provision. Wanted to know what would happen with the headship and the breadth of the curriculum, also what part would CE have in the school and what the intake for next year was like and had it dropped.
		1	why was the option proposed when it was said there weren't the numbers. Why would parents sent there children to Macc? Would pupils be disrupted over the next 12 months and what happens if it is a failing academy?will EIP continue? What will happen to the staff and head will they stay the same?and who makes the final decision about being an academy.
		1	what will it mean for the pupils and will the governors stay the same? will they follow the curriculum and what will happen with the name and uniform?will the staff stay the same?
		1	what is an academy ? What will the curriculum be? What are the number for the new academy? Will staff be kept on? What will the new name be? And also what are the long term proposals.

For	Against	No View	Comments
		1	parent is worried when it comes time for him to apply for school. Would rather give money to fallibroome and tytherington as they would benefit instead of giving money to a sunk school. Also asked about senior management name and timescales
		1	General questions asked about the future provision under an Academy received from the College sponsor (see GQ1)
		1	if the Macc high academy goes ahead can I change my preferance for a place in Yr7 next year? I have put Tytherington but only because I thought Macc high was closing. We would like him to go to Macc high due to the facilities
		1	Parent's concern was that the uncertainty over the future arrangements was having an impact on the number of children at Park Royal primary school, with parents moving their children in year 4 to different primary schools, in order for them to be in a feeder school to one other than Macclesfield High. This uncertainty was leading to instability. The parent does not have an issue with the academy proposal, but it does not solve the primary school issue. There is a need for a 'whole town' solution. Some parents do not wish their children to go to Macclesfield High sometimes relating to historic reputational issues. Is the proposed solution only papering over the cracks? Has the Local Authority researched the likely impact of the withdrawal of the Educational Maintenance Allowance (EMA)?
		1	meeting with three parents during the course of the session, all three meetings were very brief. A parent of a MHS child wanted to know whether arrangements for children with special needs would change if the school converts.Parents with children at a feeder primary and MHS were concerned about any changes to the admissions arrangements and also about the transitional costs of rebranding the school, and to parents of buying new uniform. A parent wanted to know what the process for statementing would be if the school converts.
		1	why can't we manage numbers to fill-up school evenly so there are less surplus places?
		1	Local Primary Governor – Wanted info on the process stages to implementation, will the EOI be made public once signed off? How can we reassure him that CEC will ensure that MHS succeeds and doesn't just 'wash its hands' of the problem. Will CEC have some say on the future running of the Academy?
	1		The option of an 11-16 academy with Macclesfield College and MMU will not provide a fair deal for students in the south of the town. Many responders to the proposal last summer were either saying 'do not educate our kids with their kids' or they were saying 'Keep Macc High as it is'. I don't think the latter group understood that the school could not go on as it was. The new offer may look fair but it will not be.

For	Against	No View	Comments
	1		11-16 academy with an intake of 120 per year will render it unviable. What school can possibly thrive when it can't offer a full curriculum? And a school with 120 in each year group, staffed accordingly cannot possibly offer that. He (her son) is a very very bright child at a MHS Feeder primary. I won't allow him to go to a school that has limited curriculum on offer, and is of a less than viable size. I had put Macc High 1st on my preference form because I believed in it. Now I don't and it doesn't feature on my list. What a waste.
	1		Now that this new proposal is the only option, we have reluctantly decided not to put Macclesfield High as one of our choices. We do not want our son put in a position where curriculum options are reduced, or, in the worst case scenario, the school closes and pupils have to be redistributed. 1. Please can you tell me why the old criteria no longer apply? 2. What has changed that will make the school work despite it not addressing the old criteria? 3. Can you give me any examples of schools operating with 600 children and a full curriculum? 4. Is any additional funding available? I note that city academies are expected to have an endowment fund of £2m set up by a sponsor. Does the college have £2m to put into this?
	1		The school will still remain as it is now in all but name. As a tax payers, we have already paid out £15million for the build, £2million to Fallibroome not to expand and are being expected to 'swallow' £500k budget deficit from MHS. At the end of this process we will have absolutely nothing to show for it. One of the best equipped and newest school buildings in East Cheshire will have been handed over to Macclesfield College. CEC looses all control over the use of the building both now and in the future. There are many pupils with SEN... what happens if the school fails again and we find ourselves in a repeat of this process in a 2 or 3 years time. Do Macclesfield college carry the debt, retain the building or..... These are all points which should be raised now while the council still has some control over its premises. I have grave reservations about the viability and wisdom of this proposal. I seem to remember that you said you would choose three.
1			Local Governors believe the new academy is to be presented to the public and marketed in the correct manner. The academy be viewed as part of the full 11 to 18 provision and beyond that would be available as part of the Macclesfield Learning Zone. Parent governors felt that it was important that their children would continue to be taught in the sixth form by those good teachers who had previously taught their children at KS3 and KS4 as part of the Macclesfield Academy. The sixth form was not included in the areas for improvement in the OfSTED Notice to Improve. The establishment of an academy sponsored by the college creates the opportunity for all-through provision on the Learning Zone site with sixth form provision that will go beyond the provision offered in a traditional 11 to 18 school.

For	Against	No View	Comments
	1		We are very concerned about the new proposal for the future of Macclesfield High school. The proposal that Macclesfield High become a 'city style academy' run by sponsoring organisations was not one of the options on which public consultation took place. This is the same type of academy model that has failed to improve many so called 'failing' inner city schools in recent years and is very different from the new style academy structure that Fallibroome hopes to benefit from.
		1	Opinion not relating to the Formal Option. Against moving Sixthformers from THS to Macc College for their Further Education?
1			I am in support of the proposal to close Macclesfield High School and reopen immediately as an Academy, however I am a concerned about any disruption to my son and other pupils at Macclesfield High School when this process is going through. Additionally will ALL the teachers remain the same at Macclesfield High School when it becomes an Academy? On another matter would there be any change to the school uniform and current Student Planners? I will be looking forward to seeing what your final decision is regarding Macclesfield High School. I want to ensure there is the least possible disruption to his school life as possible
1			As this proposal in principal seems to be the best solution, I do have a few issues. My main concern is whereas a smaller school with a less student/teacher ratio is good, will the students still have the variety of subjects and opportunities as the rest of the students in the town? I achknowlege that the College has a good Offsted report and feel that the High School will only benefit from their support . I have always felt that the High School needs a good Head and Management team behind it as well as some good press. My husband and myself have two daughters who attend the school and are both happy and doing really well. However as one is due the sit her GCSE's next summer the students need some positive feedback. Lets hope a descision is made with some speed as this uncertainty cannot help both students their parents and even the staff from a very hard working school.

For	Against	No View	Comments
		1	I attach information provided for by a local feeder primary school. Although not the only school affected by the skewed admissions policy organised for Macclesfield parents it is the one most seriously damaged.Parental choice is heavily constrained. Parents would rather not move their children in year 4 and 5 but feel forced to do so if they are to have the choice of secondary school they wish for. This pupil movement is a direct response to the admissions system and has nothing to do directly with parents satisfaction with Park royal School as a suitable school for their child. If proof were needed then note that younger siblings are left in the school.In the eyes of Governors the admissions system is damaging local feeder primaries and the pupils who attend the school through the budgetary impact of pupils leaving, through the loss of those pupils educational input into the school and to the emotional trauma amongst friendship groups that accompanies them leaving. It is my understanding that admission arrangements must not be such as to undermine or damage neighbouring schools.
		1	Thank you for your letter of 15th November and your invitation for feedback.It seems to me that the proposed resolution is essentially a change in name for Macclesfield High School and does not actually address the originally stated problem of falling numbers and not enough secondary age children to fill the available spaces. I am also not clear how it addresses the second and, apparently, more emotive issue of admissions criteria in Macclesfield that surfaced during the consultation process.As I understand the Academy route, the new college sponsored school would, like Fallibroome, have the scope to set its own admissions criteria, leaving Tytherington as the only truly state run, community secondary school providing the safety net for the whole town. That is a great USP for Tytherington but also leaves them with the least modern and possibly most crowded facilities in town. I could see positives in the original proposal (Tytherington & MHS merger).
	1		I'm uncertain that this proposal, unlike the one that superceeded it, solves the current problem. in the eyes of many parents, the new academy will be the old school re-badged. As a parent of a feeder primary student, i don't think that this will be enough to encourage me to send my child there, when there are three other schools in town, with one no greater distance from home. As a governor, i can't see how this is going to stop the egress of students from key stage 2 from parkroyal into fallibroome feeder schools; currently this costs our school £££, to say nothing of the emotional cost to children who lose friends they have spent their school life with. and, as these children are often from 'good' backgrounds and expected to reach level 5 by the end of year 6, the school loses out in the league tables as other schools profit from the schools good work.On balance, the proposal does not, in my humble opinion, provide an adequate solution to what is a whole town problem.

For	Against	No View	Comments
1			The above proposal provides a fantastic opportunity to provide high quality education at the Learning Zone Site and I fully su pport it. However, lessons from the past must be learnt. The academy needs strong leadership with particular attention to discipline/behaviour balanced with effective pastoral care.Whils t I understand that entry criteria to secondary schools is probably beyond the scope of this consultation I really do think that the current system of "feeder schools" encourages a cyni cal manipulation of the system resulting in a "brain drain" away from Macclesfield and Tytherington High Schools. This is a v icious circle and needs to be addressed if the new academy is to be able to compete on a level playing field.Finally, "Macclesfield High School" is now a twice tainted name and must be changed.
1			We strongly support the new proposal as long as high educational and pastoral care standards can be achieved and maintained at the new academy. We would also like a broad curriculum to be maintained and a strong management team to be set up who have a clear vision on what they would like to achieve with the new school.Our son is currently in Year 6 at a local Primary School and is hoping to attend the new academy next year.
1			As a parent of a child at MHS I strongly support this option and feel that it would cause less disruption to my daughter and the school as a whole, whi ch is a good school with excellent facilities, therefore I very strongly support this option. Obviously I would assume that a he ad teacher would be formally appointed.

For	Against	No View	Comments
	1		I disagree with the proposal to close Macclesfield High School and reopen a school on that site as an Academy. This latest 'out of the blue' proposal, which was not even one of the options on which public consultation took place, would be disastrous for and for children on this side of town. What is the point in public consultation and a list of options, if this list (and public response to it) is then ignored and a new proposal is suddenly constructed and put forward? Six months ago we were told that Macclesfield High School wasn't viable with its reduced number of projected pupil numbers. Originally the favored option was a merger of Tytherington High School and Macclesfield High school. Although not perfect, this option would at least have addressed some of the issues affecting the school.I am so angry at the way the children and parents of our community have been treated by Cheshire East Council. The whole issue has been handled in an appalling way. For six months now, Macclesfield High School ,a school with an improving G.C.S.E rate and one of the best A level results in the town has been hauled over the coals by Cheshire East, the local press and parents of children at other schools in Macclesfield. On 23rd September 2010, Ofsted iinspector, Paul chambers, said of Macclesfield High School: "I am of the opinion that at this time that the school is making good progress in addressing the issues for improving and in raising student achievement"Taking into account Macclesfield High School's improved Gcse and A level pass rates, it seems to me that the school should be congratulated on their success, not criticised and threatened with closure and /or transformation into an Academy because of 'failure'. Michael Gove, the secretary of state for Education wrote to Local education authorities about their role in identifying underperforming schools which would benefit from becoming academies. This latest proposal is obviously a knee jerk reaction to this request. We are in a much worse position than we were 6 months ago. Who will want to send their children there now, in its present guise or any other whitewashed construct? The large number parents,who are moving their children from my child's primary school because of the lack of choice in this area of the town and filling up the feeder primaries for Fallibroome High School is tantamount to this fact. I have a child at Macclesfield High school and a child at a MHS Feeder primary. The uncertainty about secondary schools and the negativity about Macclesfield High has been hugely damaging to the primary school with a significant loss of pupils as well as a financial impact. The indecision has also had a negative emotional impact on many of the children.

For	Against	No View	Comments
	1		I disagree with the proposal to close Macclesfield High School and reopen a school on that site as an Academy. This latest 'out of the blue' proposal, which was not even one of the options on which public consultation took place, would be disastrous for and for children on this side of town. What is the point in public consultation and a list of options, if this list (and public response to it) is then ignored and a new proposal is suddenly constructed and put forward? Six months ago we were told that Macclesfield High School wasn't viable with its reduced number of projected pupil numbers. Originally the favored option was a merger of Tytherington High School and Macclesfield High school. Although not perfect, this option would at least have addressed some of the issues affecting the school.I am so angry at the way the children and parents of our community have been treated by Cheshire East Council. The whole issue has been handled in an appalling way. For six months now, Macclesfield High School ,a school with an improving G.C.S.E rate and one of the best A level results in the town has been hauled over the coals by Cheshire East, the local press and parents of children at other schools in Macclesfield. On 23rd September 2010, Ofsted iinspector, Paul chambers, said of Macclesfield High School: "I am of the opinion that at this time that the school is making good progress in addressing the issues for improving and in raising student achievement"Taking into account Macclesfield High School's improved Gcse and A level pass rates, it seems to me that the school should be congratulated on their success, not criticised and threatened with closure and /or transformation into an Academy because of 'failure'. Michael Gove, the secretary of state for Education wrote to Local education authorities about their role in identifying underperforming schools which would benefit from becoming academies. This latest proposal is obviously a knee jerk reaction to this request. We are in a much worse position than we were 6 months ago. Who will want to send their children there now, in its present guise or any other whitewashed construct? The large number parents,who are moving their children from my child's primary school because of the lack of choice in this area of the town and filling up the feeder primaries for Fallibroome High School is tantamount to this fact. I have a child at Macclesfield High school and a child at a MHS Feeder primary. The uncertainty about secondary schools and the negativity about Macclesfield High has been hugely damaging to the primary school with a significant loss of pupils as well as a financial impact. The indecision has also had a negative emotional impact on many of the children.

For	Against	No View	Comments
	1		I am deeply concerned at the proposal to close Macclesfield High School. The closure will remove an important beacon of state education from the Town Centre scene which offers to parents a comprehensive education from 11 to 18. I can see that in some respects the replacement by a small 11-16 academy offers an alternative but it is not one I can see lasting in the long term or offering stability to the educational system in Macclesfield. A small secondary 11-16 school will enevitably be squeezed for funds to provide a broad curriculum. If the teachers are restricted to the 11-16 curriculum then good teachers are less likely to be attracted to teach in the school. If teachers conditions are changed to those like college lecturers which are much worse than teachers conditions then again this will be a disincentive for good teachers to join the school. Since a decision has been taken to consult on closing Macclesfield High School there must be a strong perception that the school has failed. this in spite of improving results and achieving over 50% 5 A-C grades. In many areas of the country this would be regarded as a sucessful school. Unfortunately due to a combination of social factors in Macclesfield the school is surrounded by three much more successful ones. Therefore parents do not choose Macclesfield high and the LA is asking the public about closing it. The current admissions system also needs changhing to make it much fairer for parents. Parents should have the choice freely and openly administered to attend any Macclesfield secondary school. The current system is intensely damaging to some parents, pupils and schools.What will change with the 11-16 academy? The social mix will not change, the parental perception will not change indeed it might be hardened against the school if it is labelled 11-16. There will inevitably be a 'waiting time' by parents during which they will choose other schools. How will the academy be subsidised in the meantime while it hopes to attract more pupils? I am also concerned asbout the academy status as it takes away more power from the local authority to help the whole system forward. I much preferred the original suggestion of one of the secondary school taking over the site. With three secondary schools in Macclesfield there would be a chance of long term stability in the system. 11 years old pupils. travel considerable distances to school at the present time so travelling could not be an issue. All pupils in Bollington travel from the town, many to a wide spread of other schools including private ones.It is my strong beleive looking at the long term history of education in Macclesfield that three strong secondary schools is the stable answer and the LA must give that option at some stasge to the people of Macclesfield.You are in danger of off loading responsibility at the same time as creating a system bound for long term instability with all the uncertainty that implies for pupils and parents

For	Against	No View	Comments
1			No Comment.
		1	Concerns over access of the School, with extra traffic being a real problem. Caller states he sits in traffic leaving the site currently and would like to know what provisions are being made for this.
1			We support the running of an academy by the college management as the most logical use of the site and in the hope it will provide similarly high standards in the new academy.
		1	Trying to get clarification on a point relating to the consultation on the proposal to close Macc High School upon the establishment of an academy.
1			I am convinced that the establishment of an Academy that can build on the considerable effort that has already gone into the estabishment of an educational partnership with the College is a good idea. I am however concerned about the viability of a 4 form entry school and how sustainable this small Academy would be without some transitional funding until pupil nos could grow to 5 forms of entry. I think that with an imaginative curriculum offer, good parental engagement and targeted marketing this new school could grow to a more viable, full 5 form entry school.
		1	Believed the option going forward was close THS and move all pupils to MHS site. Wanted to complain about the traffic and congestion around Park Lane and school day start/finish.
1			No Comment.
	1		No Comment.
	1		Yes close Macclesfield High school Do not open an 11-16 Academy in Macclesfield. Enough places in the schools within the Macclesfield area.

For	Against	No View	Comments
1			Local school supports any moves to improve the education. Parents are making active choices for the three most successful schools in Macclesfield over the High School. In our view any solution which prolongs a situation with four schools in Macclesfield doesn't address the acute overall surplus places problem. However, if a "four schools" solution is inevitable .... Linking Macclesfield High School to another school in order to improve educational standards seemed a logical solution to the performance issues.In the long term we are concerned that failure to address a situation where schools are competing for students undermines effective collaboration between schools and this impinges negatively on the experience of all children attending schools in Macclesfield. In Macclesfield there has been a pattern of competition over collaboration, which has resulted in successive amalgamations, underperformances and then closures. It has to be noted that if the new academy is to succeed it will clearly need to recruit more students and in this process another school will inevitably have to suffer from falling or fluctuating rolls, with the inherent problems caused to school budgets and the subsequent loss of quality or consistency of provision and most importantly uncertainty for students and parents.
1			No Comment.
	1		There has been a huge investment in secondary educational facilities on the Macclesfield High School site and it is important these facilities are used effectively to provide secondary education for residents with secondary age children in the south and west of the Town. That said it is important to ensure that any facilities provided offer stability in the long term and it is difficult to see how the proposal to open a 4 form entry 11-16 academy can fulfil that need. Currently intakes are below four forms of entry and therefore there is a need to give time to any newly formed academy to repair its reputation and allow parents to regain confidence in the school. Can the college guarantee sufficient funding, for let us say a period of three years, for that to happen? Will they retain the current national conditions of service for school teachers that will ensure recruitment of well trained high calibre teachers who will be necessary to the school's success in the longer term. 4 forms of entry will provide a maximum of 120 pupils per year. Is this sufficient to provide funding for a broad and balanced 11-16 curriculum? If not and the school wishes to expand and is successful in doing so will this not bring instability to other schools in Macclesfield? Will parents see an 11-16 school as offering the best opportunities for their children to make progress?.

For	Against	No View	Comments
1			Our daughter is a Pupil at Macclesfield High School and we have been very happy with the education she has been receiving there. She is doing well academically at the school and is happy, having many friends and a positive atmosphere created by students and staff. We were really saddened by the threatened closure of the school which we feel has outstanding facilities and were dissappointed that such a new establishment could face the axe. It seemed that the school was suffering with its connections to Ryles Park School and Henbury High which were always the "underdog schools" in the town. As a community perhaps we can back this "flagship" school. Its connections with the college can only benefit students as they progress through the education system.The results achieved at the High School have been increasing over the last year and there is a good and strong commitment to its future from both parents, students and staff. The Academy should maintain and strengthen that relationship and enable the secondary eductaion in Macclesfield to grow.
1			I believe this to be a much better solution compared to the original proposed in June by the two schools, Macc High and Tytherington.
1			I support the proposal to retain 11 to 18 educational provision on the Macclesfield Learning Zone campus with the establishment of an academy. It is extremely important that the academy is seen to be offering 11-18 education since it will be in competition with other 11-18 secondary schools in the town and will be seen as "the poor relation" by parents and others if not. The original concept of the Macclesfield Learning Zone as an inter-related group of partner educational establishments on one site will be retained which is important. The transition for students from MHS to the Academy will be seamless. Many of the current staff at both MHS, LZ6 and the College already know each other and the proposal is, therefore, likely to receive considerable support from them.

For	Against	No View	Comments
	1		The first thing the council needs to do is recognise that they have made a complete mess of the whole issue starting with wasting £16 million on the school in the first place. Changing the name of the school and down sizing it to suit the numbers the school can attract does not fundamentally, improve the school all the failing staff will be transferred to the school. It is time that the council recognised the school is not fit for purpose, it does not matter what you call the school my 10 year old will not go to that school I would rather home educate than send him there. A far better option would be to make Tytherington a all boys school and and Macclesfield High an all girls school. This would have the benefit of taking the distractions away from the boys and improving there results and more than likely lower the teenage birth rate at the same time.
1			I support the closure as long as the education of current pupils is not effected going forward. And the new Academy provides the best longterm strategy.
1			In principle we agree with the proposal as stated, however we have some concerns and questions Will there be a negative impact on the pupils with a reduction in the level of staff? Will pastoral care provision be affected? Will the breadth of the curriculum be adversly affected by the reduction in staffing? How will the academy recuit and retain the quality staff that will be required long term? What is the plan to sustain pupil admission numbers at 120, given the current predictions?We are aware that at present Macclesfield High School is exempt from admitting "more challenging children" from neighbouring schools. How long will this procedure last and what is the policy for the academy? Historically the admission of a high proportion of the "more challenging children" has created a negative perception amongst prospective parents and the wider community. This has had a negative effect on numbers and standards.The recent exam and other successes of Macclesfield High School need to be better publicised.
1			It is essential that high standards of provision are provided across Macclesfield and for this reason I support this proposal. However, I would also want to stress the need for appropriate staff development and secure TUPE arrangements for relevant staff.
1			I for one would be in favour of the High School becoming an Academy. It would be better able to compete academically with the private schools in the area if it were master of it's own funds and not under the restrictive control of the local authority. My children attended secondary school under both the 'regular' regime and also grant maintained, for as long as that lasted. The grant maintained status was much more beneficial to the school.
		1	No comment - I will however review your letter and appended documents further following you latest email.

For	Against	No View	Comments
	1		The disposal of the High School by changing it's statuts to an academy supported by the collage is a quick and easy way out for Cheshire East Council and doesn't resolve the deeper issues surrounding the provision of secondary education in Macclesfield (present or in years to come).
1			my children have had a great experience at Macc high and I hope the teachers and SLT will continue to be supported to continue to provide theexcellent education and commitment that they do. Sadly a small number of students so let the school down however the majority of students are happy and proud of the school and are happy that the site and teachers will remain.
	1		I do support the above proposal with some qestions:- What are the plans to guard against a 'U' turn in the decision to provide 11-16 education for chidren on the Macclesfield high school site? Will the development be adequately funded? What will be done to guard against an 'upheaval' and uncertainty for the children at the site happening again ? How will the reduction of staff effect all current and future pupils? How can the choice in the ciriculum still be sustained or expanded with the loss of staff? As some staff teach both GCSE within the High School and at A level in the LZ6, ultimately some pupils will be choosing their A level subjects in favour of these teachers and their subjects. How will the loss of staff effect the choice and teaching of subjects at A level within the LZ6? How will the academy recruit and retain the quality staff that will be required long term?Will pastoral care be compromised with the reduction of staff? What is the long term plan to manage secondary School provision in Macclesfield?
1			I am pleased there will be a school on the current site as my children are both very happy and settled at MHS. I agree with the proposal on the following basis:- The children continue to be taught through to year 13 by the staff at the school who througout this restructuring need to be commended for thier professionalism and dedication to the school and pupils. The continutity to continue to LZ6 and be taught by teaching staff from the school needs to be fully advertised as many parents believe the quality staff will leave the school as it appears it will only offer up to GCSE level. There is a broad range of subjects both academic and vocational offered to allow students of all abilities to achieve their maximum potential. THis is important to allow the school to attract a range of children and not just be the choice for those who wish to take the vocational route.The school is well marketed as there has been too much negative press which has had a devastating impact on numbers. There needs to be positive contact with the primary schools to encourage as many students as possible to make the school thier first choice. There is continuity with the leadership team (if possible).

For	Against	No View	Comments
		1	Although agreeing with the proposal I would like to add that I do not feel it offers a solution for the whole town. Much was made of the need to address the falling numbers and I am not sure how this proposal does. One matter which has not been addressed satisfactorily is the issue of feeder schools. There are still parents withdrawing their children from primary schools to place them into the Fallibroome feeder schools and this will continue unless all schools work on the same admissions proceedure. I work in one of the affected primary schools and it is so disheartening and worrying for all the staff to see children being moved out of our school simply for this reason.
	1		I am struggling to answer this carefully worded proposal. I have no problem with Macclesfield High School becoming an academy in September 2011 but wonder why it has to close to achieve this. What really concerns me is that I have heard nothing that convinces me that the problems which led/lead to Ryles Park/Henbury/Macc High becoming the undersubscribed school in Macclesfield will be removed. Make this an academy if you think that will really solve the problem of Macc High but, please be sure that in 3 or 4 years time the school/academy on the Macc High site will not be closing, staff and students facing more upheaval and uncertainty with teh college having acquired the school buildings.
1			Academy Status is the best way forward for Macclesfield High. Crucial to its sucess is the recruitment of a "Super Head" who should be tasked with turning this school into an "Outstanding" school within 18 months - 2 years.
1			As a teacher at MHS I am very concerned about the statement 'Most staff will remained employed at MHS'. How will you decide who will or not be employed? I am also concerned about whether we still have the same rights as we do now that are protected by the unions. I teach 6th form and I am pleased to see that this will continue. This all seems too good to be true, I am very concerned that as a member of staff there will be something that we have not been told or changes might happen that after we become an academy that will not suit us or that we don't like and then it will be too late!!
1			This seems to be a pragmatic solution and given the support of the college, probably stands the best chance of success.

For	Against	No View	Comments
1			I think this is the best option, providing there is a guarantee that the LZ6 Sixth form can accommodate the academic pupils as well as those following more vocational subjects. If this option is accepted there should also be consideration of how ther other schools in Macclesfield can be controlled on their admissions policy to prevent poaching of the pupils for Year 7, to give the Academy the chance it deserves. The uncertainty of the last months has not been helpful to the current pupils especially those with examinations looming, so please reach this satisfactory conclusion as swiftly as the statutory stages allow. May I also suggest the new name should be The Macclesfield Academy.
1			I am a parent of a child at Macclesfield High School. I personally feel very positive about this proposal, I have attended several of the meetings/drop in sessions since this consultation began and after discussing this proposal with representatives from the College, I feel this is the best option for the children currently at the High School. I do have a few concerns, the main one being the curriculum which will be offered to the children with only having an annual intake of 120. As a parent I want to be assured that this will not suffer and the children at the High School will be offered a wide curriculum, just like neighbouring schools with intake of 180+. I also feel that the pastoral care offered by the High School is very good and I wouldn't want to see this suffer. I would hope that as a result of new management, the High School will continue to make impact into improving standards and parents perception, which inturn will help to increase uptake. I also just want to note with regards to the 6th form provision, which I picked up from one of the drop in sessions. Under this current proposal, the 16-18 year education would transfer to the LZ6 building/college, therefore benefiting from the funding th I think from these consultations, it has been established that we need more than 3 schools in the area and long term the birth rate trend is set to reverse, I therefore feel that making MHS an Academy under the management umbrella of the College is the best option available and every effort should be made to make this an outstanding school and give the children there something to be proud of.

For	Against	No View	Comments
1			How will a negative impact on the current pupils be guarded against with a reduction in the staffing levels? How will pastoral care provision be maintained with a reduction in staffing? How will the breadth of the curriculum be maintained with the reduction in staffing? How will the planned broadening of the curriculum be achieved with fewer staff? Will the provision for the academic subjects be jeopardised in favour of more vocational subjects? How will the academy recruit and retain the quality staff that will be required long term? What is the plan to sustain pupil admission numbers at 120, given the current predictions? What is the current and the ongoing policy for the academy concerning "more challenging children"? What are the plans to publicise successes stories, such as the recent excellent exam results? How will the proposed development and expansion of the academy be adequately funded? What is the long term plan to manage secondary school provision in Macclesfield?
1			How will a negative impact on the current pupils be guarded against with a reduction in the staffing levels? How will pastoral care provision be maintained with a reduction in staffing? How will the breadth of the curriculum be maintained with the reduction in staffing? How will the planned broadening of the curriculum be achieved with fewer staff? Will the provision for the academic subjects be jeopardised in favour of more vocational subjects? How will the academy recruit and retain the quality staff that will be required long term? What is the plan to sustain pupil admission numbers at 120, given the current predictions? What is the current and the ongoing policy for the academy concerning "more challenging children"? What are the plans to publicise successes stories, such as the recent excellent exam results? How will the proposed development and expansion of the academy be adequately funded? What is the long term plan to manage secondary school provision in Macclesfield?

For	Against	No View	Comments
	1		The proposal to retain four providers of secondary education in the town retain the status quo and does not address the issue of surplus places. This is likely to result in increased competition, a move away from collaborative working practices and the benefits that these can have. The proposal that Macclesfield College takes control of LZ6 and enters the A level market will increase competition in this sector which will be compounded by the proposed reductions in sixth form and FE sector funding as organisations struggle to manage decreasing resources. These issues, when set in the national context of new government policy promoting greater independence/autonomy, are likely to result in school leaders and governing bodies becoming more inward looking and focus on making decisions that preserve/strengthen their own organisations with little regard for the impact such decision might have on others in the town. There is a great danger that the benefits that the development of collaborative working arrangements across the town will be lost and there will be a return to a very competitive educational environment.
1			I would like to applaud Hilda Gaddum for listening to the concerns that were voiced about the possible closure of Macc High and am happy to see that an alternative solution has been proposed that will keep the school open. I think the school is still going to need some very positive PR to change it's image from that of a failing school and needs the appointment of a strong head to to maintain high levels of discipline as I know this was an issue for many parents in the past.
		1	Given that no-one would want two schools on one site, the only possible answer is 'yes'. Putting that to one side, I am extremely concerned about the proposal. I believe that the decision is a political one, and does not promise a stable and sustainable future for the school or the children in it. It is hard to see how a school of 600 can be viable and offer a broad curriculum. I have asked the authority for examples of schools of this nature and they have not been able to give me any. We are told in writing that this is a good option because it addresses the issue of over-capacity in the town, but verbally, people are saying that the intention is to grow. These mixed messages are not encouraging. Even if a school of 600 is viable, where will those 600 come from? When Macclesfield High School opened in a blaze of publicity, with the best facilities in town, not enough children applied. Numbers are declining. People simply don't want to send their children there, and as long as there is capacity elsewhere, that pattern is likely to continue.
	1		The main advantage of the Academy plan is that Macc College, may make the 'Macclesfield High School' brand less toxic. I am concerned that this new plan will turn out not to be financially viable. Four forms of entry are rarely viable. I am also worried at the proposal that Macclesfield College take control of the sixth form. If the school should fail, and not get enough numbers, presumably the excellent facilities will go to the College, and not to the schoolchildren of Macclesfield, for whom it was built.

For	Against	No View	Comments
1			Strong support for the continuation of sustainable 11-18 year secondary provision on the current Macclesfield High (MH) site. We believe that this provision must be academically successful and offer a full spectrum of choice to cater for all pupil abilities. The offer must allow pupils to attain their full academic and vocational potential through fully diverse, inclusive quality secondary education. Concern expressed that the present proposal for an Academy is viable or achievable. We offer qualified support for the Academy proposal, predominantly because of the lack of a public commitment to providing an academic offer that is comparable to other Town secondary schools for the 11-18 year age range, and to doubts surrounding the availability of adequate transition funding and long term viability.
	1		As someone who has been involved in education in Macclesfield acting with varying interests. I wish to register my personal disagreement with this proposal. I do not see how this will address the issue of surplus places in the town. I am concerned about the school being perceived as a school which offers mainly vocational courses, thus deterring parents of more academically minded students and creating a skewed intake. The addition this week of the English Baccalaureate to the schools' results tables will also compound this issue It is unclear how A-Levels will be delivered. I am unsure of the differences in qualifications between school and college staff.
1			On the whole, I have received positive feedback on the proposals. I believe that the proposals represent a positive step forward for Macclesfield's families, pupils and schools and, in particular, are very important for the future of the provision of education in the south of the town. Having met with the leadership teams at both Macclesfield High School and Macclesfield College, I also know that there is a real desire to make the proposed arrangements a real success in the future My only regret is that there were not more options available for parents to consider in the formal consulation. But I know that many options were actively considered and that there were no other options which were felt to have met the agreed criteria.

For	Against	No View	Comments
	1		We believe that it is important that plans should not seek solely to address immediate issues but should have the vision to ensure that the future needs of parents and students are taken into account in prudent planning of provision. The proposed closure of Macclesfield High and its reopening as an Academy does not address the significant surplus places problem affecting Macclesfield. To date it would appear that a relatively small number of parents are likely to make the Academy a first preference, certainly fewer than the planned 4 form entry for the school. This would obviously have a major impact on the curriculum that could be offered. If however, as a result of the successful promotion of the proposed Academy over the coming months, the number of applications increases significantly this could have a deleterious impact on the curriculum, staffing and financial planning of the other three schools. We are further concerned that increasing competition amongst four schools for a declining student population could seriously undermine effective collaboration between those schools.
1			Concerns whether the Proposal to establish an Academy is viable or achievable. strongly support for the continuation of Sustainable secondary provision on the MH site, with provision that offers a full spectrum of choice to cater for all pupil abilities and has a fur higher level of academic achievement..
	1		Doesnt believe an academy would be sustainable in the long run Parents would continue to send their children to schools in the north of Macc Could then be stuck with an unsustainable school for the length of the academy “contract” Although LZ6 is good survey results show that 3 11-18 school in Macc would be better
1			I don’t want this school to merge because this school is good.
1			I don’t care as long as my sister can be on this site
1			I support the proposal to open Macclesfield High School as an academy. The facilities and teachers are wonderful and It would be a waste if the school closed.
1			We received very positive information everyone we spoke to was very helpful. The academy proposal is very exciting.
1			No Comment.
1			The College would be an asset to the school and has the experience and dedication needed to take the school forward. I feel that the links between the School and the College are essential and therefore support the closure of MHS to facilitate this. It is important that opportunities are made available for young people.

For	Against	No View	Comments
	1		parent angry that this option was not on the original plan as she had given lots of feedback. Didnt know that the college could be a sponsoring body for an academy.felt that the press had pulled the school down.felt that parents would not send their childern to Macc because of the bad press and felt that CE and washed there hands of the school.
1			Supportive of the proposed academy solution in that it will offer a wide range of academic and vocational options post-16 and help support parity of esteem between the two routes.
1			Parent, with child due to transfer this September – although she has chosen THS as first choice, would prefer MHS as nearer, but wanted reassurance that MHS issues would be resolved, then could she change her choice to MHS before July.
40	22	26	
Total		**88**	

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Yr	Q1	Q2	Q3	Q4	Q5
7	It might make more people come to the school, also it would give the school a good reputation So that everyone will be spread out at different schools I think if we are sponsored it is a good idea because the school can get money Because I want to stay at this school Because you'll have better conditioned equipment That nothing changes There are only 90 pupils in Yr7 - there is meant to be 180 It is a good idea to have it Schools are better I do not want the school to change I want the school to be bigger Because the school is not getting enough children to join, this is giving them a bad report. If an Academy we won't need an intake of as many pupils Good for the area	Sounds really posh because it will be an Academy Do we need a different uniform? My brother needs a place in this school/academy when he is old enough. I don't know if he will be able to get in Does it mean we will carry on as normal? Will it change how we learn at college?	No change to uniform Buy our school uniform if you want us to wear it how you want us too It is not like we can really do anything but just to say my mum is very confused about all of the proposals	More people Because we can get more money More children with the money we could buy some more equipment for subjects No change It is a benefit that there won't have to be 180 per year Less pupils means less friends Won't affect us kids because it will stay exactly the same for us Not really changing anything but the school name	Will help even more schools It would help the children in the school More equipment to use Do not change to an Academy Would the school uniform change?
8	More money to provide things like courses Because it offers us new things like equipment because it will make more money Because it keeps the school open A school is the same as an Academy Because it would help the area School can have more freedom of choice We don't have to move school Because it will solve the money problem and will hopefully give us more opportunities Because I care about my school	Will we have new uniforms/teachers/lessons/timetables? Worried that school will close and I will have to go to another school Might close if we don't get the money Opening times and uniform My sister wants to come here Will you have to pass certain tests to come to the Academy? If the scheme is not approved will the pupils have a guaranteed place at another good local school?	Give letters to parents informing them Come and talk to us and let us ask questions Tell us what changes an Academy means	More people Because we can get more money Better learning environment More equipment More facilities Won't have to change school We closed to come here so we should stay here It might attract more students Higher standards More discipline Get a better reputation leading to more pupils All the academy proposal is doing is saving the school, changing the sponsors and	Wear no uniform Add more to the school like more key stage areas Try to make us an academy without changing our curricular If we can't get the Academy merge with Tytherington I really hope this idea goes through because I love this school & chose if for a reason. To become an Academy would only raise our already high standards What happens if the Academy idea fails? New Teachers/do we change teachers

	It provides a good solution for the pupils and teachers but I don't see how this scheme will benefit the local area Because it would help the area get more families for the school Get better links with the collage so we can do courses with our A levels. I am sure I will find more benefits later on It gives the school a second chance Because you get a place in the 6th form and it give the school a chance to stay open			funding. There will be no change in teaching and learning areas. We can do courses with lesson higher up in the school We will be able to still learn in a wonderful school	Will we be in the same classes and form? Is the uniform going to change? Will the school be any different when it turns to an Academy? What will the school be if it closes down? Will we still have sport after school? What is an Academy?
9	Because its stupid to shut the school Because it would be a blank space All other schools will be really full Because I live far away and choose to be taught here so we should not have to move Because if it shuts there would not be enough places for Macc students and also its a good idea because we don't have to move Because people on the western has to walk up a massive hill every day Because I don't know if its right for this area If the school closes down people would have to go out of Macc to different schools Because the school will close if we don't have the Academy Because then the school will not have to close. The school and the students get to stay in the same place instead of somewhere else Because opening a brand new	Will we be having lessons like dance etc? Not to close the school Will the Year 6 pupils that will be joining this school be entitled to the Academy? Because I want to stay in this school Losing some of my friends What happens to my learning? Will my education be effected?	Take us out of lesson for 5-15 minutes I don't know Don't close the school Leave the school as it is A leaflet explaining thoroughly Just keep informing us of what is going on Tell our parents what is going on in school	Because you should not close a school that you have spent millions on it So we don't have to move school We don't have to move school and leave our friends Because it will be the same More opportunities for us The school won't close Better/more options We can stay at school on this site Because you can do everything on the one site Because the school has more of a chance of staying open Definite place in 6th form	Don't close the school I am not sure! If the school closes then I will end up going out of Macc for school More GCSE options

	school and then closing it is pointless It means more funding and opportunities By the school becoming an Academy we would have more options for GCE Because otherwise the school would close Because the college would sponsor us money so the teachers could buy books etc				
10	Because a school may have problems in the future whereas an Academy would be more 'free'. Also people won't loose their jobs There will not be enough schools for the children in the area and the school is already equipped as a school The school stays open - no competition to get into other schools No teachers loose their jobs So we don't have to compromise on our education and choices Because it expands our education Creates more options for all of us Because the school is not big enough	If it doesn't open, not all of the children from this school will have a place in the others within the area The plan might fail then we will have no school I don't think it will attract extra students Can the school hours be changed and the holiday times and so how would the different school times affect us? Can the school curriculum and type of tests that we are doing be changed Will I be affected?	Stop worrying about it just do it! Presentations on website Just tell us what is happening in form time instead of Assemblies Powerpoint presentations to all forms	More money per student No disruption stay on same site Sounds cool You have more choices in education Better opportunities better chances We get first choice to go to 6th form The only change is the sponsor and the name, so we should just stay the same Entitled to a place in the 6th form	Would this create more jobs? Would this be a waste of money or not? Change the uniform to polo shirt and jumper to solve the uniform problem Change the time school starts so there are no lates Would we still only have the option to learn Spanish and French I think the idea of an academy won't work How would this effect me? Make the school bigger
11	because I think the school should just stay as it is I am leaving the school so it does not effect me Because then the school will not close I think that it will bring Macclesfield HS reputation up I think an academy would not just improve one school it could up the reputation of	People have to go to other schools which are less convenient than Macc High I do not want small classes to close, such as music The previous main suggestion, merging with Tytherington HS, was a better solution, especially for 6th form I am concerned about the subjects that will be available in the 6th form The subjects to choose from will it	Send out letters Work with us rather than talking at us with your decisions that we have no input in Have a motivating dance (girls) Write a 'child friendly' letter informing us all Tell us how the college is going to change anything	People stay in school When the school closes the students won't have to find a new school Increases the schools reputation Limits the intake of students Apart from smaller class sizes that allow more intimate classes and attention, as I said before changing its name will not make us better.	Will the 6th form be effected? I don't want the 6th form to be part of the college Will routine be changed from previous years? Change uniform Stop smoking on site How will becoming an Academy effect me becoming a 6th former? Staff shouldn't lose their jobs

	Macclesfield's schools Mac children will go Attract more children from surrounding areas So it attract more students from the surrounding area Because it will be a good choice if the school gets shut down and will have a better 6th form and the kids from Macc HS will have a free place at 6th form Improve the profile of the school Because it may benefit us all	decrease or increase? Changing its name and class size I doubt would effect behaviour and whatever else your concerned about however I think subjects may be lost that are enjoyed by students Will it work? What happens if it doesn't? Will we still have as many subject options? Why should it be part of the college? Will all options stay available? How will you pick the teachers to stay and teachers to go?		Our level of excellence depends on the students themselves. We have had on interaction with the college before. It may widen the opportunity to do the subjects that may not be possible if the number of students doesn't increase More subject available Better facilities Because more money would be given to the school Because it will help keep the school open The school will stay open Because if kids don't want to go to All Hallows or Fallibroome or Tytherington they can go to this Academy Wider range of courses and options for school leavers Independent status With the Academy would it result in less staff needed. The staff have worked hard to make it what it is today	

CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting:	14 February 2011
Report of:	Lorraine Butcher Director of Childrens Service
Subject/Title:	Establishing a Pupil Referral Unit
Portfolio Holder:	Councillor Hilda Gaddum

1.0 Report Summary

1.1 Under section 19 of the Education Act 1996 Local Authorities (LA) have a statutory duty to make arrangements for providing education for pupils who are permanently excluded from school and are not on the roll of a school.

1.2 In discharging this legal responsibility for arranging education for pupils who are permanently excluded from schools the LA must :

- Assess pupils' needs
- Arrange suitable placements at Pupil Referral Units (PRU) or other alternative education centres
- Check that the provision is of acceptable quality
- Monitor pupils' attendance and achievements
- Review the impact of local policies on admission and reintegration

2.0 Decision Requested

Cabinet

2.1 Approve the establishment of a PRU for up to 30 secondary aged permanently excluded pupils, based on two sites from the 1st April 2011.

3.0 Reasons for Recommendations

3.1 It is a statutory requirement for LA to provide appropriate education, without the option to decide against, for pupils out of school for reason of permanent exclusion, who are resident within the LA area. Although the nature of these arrangements varies from LA to LA depending on local circumstances and policies, there are minimum standards that all LA are expected to meet. This is particularly important when making arrangements for pupils in vulnerable groups or for pupils whose previous family, social or educational experience

has been characterised by difficulties. This may mean taking additional steps to ensure that the individual needs of pupils are met or providing access to appropriate support services.

3.2 The LA's duty is to provide suitable education as well as being accountable for the quality of education and should, therefore, satisfy themselves that the quality of provision is of high standard, via establishing robust systems to monitor the arrangements on an on-going basis.

3.3 LA cannot delegate their core responsibilities in relation to these pupils. These include responsibilities for health and safety, duties towards disabled pupils under the Disability Discrimination Act 1995 and duties under the Race Relations (Amendment) Act 2000.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications including – Carbon reduction - Health

6.1 Children Services will need to develop a clear policy, in consultation with schools regarding the role and remit of the PRU. There is need for a clear protocol around the length of stay of individual pupils to ensure that the permanently excluded pupils return to appropriate mainstream or special settings within 12 weeks of admission to the PRU.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 The 30 place PRU can be funded via the Dedicated Schools Grant (DSG). The special schools formula has been used to determine an appropriate funding level, with a pupil-led element of approximately £15,500. If this funding is extended to include the other funded elements then cost per pupil would be £21,400, and an estimated total of £642,000 at 2010/11 pupil funding levels.

7.2 There would need to be a presumption against in year funding adjustments for admission and leavers from the PRU given that the establishment is funded on a pupil basis, with its funding derived as with other main stream schools from the Schools Funding Formula. However if it was felt that it would be helpful to charge the 'home' school to create a penalty/incentive the Council along with the Schools Forum, if appropriate, would need to consider and approve a suitable figure.

7.3 A capital bid of £1.5m has been included within the Council's Budget Proposals for 2011/12, as the Short Stay School item, which would seek the refurbishment of an appropriate site.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 Section 19 of the Education Act 1996 states:

(1) Each local education authority shall make arrangements for the provision of suitable education at school or otherwise than at school for those children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless such arrangements are made for them.

(2) Any school established (whether before or after the commencement of this Act) and maintained by a local education authority which:

(a) Is specially organised to provide education for such children, and
(b) Is not a county school or a special school, shall be known as a PRU.

8.2 Whilst this legislation places an absolute duty on a LA to provide suitable education to children who for reasons of permanent exclusion cannot access education at a mainstream school, the LA can decide how that education is provided. The proposal in this report is for Cheshire East Council to fulfill its duty by establishing a PRU.

8.3 There is guidance available to LA in respect of the establishment of PRUs and the information contained in this report is in accordance with that guidance.

9.0 Risk Management

9.1 Without the establishment of a PRU the LA is in breach of its duty to provide suitable education at school, or otherwise than at school, for those children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless such arrangements are made for them".

9.2 Failure to provide for students who are no longer attending school due to a range of behavioural, emotional and social difficulties is likely to lead to an increase in criminal behaviours and increased concerns about individual youngsters safety.

10.0 Background and Options

10.1 Legally, PRUs are both a type of school and a form of 'education otherwise' (a school is any educational institution that provides full-time education for five or more children of compulsory school age). However, PRUs are not subject to all the legislative requirements that apply to mainstream and special schools, e.g. a PRU does not need to teach the full National Curriculum however, they should offer a balanced and broadly based curriculum that includes English, mathematics, science, Information, Communication Technology (ICT) and careers guidance.

10.2 Like other schools, a PRU must have a Special Education Needs (SEN) policy and appropriate safeguarding procedures, and is required to fulfil other duties as to the health, safety and welfare of pupils as specified in guidance for other LA schools. Like other schools, PRUs should identify a designated teacher to advocate for pupils in public care and liaise with other services.

10.3 The focus of units should be on getting pupils back into a mainstream school as early as possible, certainly no longer than 12 weeks. The numbers of pupils on the roll of a PRU will vary. Grouping pupils by age and the nature of their referral, where possible, enables PRU staff to match the education more closely to pupils' needs.

10.4 Like other schools, PRUs are inspected by Ofsted. LA operate different models of PRU provision developed to meet local circumstances and in line with local policies. Provision may be on a single site, or on multiple sites under one management structure, under the management of a local specialist provision.

10.5 PRUs must provide full time education to permanently excluded pupils. Full-time means offering supervised education or other activity equivalent to that offered by mainstream schools in the area (as defined in Circular 7/90 and subsequent revisions) i.e.

Key Stage 1:	21 hours
Key Stage 2:	23.5 hours
Key Stage 3/4:	24 hours
Key Stage 4 (Yr 11):	25 hours

10.6 Anything less than this cannot be considered as full-time, and does not fulfil the duty of the LA to provide full-time education for all permanently excluded pupils from the 16th day following the head teacher's decision to exclude; and to make every effort to do so for pupils excluded for a fixed period of 16 days or more. However, a full timetable for an excluded pupil may look significantly different to that provided in a mainstream school. LA may also offer pupils individualised programmes, made up of a range of activities,

possibly offered in different venues. In these circumstances, it is essential that LA have effective arrangements to monitor attendance and progress.

10.7 PRUs may offer education directly, or they may organise packages of educational provision (for pupils of secondary school age) that involve external providers, such as further education colleges, employers, and work-based trainers, and programmes offered by independent schools, voluntary organisations or other agencies.

10.8 **Current Position**

Over the last 3 years permanent exclusion in Cheshire East school have declined.

	2007-08	2008-09	2009-10
	Perm Exclu	Perm Exclu	Perm Exclu
Key Stage 1	0	1	0
Key Stage 2	3	1	0
Key Stage 3	17	17	17
Key Stage 4	23	17	9
Total	43	36	26

10.9 The current provisions for pupils who are permanently excluded from school are two study centres in Crewe and Macclesfield. There have been 27 permanent exclusions for schools this year. Of these, 13 pupils have been admitted to alternative mainstream schools. Nine pupils attend the study centre in Crewe and five attend the Macclesfield study centre.

10.10 A recently commissioned independent review of how the Crewe study centre for permanently excluded pupils has raised concerns about:-

a) Suitability of accommodation
b) Safeguarding policy and procedures
c) Leadership and management of the centres
d) The appropriateness of the curriculum offer
e) Policies and procedures
f) Performance management of staff
g) Lack of governance
h) Reintegration of students into mainstream

10.11 Given the concerns expressed by the independent reviewer its imperative that the proposed PRU for permanently excluded pupils is brought under an appropriate single management and governance structure and is registered with the Department for Education. In order to ensure support to the newly registered PRU it would beneficial if it was partnered with an appropriate high school or special school. This would assist in curriculum development, improved teaching and learning and potentially offer access to subject facilities not available on the site of the PRU.

10.12 Staffing. The PRU is required to have a teacher in charge (effectively the head teacher). Each site will require a lead teacher plus 1 teacher and 2 Learning Support assistants. There will be a requirement for a staffing budget to be available to spot purchase subject specific support according to the individual needs of the pupils.

10.13 Governance of the PRU. There is a need to establish a management committee. The management committee is intended to fulfil an advisory role though with statutory responsibility for certain specific functions or tasks. The committee will be expected to be actively involved in most decision-making to ensure that the PRUs are run effectively and that they provide a suitable education for learners. Consequently, the regulations (The Education (PRU) (management committees etc.) (England) Regulations 2007 (SI 2007/2978) provide that the LA must delegate to management committees the function of conducting the PRU, although this delegation does not extend to the appointment, suspension or dismissal of staff or the spending of the LA's money. In addition the Education (PRU) (Application of Enactments) (England) Regulations 2007 have the effect of conferring other powers and duties directly on management committees.

10.14 Management committees have joint statutory responsibility in the exercise of some functions, e.g. in deciding the curriculum to offer and in deciding the times of school sessions.

10.15 In exercising their functions, and any functions delegated by the LA, the management committee must act with integrity, objectivity and honesty and in the best interests of the PRU.

10.16 Management committees should play a strategic and advisory role in exercising their functions, and any functions delegated to them by the LA. In particular, they should work closely with the LA and set up a strategic framework for the PRU. This strategic plan will need to:

- Set out appropriate aims and objectives,
- Identify and include policies, targets and priorities; and
- Set out arrangements for monitoring and reviewing aims, objectives, and whether the policies, targets and priorities are being achieved.

10.17 The management committee should take advice on all this from teacher in charge before taking decisions. Working strategically, management committee members should then use any monitoring evidence to review and evaluate progress against any targets set to see whether a policy is working or needs changing.

10.18 Membership of the Management Committee. There must be no fewer than 7 members on a management committee. Although legally a management committee can have a maximum of 20 members, in practice, it is strongly recommended that membership of a committee should not exceed 12, other

than in certain circumstances. Those circumstances are where a management committee is covering more than one PRU or where a PRU has more than one unit/site. The proportions of places allocated to each of the categories are as follows:

- Community members: the number of places must exceed all other members by one or more;
- Parent members: at least one place but no more than one-fifth;
- Staff members: at least one place, but no more than one-third, including the teacher-in-charge;
- LA members: at least one place, but no more than one-third;
- In addition, the management committee may appoint one or two Sponsor members.

11.0 Access to Information

11.1 The background information relating to this report can be inspected by contacting the report writer.

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Borough Treasurer & Head of Assets & Interim Borough Solicitor
Subject/Title:	Shared Property Assets
Portfolio Holder:	Peter Mason

1.0 Report Summary

1.1 Following local government re-organisation and the creation of the two new unitary Cheshire Authorities the former County Council's assets and liabilities as at 31st March 2009 needed to be allocated between the two new councils on a fair, equitable and transparent basis.

1.2 Guidelines issued by the Department for Communities and Local Government (DCLG) set a target date for a local agreement to be achieved by 31st December 2008.

1.3 In the event that agreement was not possible the provisions of the Local Government (Structural changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008 provided for amongst other things a formal arbitration procedure to determine the liability for and ownership of assets.

1.4 Negotiations and discussions have been ongoing between the two authorities for some time in an attempt to reach agreement regarding a number of disputed assets. This report sets out the provisional agreement which has been reached at an officer level and seeks formal member approval to that agreement.

1.5 The proposed settlement will be considered by Cheshire West and Chester (CWAC) Executive on 9th February 2011, with a recommendation to Council on 24th February 2011. Cheshire East (CE) Cabinet are asked to approve acceptance of the proposed settlement in advance of, and therefore subject to, approval by CWAC, on that date.

2.0 Decision Requested

That Cabinet Agree

2.1 That the Borough Treasurer and Head of Assets may enter into an agreement with CWAC that the following properties shall vest in CE, with CE assuming full responsibility for their future management and associated costs, including any future liability accruing in respect of dilapidations at the end of any lease term, as from 1 January 2011.

2.1.1 Corporate Administrative Buildings
Chapel Lane, Wilmslow
Delamere House, Crewe
Riverside Mill, Congleton
Dalton House, Middlewich

2.1.2 Tatton Park, Knutsford

2.1.3 Surplus Properties
The Moss Macclesfield
Pyms Lane, Crewe
63/65 Wheelock Street, Crewe
Depot Site Newhall Avenue Sandbach
Trinity Court Risely Street Macclesfield
Land at Lyon Street Crewe

2.2 That the Borough Treasurer and Head of Assets may enter into an agreement with CWAC that the following properties shall vest in CWAC with CWAC assuming full responsibility for their future management and associated costs, including any future liability accruing in respect of dilapidations at the end of any lease term, as from 1st January 2011.

2.2.1 Corporate Administrative Buildings
Richard House, Chester
Watling Street, Northwich
Backford Hall, Chester
Goldsmith House, Chester
Nexus House, Chester
Phoenix House, Winsford
Merchant House, Chester
Nicholas House, Chester
Castle Square Car Park, Chester – Remnant of Title following earlier completed transfer of County Hall, Chester.

2.2.2 Surplus Properties
The Beacons, Frodsham Hill
Sherwood Court Helsby
Winsford Highways Depot, Winsford
New Bridge Road Ellesmere Port

2.2.3 Outdoor Education Centres
Burwardsley Outdoor Education Centre (OEC)
Beeston OEC
Tattenhall OEC
Delamere OEC
Conway Centre Anglesey

2.3 That the Borough Treasurer and Head of Assets may enter into an agreement with CWAC that those farms declared surplus to requirements by the former Cheshire County Council and located in the geographical area of CE shall vest solely in CE.

2.4 That the Borough Treasurer and Head of Assets may enter into an agreement with CWAC that those farms declared surplus to requirements by the former Cheshire County Council and located in the geographical area of CWAC shall vest solely in CWAC.

2.5 That in consideration of the agreements reached in paragraphs 2.1 to 2.4, the Borough Treasurer and Head of Assets be authorised to accept a payment of £2.34million from CWAC to CE.

3.0 Reasons for Recommendations

3.1 To allow Members to make a final decision about the proposed settlement.

4.0 Wards Affected

4.1 All.

5.0 Local Ward Members

5.1 All.

6.0 Policy Implications including - Carbon reduction
- Health

6.1 None.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 As at the agreed date, Cheshire East Council (CE) will assume full ownership and ongoing responsibility for the future management and associated costs, including any future liability accruing in respect of dilapidations at the end of any lease term, for those 'Corporate Administrative Buildings' identified in paragraph 2.1.1 of this report.

7.2 As at the agreed date, CE will assume full ownership and ongoing responsibility for the future management and associated costs, including any future liability accruing in respect of dilapidations at the end of the lease term, for Tatton Park, Knutsford.

7.3 CE will be entitled to receive the entire proceeds of sale resulting from the future onward disposal of those 'Surplus Properties' identified in paragraph 2.1.3 of this report.

7.4 As at the agreed date, CE will no longer have any ownership or ongoing financial responsibility for those Corporate Administrative Buildings identified in paragraph 2.2.1 of this report.

7.5 CE will no longer be entitled to a share of any proceeds of sale resulting from the future onward disposal of those 'Surplus Properties' identified in paragraph 2.2.2 of this report.

7.6 As at the agreed date, CE will no longer have any ownership or ongoing financial responsibility for the Outdoor Education Centres (including the Conway Centre, Anglesey) identified in paragraph 2.2.3 of this report.

7.7 CE will be entitled to receive the entire proceeds of sale resulting from the future onward disposal of those farms declared surplus to requirements by the former Cheshire County Council and located in the geographical area of CE (paragraph 2.3).

7.8 CE will no longer be entitled to a share of any proceeds of sale resulting from the future onward disposal of those farms declared surplus to requirements by the former Cheshire County Council and located in the geographical area of CWAC (paragraph 2.4).

7.9 In consideration of the changes in terms of ownership, responsibility and the ongoing financial liabilities of both CE and CWAC, as described in paragraphs 7.1 – 7.8, CE will receive a one off payment from CWAC of £2.34million.

7.10 As referred to under paragraph 10.2, the settlement figure of £2.34million includes a net payment by CWAC to CE based on a 50% share of the capital value of the Corporate Administrative Buildings less the ongoing liability for their future running costs, as provided for Schedule 1 of the Property Transfer Agreement. If agreed, the annual saving in future contributions to the ongoing running costs accruing to CE will be in the order of £400,000 per annum over the life of the Agreement. These savings will contribute to the achievement of savings targets already agreed by CE.

7.11 The net payment from CWAC of £2.34million will constitute a capital receipt to CE, and will therefore be available to fund future capital investment. Accordingly, It has been/will be included in future receipts forecasts for planning purposes.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 This paper seeks the formal approval of Cabinet to a provisional agreement regarding a number of assets as set out in paragraph 10 below over which agreement could not be reached following local government reorganisation.

8.2 Section 16 of the Local Government and Public Involvement in Health Act 2007 (the 2007 Act) provided that the property rights and liabilities of former County Councils that are abolished were to be transferred in accordance with agreements between the councils concerned. It was expected that most of the property rights and liabilities of abolished County Councils would be transferred in this way by the reorganisation date 31st March 2009.

8.3 The majority of all property rights and liabilities were transferred by agreement between CE and CWAC. However no agreement could be reached with regard to a small number of assets as at 31st March 2009.

8.4 These assets were then held as provided for under the Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008 (the 2008 Regs). The 2008 Regs set out the arrangements as to how the disputed property was to be held and amongst other things provided a procedure for arbitration. This was documented in the Property Transfer Agreement dated 31st March 2009 between CE and CWAC.

8.5 Since the 31st March 2009 negotiations have taken place between both parties in an attempt to reach an agreement, and to avoid the need for arbitration.

8.6 Section 16 (2) of the 2007 Act provides for such agreements as between successor authorities to be made and in particular any agreement reached may provide for the transfer or retention of any property, rights and liabilities with or without conditions, and for the joint use of any property . It also provides for the making of payments by any party to the agreement in respect of property rights and liabilities transferred or retained, including payments for joint use.

9.0 Risk Management

9.1 Since the 31st March 2009 negotiations have taken place between both parties in an attempt to reach an agreement in respect of the various issues contained in the Property Transfer Agreement. Failure to reach agreement in relation to the decisions requested in Section 2 of this report will result in a referral to arbitration in accordance with the provisions of Clause 11 of the Property Transfer Agreement.

10.0 Background and Options

10.1 Members have considered a number of reports previously in relation to the disaggregation of Cheshire County Council's balance sheet, assets and liabilities (Report to Cabinet dated 17th December 2008 and 6th January 2009). Following detailed discussions and negotiations between the parties, it has been agreed that Cheshire West and Chester Council (CWAC) will pay to Cheshire East Council (CE) the sum of £2.34 million in full and final settlement of the outstanding issues identified in, or related to, the Property Transfer Agreement (the 'Agreement) made between the parties and dated 31st March 2009, with the exception of the particular issues identified in this report which both parties have agreed will be the subject of separate negotiations in the future. It is further proposed that the settlement will bring to an end the respective ongoing arrangements between the parties on 31st December 2010.

10.2 Properties Vesting by Agreement – Corporate Administrative Buildings (Freehold) – Ownership of all properties to fall geographically with the relevant authority assuming full responsibility for their future management and the associated costs. The settlement figure of £2.34million includes a net payment by CWAC to CE based on a 50% share of the capital value of the properties less the ongoing liability for future running costs, as stipulated in Schedule 1 of the Agreement.

10.3 Properties Vesting by Agreement – Corporate Administrative Buildings (Leasehold) –. The ownership of all properties to fall geographically with the relevant Council assuming full responsibility for their future management and associated costs, including any future liability accruing in respect of dilapidations at the end of the respective lease terms

10.4 Properties Vesting by Agreement – Other Shared Land and Buildings – For the purposes of the proposed settlement, all the properties included under this heading in the Agreement are excluded and will form part of future discussions between the two parties. All of the properties provide accommodation for the relevant Shared Service and, consequently, decisions about their future are inextricably linked to the future of that Shared Service.

10.5 Surplus Properties - The settlement figure of £2.34million includes a net payment by CE to CWAC on the basis of the agreed tax base split (CE 54.27%, CWAC 45.73%). Therefore, the surplus properties will fall geographically with the relevant authority compensating the other based on the appropriate percentage of the capital value of each individual property. For reasons of consistency of approach, the proposed settlement figure includes, in addition to those properties identified in the Agreement, the now surplus former Waste PFI site in New Bridge Road, Ellesmere Port. The former Waste PFI site in Pyms Lane, Crewe was declared surplus prior to LGR and is included in the Agreement.

10.6 Surplus Farms – The ownership, together with the allocation of any proceeds of sale, of those farm properties declared surplus by Cheshire County Council prior to vesting day to fall geographically.

10.7 The following properties are included as Residual Matters in the Property Transfer Agreement on the basis that the two parties were unable to agree the vesting or maintenance liabilities in respect of each property:

Burwardsley Outdoor Education Centre	F/H	CWAC
Beeston Outdoor Education Centre	F/H	CWAC
Tattenhall Outdoor Centre	F/H	CWAC
Delamere Outdoor Centre	F/H	CWAC
Conway Centre, Anglesey	L/H	CWAC
Tatton Park, Knutsford	L/H	CEBC

The Conway Centre sits outside the geographical boundaries of both authorities but was allocated to CWAC. Tatton Park in Knutsford is the only asset which sits with CE. The proposed settlement figure of £2.34million is made on the basis that the individual properties fall geographically. For complete clarity, the Conway Centre will fall to CWAC.

11.0 Access to Information

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

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Agenda Item 8

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 14 February 2011
Report of: Strategic Director - Places
Subject/Title: Interim Planning Policy on Release of Housing Land
Portfolio Holder: Cllrs David Brown/Jamie Macrae

1.0 Report Summary

1.1 At its meeting on 18 October 2010, Cabinet considered the requirement to maintain a five year supply of housing land and approved the draft Interim Planning Policy on the Release of Housing Land to manage the release of additional land as an interim measure pending the adoption of the Local Development Framework Core Strategy. This report considers the responses that have been received to the consultation that took place on the draft policy and proposes revisions to the draft Interim Planning Policy in the light of the comments made.

1.2 The report has been considered by Strategic Planning Board on 26 January and their recommendations have been included in the report. The report has been considered by Environment and Scrutiny Committee on 8 February. Their recommendations will be reported to Cabinet at the meeting.

2.0 Decision Requested

2.1 That Cabinet recommends that Council:

1. approves the housing requirement figure of 1150 net additional dwellings to be delivered annually, to be used pending the adoption of the Local Development Framework Core Strategy;

2. adopts the Interim Planning Policy on the Release of Housing Land as set out in Appendix 2 and agrees that it be used in the determination of planning applications.

3.0 Reasons for Recommendations

3.1 To ensure that the Council has appropriate planning policies in place to guide the release of additional housing land to ensure the availability of five years supply of deliverable housing land in a manner that will not prejudice the preparation of the Local Development Framework.

3.0 Wards Affected

4.1 All wards

5.0 Local Ward Members

5.1 All

6.0 Policy Implications including – Carbon Reduction

6.1 The proposed interim policy will seek to focus new development in the principal town of Crewe where there are a good range of jobs, shops and services and a high standard of accessibility by means of travel other than the car. The policy also encourages the redevelopment of previously developed land within settlements for mixed uses including housing. New housing will be required to be energy efficient.

- Health

6.2 New housing developments will be required to include affordable housing which will be available for people in housing need, providing them with improved healthier living conditions. Sites will also be required to provide open space.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 The implementation of the policy will not require any additional staffing or financial resources.

7.2 The policy will require developers to contribute to strategic and local highway improvements, affordable housing, open space and community infrastructure required to serve the development through legal agreements.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 Planning Policy 3 Housing sets out a requirement for local planning authorities to maintain a five year supply of deliverable housing land. The inability of the Council to demonstrate a five year supply of housing land carries a high risk that land owners/developers will submit speculative planning applications for their development on sites outside settlement boundaries. Such applications would have to be determined through the planning process in the usual way. In the case of refusal of planning permission, appeals may be upheld on the grounds that there is not a 5 years supply of housing land.

8.2 The Town and Country Planning Act 1990 requires that, in dealing with a planning application, the authority shall have regard to the provisions of the development plan and to any other material consideration. Although there may be arguments over the status of the Interim Planning Policy it will be promoted as a material consideration in determining planning applications for new housing development. It will provide a clear policy position for the local planning authority and planning inspectors considering appeals on applications for housing development outside Local Plan settlement boundaries.

8.3 Widespread consultation has been carried out on the draft policy with town and parish councils, stakeholders, the local community and the Housing Market Partnership in accordance with the Statement of Community Involvement. Although it has not been through the full process of an LDF document, the consultation process and its adoption following amendments due to that process will give weight

to the policy and it will be a matter for both Members and, on appeal, the Planning Inspectorate or the Secretary of State to judge that balance in considering individual applications.

9.0 Risk Management

9.1 As the Council is unable to demonstrate that it has a five year land supply of deliverable housing sites, there is high risk of planning appeals for housing development being upheld on greenfield sites outside settlement boundaries which may prejudice the preparation of the Local Development Framework and affect the Council's ability to objectively determine the most appropriate strategy and sites for future housing development.

10.0 Background and Options

10.1 The Government's planning policies for housing are set out in Planning Policy Statement 3 Housing (PPS3), the latest edition of which was published in June 2010. The PPS has to be taken into account in the preparation of the Council's Local Development Framework and in the determination of planning applications which involve new housing development.

10.2 Paragraph 10 of PPS3 sets out the housing policy objectives that provide the context for planning for housing through development plans and planning decisions. It states that the specific outcomes that the planning system should deliver are:

- High quality housing that is well designed and built to a high standard.
- A mix of housing both market and affordable, particularly in terms of tenure and price, to support a wide variety of households in all areas, both urban and rural.
- A sufficient quantity of housing taking into account need and demand and seeking to improve choice.
- Housing developments in suitable locations, which offer a good range of community facilities and with good access to jobs, key services and infrastructure.
- A flexible and responsive supply of land – managed in a way that makes efficient and effective use of land, including the re-use of previously – developed land, where appropriate.

10.3 Clearly one of the Government's priorities is for the planning system to deliver an adequate supply of suitable land available for housing development. In terms of the longer term delivery of housing, through its Local Development Framework Core Strategy and Site Allocations documents, the Council has to identify broad locations and specific sites that will enable the continuous delivery of sufficient housing for at least a fifteen year period.

10.4 The overall level of housing that the Council has to deliver over that fifteen year period has been set out in the Regional Spatial Strategy. As Members will be aware, the Government has written to Local Authorities setting out its intention to revoke Regional Spatial Strategies on 6th July this year. However following the judgement on the judicial review for CALA Homes in November 2010, Regional Spatial Strategies will remain as part of the development plan until formally

revoked through the Localism Bill. Once Regional Spatial Strategies have been revoked when the Localism Bill is enacted, references in the Interim Planning Policy Statement to the RSS will no longer apply. As a consequence of this, the annual housing supply figure for Cheshire East as set out in RSS will continue to be relevant. This figure will be reviewed a part of the preparation of the Local Development Framework. The Government has said that local planning authorities 'should continue to collect and use reliable information to justify their housing supply policies and defend them during the LDF examination process. They should do this in line with current policy in PPS3'[1].

10.5 The Council is at a relatively early stage in the production of its Core Strategy which will identify the level of new housing development that should take place in the Borough up to 2030. In accordance with Government advice, the level of new housing development upon which the Council decides must be based on robust evidence and be defensible at public examination.

10.6 Stakeholder consultation on the Issues and Strategic Options for the Core Strategy took place during November and December 2010. One of the key options consulted on was the proposed level of housing growth for the Borough These options took into account the findings from the Council's Strategic Housing Market Area Assessment and the projections for population and employment growth.

10.7 In the shorter term, PPS3 requires the Council to ensure that a continuous five years supply of deliverable housing sites is maintained. To be considered deliverable, sites should:

- be available now
- offer a suitable location for development which would contribute to the creation of sustainable, mixed communities
- have a reasonable prospect of delivering houses within five years.

10.8 Generally to be considered deliverable within five years, sites should have the benefit of planning permission or should be allocated in a Local Plan or should be specific, unallocated brownfield sites within settlement boundaries that have the potential to make a significant contribution to housing land supply in the five year period.

The Annual Housing Requirement

10.9 The accepted methodology for determining the total five year supply requirement has been based on figures from the Regional Spatial Strategy. The Regional Spatial Strategy housing requirement figure for Cheshire East is an average of 1150 net new dwellings per annum and this reflects the average level of house building in the Borough that was being delivered in the ten years up to April 2010.

10.10 **It is recommended therefore that until the future housing requirement has been agreed through the Local Development Framework Core Strategy, the housing requirement for Cheshire East should be set at 1150 net additional dwellings per annum.**

[1] Letter from DCLG to all Chief Planning Officers dated 6/7/10

Five Year Housing Land Supply

10.11 The Local Development Framework Annual Monitoring 2010 report calculated the Council's five year supply of housing land at 1 April 2010 as 4.58 years. This figure was calculated following a full review of potential sites carried out in parallel with the preparation of a Strategic Housing Land Availability Assessment for the whole of Cheshire East.

10.12 The failure to be able to demonstrate a five year supply of available housing land has implications for the Council. PPS3 states that "where local planning authorities cannot demonstrate an up to date five year supply of deliverable sites ..... they should consider favourably planning applications for housing, having regard to the policies in this PPS".

10.13 The inability of the Council to demonstrate a five year supply of housing land carries a high risk that land owners/developers will submit speculative planning applications for their development outside settlement boundaries. Such applications would have to be determined through the planning process in the usual way. In the case of refusal of planning permission, appeals may be upheld on the grounds that there is not a 5 years housing land supply. Nevertheless whilst there is less than a 5 year supply of deliverable housing sites, there is a high degree of risk that planning permission may be granted on appeal for housing on greenfield sites outside settlement boundaries in conflict with the policies of the three Local Plans. Such decisions would also prejudice the preparation of the Local Development Framework and affect the Council's ability to objectively determine the most appropriate strategy and sites for future housing development.

Report of Consultation on Interim Policy to Manage the Release of Housing Land

10.14 Given the current housing supply position and the timescale for the adoption of the Council's Core Strategy and Site Allocations documents, Cabinet agreed at its meeting on 18 October 2010 to consult on a draft Interim Planning Policy on the Release of Housing Land and to use the draft interim policy in the determination of planning applications for sites which do not form part of its identified supply of deliverable housing sites pending the adoption of the Local Development Framework Core Strategy.

10.15 Consultation on the draft Interim Planning Policy was carried out between 8 November and 17 December 2010. Notification of the consultation was sent to all town and parish councils, statutory consultees, organisations, businesses and individuals registered on the LDF database. A press release was issued and publicity given on the Council's website. The document was available for inspection at the Council offices and libraries and on the Council's website.

10.16 Comments were received from 70 respondents, many setting out detailed consideration of the wording of the policy. In total over 277 separate comments were made. 61 respondents supported the policy in principle as a means of ensuring that the Council maintains a 5 year supply of housing

land and is able to properly plan for the sustainable development of its settlements through the LDF. Appendix 1 sets out a summary of the points raised and recommendations for revisions to the Interim Planning Policy to address issues of concern.

10.17 A full report of consultation setting out full details of the comments received can be viewed on www.cheshireeast.gov.uk/ldf

10.18 The revised Interim Planning Policy is set out in Appendix 2.

10.19 The adopted Interim Planning Policy will be used in the determination of planning applications and appeals. The Policy will remain in place until additional development sites are allocated through the LDF Core Strategy. The need for and effectiveness of the Policy will be kept under review as part of the Local Development Framework Annual Monitoring Report.

11.0 Access to Information

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

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APPENDIX 1

Interim Planning Policy on Release of Housing Land
Responses to comments received during consultation

Abbreviations
LDF – Local Development Framework
SHLAA – Strategic Housing Land Availability Assessment
SHMA – Strategic Housing Market Assessment

The revised wording of the Interim Policy and its explanatory text is shown in ***bold italics.*** Text in **bold** is unchanged from the draft.

Comment	**Response and recommendation**
Contrary to PPS3 guidance; a number of paragraphs are cited in representations in particular 32-35 relating to the assessment of the appropriate level of housing; 36 – 39 providing homes in suitable locations; 60-61, managing flexible and responsive supplies; 62-67 Implementation strategy; 68-74 determining planning applications. Contrary to PPS12 in particular para 6.4 that states that local planning authorities should not produce planning guidance other than SPD where the guidance is intended to be used in decision making or the coordination of development. This could be construed as wishing to circumvent the provisions for consultation and sustainability appraisal which SPDs have.	The underlying concept behind the guidance in PPS3 is that Local Authorities should plan, monitor and manage the supply of housing. Local Development Framework should provide sufficient homes in suitable locations, of a mix of types and tenures to meet the needs of the local area. A five years supply of deliverable sites should be maintained. The delivery of housing development should be monitored to ensure that there is an adequate supply. Appropriate measures should be taken to manage the supply. If there is not an adequate supply, planning applications for housing are to be viewed favourably. The Council has commenced the preparation of its Local Development Framework which will develop a strategy for the planned location of new housing development until 2030 in accordance with PPS3 para 38. Through its monitoring of the supply of deliverable sites as advised in para 60 of PPS3, it is evident that there will not be a 5 years supply of deliverable sites in the period up until the Core Strategy is adopted. The Council has therefore developed the Interim Policy on the Release of Housing Land as a strategy to manage the supply in the meantime, in accordance with advice in para 52, 57 and 64 of PPS3. Should the Council fail to take any action to manage the supply of deliverable sites to maintain a 5 years supply, it would apply the advice in para 71 to view planning applications for residential development favourably.. The Council is satisfied that the Interim Policy accords with the advice set out in PPS3 and reflects the “plan, monitor, manage” approach that is advocated. **Recommendation 1: No change**
Contrary to PPS12 in particular para 6.4 which states that local planning authorities should not produce planning guidance other than SPD where the guidance is intended to be used in decision making or the	The Interim Policy on the Release of Housing Land is to be adopted as Council policy not planning guidance. It has been subject to consultation, sustainability appraisal and Habitats Regulation Assessment. **Recommendation 2: No change**

coordination of development. This could be construed as wishing to circumvent the provisions for consultation and sustainability appraisal which SPDs have.	
The purpose and status of the Interim Policy should be made clearer	Paragraph 2.21 of the Background to the Interim Policy explains the weight to be given to the Interim Policy. It is proposed that the status of the Policy should be set out more clearly in the introduction. **Recommendation 3:** **Revise para 1.4 of the Introduction to the Interim Policy to read:** ***"The Interim Policy has been prepared in accordance with guidance in PPS3 to 'plan, monitor and manage' the supply of housing to ensure that there is a five years supply of deliverable sites. The Interim Policy has been the subject of consultation, sustainability appraisal and Habitats Regulations Assessment. It was adopted by Cheshire East Council on [date] to manage the release of additional land for residential development through the consideration of planning applications to maintain a five years supply as an interim measure pending the adoption of the Local Development Framework Core Strategy. The policy has been developed in a manner so that it would not prejudice the consideration of alternative options for the development strategy of the Local Development Framework. The Interim Policy is adopted Council Policy and will be used in the consideration of planning applications following its adoption as a 'material consideration".*** **Recommendation *4: Delete paragraphs 1.7 to 1.9 and 2.20 to 2.21 of the contextual material to the Interim Policy referring to the consultation on the draft policy.***
Should include reference to RSS Policies L4, DP5, DP6. The RSS housing provision figures for the three constituent authorities should be retained.	Since the approval of the draft Interim Policy, there has been a judicial review by Cala Homes, as a result of which RSS continues to be part of the development plan until the legislation is passed that revokes it. With the enactment of the Localism Bill, references to RSS policies within the Interim Policy will no longer be applicable. It would therefore be appropriate to include a reference to the RSS Policy L4 that sets out the Regional Housing Provision as the context for the housing requirement. The Council has been advised by the Government Office that it should plan on the basis of the combined figures of the three constituent authorities. Policies DP5 and DP6 relate to the accessibility of development and linking areas of economic opportunity to areas of greatest need. It is considered that they are not significant enough to warrant reference in the context to the policy. **Recommendation 5: Revise paragraph 2.7 sentences 2**

	and 3 to read: **"*The Government has indicated that it intends to revoke Regional Spatial Strategies, however, following a successful legal challenge, they continue to be part of the development plan until the legislation has been passed. Policy L4 of the North West of England Plan, Regional Strategy to 2010 requires local authorities to monitor and manage the availability of land to achieve the housing provision set out in Table 7.1 of the policy. The total for the Cheshire East constituent authorities is 1150 net additional dwellings per annum. This figure* reflects the level of house building in the Borough that was delivered in the ten years up to April 2010."** **Recommendation 6: Delete paragraphs 2.8 – 2.11** **Recommendation 7: Revise paragraph 2.12 (now para 2.8) to read:** **"The Regional Spatial Strategy housing provision figure of 1150 net additional houses per annum will continue to be the housing requirement for Cheshire East until it is reviewed through the Local Development Framework."**
Argues that a higher annual housing target should be set based on evidence in the SHMA	The review of the housing requirement using evidence from projections and the SHMA will be carried out as part of the preparation of the LDF Core Strategy. The RSS housing requirement will continue to be used until then. **Recommendation 8: No change**
Queries the calculations of housing land supply; Need to ensure that assessment of sites is robust and that sites are deliverable	The assessment of sites has been carried out in consultation with the Housing Market Partnership and has been carried out in a robust manner in accordance with a methodology agreed with the Partnership. The calculations have been published. It is acknowledged that the current housing market and difficulties in securing finance may be affecting developers' ability to commence the development of sites, however, the sites are available for development and should be included in the supply figures. **Recommendation 9: No change**
Queries whether the policy will deliver sufficient land	It is estimated that the policy could enable the release of sites capable of accommodating approximately 1700 dwellings taking the supply to about 6 years. The effectiveness of the policy will be kept under review as part of the LDF Annual Monitoring Report. **Recommendation 10: No change**
Important that the sites released do not prejudice the preparation of the LDF	Paragraph 2.16 of the context to the Interim Policy explains how the development of Crewe is fundamental to the strategy for the LDF. **Recommendation 11: No change**
Seeks release of land in Macclesfield and all Key Service Centres; Argues that housing should be	The purpose of introducing the policy is to secure the managed release of sufficient land for housing development in the short term pending the development of a strategy to

delivered where there is most demand in the north of the Borough in towns other than Crewe; A number of Greenfield sites on the edges of towns have been proposed	guide the development and growth of the Principal Towns and Key Service Centres through the LDF. It is recognised that there are a number of areas within towns of the Borough that may have potential for to support the regeneration of the town. These sites will be considered and determined using policies contained within the existing Local Plans. The LDF will give full consideration to the need for housing development in all parts of the Borough and the suitability and sustainability of potential sites. Whilst the Interim Policy properly gives full endorsement to developments around Crewe, it does not explicitly prohibit development elsewhere. These can be still be considered according to the specific merits of each proposal. **Recommendation 12: No change**
Development should be permitted in other towns where it would contribute to delivery of significant infrastructure to the benefit of the community eg at Middlewich	An Infrastructure Plan is being prepared to support the delivery of the LDF and the introduction of the Community Infrastructure Levy. Full consideration will be given through the preparation of the LDF to the amount and location of development required in other towns to support the delivery on local infrastructure. It is recognised that there are a number of areas within towns of the Borough that may have potential for to support the regeneration of the town. These sites will be considered and determined using policies contained within the existing Local Plans. **Recommendation 13: No change**
The Interim Policy should not be based on the Crewe Vision; The policy could create an oversupply of housing in Crewe; Policy would lead to sites coming forward in an uncoordinated manner.	Crewe is a Principal Town and the Council has agreed that it should be the focus for significant future growth to develop its role as a sub-regional centre. The Crewe Vision has been drawn up to provide an overarching strategy to guide the development of plans and strategies (including the LDF) to deliver this ambition. It will be for developers to demonstrate as part of their planning applications that any sites released under this policy can be delivered within 5 years. The Policy will enable the local authority to manage the release of a limited number of sites around the edge of Crewe as well as redevelopment sites in other towns. Without the policy, the Council would be faced with considerable pressure from developers to release sites on the edge of towns and villages throughout the Borough in an uncoordinated manner. **Recommendation 14: No change**
Urban extensions to Crewe need to be masterplanned. The release of smaller sites should not jeopardise the comprehensive planning of larger urban extensions.	A number of potential urban extensions to Crewe have been proposed by developers as long term growth areas. Options for the future directions of growth of Crewe up to 2030 will be considered as part of the LDF. The release of sites under the Interim Policy will have to

	consider how the site could form part of a possible urban extension in the area. **Recommendation 15: No change**
The release of Greenfield sites on the edge of Crewe is not supported ahead of the development of available brownfield sites. Green Belt sites should not be released	The SHLAA has identified and assessed the potential of brownfield sites within settlements for housing development. Those that are deliverable in the next 5 years have been included in the 5 year land supply figures. The results demonstrate that taking these brownfield sites into account the supply of housing land is less than 5 years and there is therefore a need to identify further greenfield sites to maintain an adequate supply. The Interim Policy does not propose the release of any sites in the Green Belt. **Recommendation 16: No change**
Should define "in and around Crewe"	The policy clearly states that sites will be permitted "adjacent to the settlement boundary of Crewe, subject to 4 provisos." Para 3.2 confirms this and that the village of Shavington is excluded. **Recommendation 17: No change**
The Interim Policy should refer to the Greater Crewe area as envisaged in the Crewe Vision, including Shavington	A number of potential sites around Shavington have been included in the SHLAA. Shavington has not been included in the Interim Policy to enable consideration to be given to the future role of this settlement and the assessment of the suitability of potential sites through the LDF. **Recommendation 18: No change**
Sites in the Green Gap should not be excluded	The Interim Policy reflects saved policies in the Crewe and Nantwich Local Plan which includes a policy to safeguard the Green Gap between Crewe and Nantwich. It is considered that sufficient housing sites can be made available outside the Green Gap to meet the short term need for additional housing land. **Recommendation 19: No change**
Should exclude land reserved for "operational need of hospital"	It is understood the Leighton Hospital is reviewing its future development needs. Until their plans are known, it would be appropriate to continue to safeguard this area of land. **Recommendation 20: Add an additional bullet point to section 1 of the Interim Policy to read:** • **"is not within an area safeguarded for the future operational need of Leighton Hospital** "
Should explain how infrastructure requirements will be delivered and how contributions will be assessed and secured towards "strategic highway network"	Developers will be required to mitigate for the potential impacts of their proposals through contributions secured under S106 agreements in accordance with Circular 5/2005. The contributions will be subject to negotiation with the developer. They will be required to submit a Traffic Impact Assessment as part their planning applications. **Recommendation 21: No change**

Concerned that the release of sites on the edge of Crewe will lead to congestion and will impact on access to the hospital and other community infrastructure	Developers will be required to mitigate for the potential impacts of their proposals through contributions secured under S106 agreements. They will be required to submit a Traffic Impact Assessment as part their planning applications. **Recommendation 22: No change**
Mixed use developments should not require housing developer to build out employment floor space.	Where housing development is allowed under this policy to enable sites to come forward for development for mixed uses, including employment uses, a legal agreement will be sought to ensure that the housing development makes a contribution to the delivery of other uses on the site. The requirement on each proposal will vary and will be subject to negotiation with developers. **Recommendation 23: No change**
Allocated employment areas at Basford East and West should be included so that housing development can help to deliver these sites	These significant areas of land extending to 150ha are flagship sites of sub-regional importance are allocated for employment development. Any proposals for housing development on these sites need to be considered through existing policies or the LDF as part of the overall strategy for Crewe and should demonstrate how they will support the wider delivery of employment development on these strategic sites. The focus of the Interim policy is to look at areas not currently identified for development and it is criteria based rather than being site specific. As such it would not be appropriate to include detailed proposals for individual sites. **Recommendation 24: No change**
Should indicate which town centres the policy refers to	Town centres are defined in the policies in the three Local Plans. **Recommendation 25: No change**
Should include an explanation of the term “regeneration area”, does this differ to the general term “brownfield land” It is unlikely that additional dwellings will be realised through this source.	Paras 3.5 – 3.6 of the justification to the policy explain that “there are a number of areas within town centres and older employment areas throughout the towns of the Borough that may have the potential for regeneration.” Local Plan policies usually safeguard these areas for town centre and employment uses. The Interim Policy will enable consideration to be given to securing the redevelopment of these sites by including an element of housing as part of a mixed use development. “Brownfield land” refers to any site that have been previously developed. Where there are no policy safeguards on the future use of these sites, they may be brought forward for housing development under the current of the Local Plans’ policies. **Recommendation 26: No change**
Developers should be required to demonstrate as part of their planning application that the development is	When considering development proposals brought forward under the Interim Policy, the Council will wish to ensure that the site is capable of being developed within 5 years. This

deliverable in 5 years; The size of sites released under the Interim Policy should be limited eg to 100 houses	will depend on the developers' ability to build and market the houses on the site. It is considered that it would be unduly restrictive to set a maximum size for sites to be released. **Recommendation 27: Add the following after the first sentence in para 3.3** ***"Developers will be required to demonstrate as part of their planning application that the development is deliverable within 5 years. Conditions may be attached to planning permissions to grant consent for a limited period and require that sites to be started within a prescribed period."***
Site should be "substantially" completed in 5 years.	It is acknowledged that it is difficult to be precise about the rate of development of a site and this will depend on housing market conditions. However, the introduction of the word "substantially" introduces a degree of uncertainty into the policy that will be difficult to define. **Recommendation 28: No change**
The affordable housing requirement should be reduced from 35% to 30% in line with the Interim Planning Statement on Affordable Housing. Some respondents propose a reduction to 25%	Greenfield sites outside settlement boundaries that are to released for housing development under the Interim Planning Policy will be released as exceptions to the adopted Local Plan policy. In normal circumstances, these sites would be released until they were allocated in the LDF, in 2013 - 2014. In view of the exceptional circumstances around the release of these sites, and the consequential saving in the developers' time and expenses in seeking the allocation of these sites, the Council is seeking to ensure that sites released under the Interim Policy deliver a high level of affordable housing that is needed under the current market conditions. The Economic Viability testing of potential development sites demonstrated that under normal market conditions greenfield sites should be able to deliver 35% affordable housing. **Recommendation 29: No change**
The affordable housing requirement should be expressed as a target and not a minimum	There are circumstances where a single target may have advantages over a minimum figure. However the Interim Policy is designed to release land ahead of the normal development plan process and has a particular emphasis on promoting affordability. In these circumstances it is appropriate to be explicitly promotional in encouraging additional affordable homes. As such references to a minimum should remain. **Recommendation 30: No change**
The viability caveat should relate to greenfield sites as well as brownfield	This caveat recognises that brownfield sites are often subject to exceptional development costs which may affect the viability of proposals. The Interim Planning Statement on Affordable Housing sets out the procedures for assessing the viability of schemes.

	Recommendation 31: No change
Should not require Code for Sustainable Homes Level 4	Government targets will require all new housing to achieve a Code rating of level 3 by 2010 and level 4 by 2013. The Planning and Energy Act 2008 and the Planning for Climate Change supplement to Planning Policy Statement 1 provide the powers and guidance to local planning authorities in England to impose reasonable requirements for development in their area to comply with energy efficiency standards that exceed the energy requirements of the Buildings Regulations. The Council wishes to ensure that housing built on any sites released as exceptions under this policy is well designed and energy efficient. Most of the houses built under the Interim Policy will be constructed from 2013 onwards and should therefore be designed to comply with the Level 4 requirements. Developers are fully aware of the requirements under the Code for Sustainable Homes and have had time to prepare for its introduction and to include any costs arising from it in their valuations of sites to be developed in the next five years. **Recommendation 32: No change**
Should not require Building for Life Silver standard	Policy BE2 of the Crewe and Nantwich Local Plan sets out design principles that should be taken into account with the aim of ensuring that new development is well designed. "Building For Life" is an accepted national standard for assessing the quality of design of new residential development. Achieving the Silver standard or higher is the measure of a well designed development. **Recommendation 33: No change**
It could be construed that the requirements set out in the second and third set of bullet points in the Interim Policy could be applied to all housing development permitted whilst the Interim Policy is in operation and not just the exceptional sites released under the first part of the policy.	The Interim Policy would not be used in the consideration of sites that could be approved under the saved Local Plan policies. However, for the sake of clarity, the following revisions are proposed. **Recommendation 34: revise the Interim Policy to read:** **Housing development on greenfield sites *permitted under this policy* will be required to deliver:** **Recommendation 35: revise the Interim Policy to read:** **Subject to the assessment of the economic viability of the scheme, housing development on mixed use redevelopment sites *permitted under this policy* will be expected to deliver:**
Should explain how policy will be monitored and how it will be reviewed	Agreed **Recommendation 36: Add the following at the end of para 2.13 (now para 2.9)** ***"The effectiveness of the policy will be kept under review as part of the LDF Annual Monitoring Report."***

The sustainability appraisal only compares the impact of implementing the policy against doing nothing. It should consider other options	Although the guidance states that "the consideration of reasonable alternatives is a legal requirement under the SEA Directive", guidance also states that "only reasonable, realistic and relevant options need to be put forward". The only reasonable and realistic option developed was that in the Interim Policy, as this would allow the 5 year supply to be met without compromising the future development of the LDF. It is considered that the sustainability appraisal was carried out in an appropriate manner. **Recommendation 37: No change**
Habitats Regulation Assessment (HRA)	The HRA Screening Report identified that a full HRA was required. The HRA has identified the need for mitigation measures to be included in the policy to require that the developer ensures that the location and design of new development will not negatively impact upon a designated or candidate European Site. **Recommendation 38: Delete final sentence of para 1.6 and replace with** ***"The HRA has identified the need for mitigation measures to be included in the policy to require that the developer ensures that the location and design of new development will not negatively impact upon a designated or candidate European Site."*** **Recommendation 39: Amend section in the Interim Policy relating to Greenfield sites to read:** **"Housing development *and its infrastructure* on greenfield sites will be required *to demonstrate that they will not impact on the designated or candidate European Sites (Special Areas of Conservation; Special Protection Areas; Ramsar Sites and Offshore Marine Sites) protected under the European Habitats Directives 92/43/EEC or the Conservation of Habitats and Species Regulations 2010*:"** **Recommendation 40: Amend the justification for the policy relating to greenfield sites to read:** The development of any greenfield sites adjacent to the settlement boundaries will be considered as exceptional development and will be required to be of a high design standard and deliver 35% of the development as affordable housing in accordance with the Interim Affordable Housing Policy. ***New development should also incorporate open space and community facilities in accordance with the relevant saved Local Plan policy and should aim to provide access to open space in line with relevant accessibility standards.*** They will also be required to contribute towards the improvements to the strategic and local transport networks and public transport in and around Crewe. ***In order to safeguard European Sites in proximity to Crewe, any highway improvements to serve the new development should not be located within 300m of a European Site and where necessary should incorporate***

	run-off interception measures.
Delivering a good choice of quality housing	It will be important for any proposed sites released under this interim policy to deliver a good choice of quality residential development and for sites to support the vision and objectives for Crewe. **Recommendation 41: Add the following to the bullet points under section (1)** • ***Delivers development that improves the supply, choice and quality of housing in Crewe; and*** • ***Supports the delivery of the Council's overall vision and objectives for Crewe***

Cheshire East

Interim Planning Policy on the Release of Housing Land

February 2011

Cheshire East Council

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1 Introduction

1.1 This document sets out the Council's policy approach to maintaining a five years supply of deliverable housing land to be used as an interim measure pending the adoption of the Local Development Framework Core Strategy.

1.2 Planning Policy Statement 3 'Housing' requires local planning authorities to monitor and manage the release of housing land to ensure that there is a five years supply of deliverable sites. This includes sites with planning permission, sites allocated for residential development in the Local Plan and identified redevelopment sites within settlement boundaries.

1.3 Until the Local Development Framework is adopted, the development plan policies for Cheshire East relevant to the consideration of proposals for residential development are the saved policies of the Crewe and Nantwich, Congleton and Macclesfield Local Plans. The revised timetable for the adoption of the Core Strategy indicates a date for adoption of late 2013.

1.4 ***The Interim Policy has been prepared in accordance with guidance in PPS3 to 'plan, monitor and manage' the supply of housing to ensure that there is a five years supply of deliverable sites. The Interim Policy has been the subject of consultation, Sustainability Appraisal and Habitats Regulations Assessment. It was adopted by Cheshire East Council on [date] to manage the release of additional land for residential development through the consideration of planning applications to maintain a five years supply as an interim measure pending the adoption of the Local Development Framework Core Strategy. The policy has been developed in a manner so that it would not prejudice the consideration of alternative options for the development strategy of the Local Development Framework. The Interim Policy is adopted Council Policy and will be used in the consideration of planning applications following its adoption as a 'material consideration'.***

Sustainability Appraisal and Habitats Regulations

1.5 The Council has prepared a Sustainability Appraisal (SA) to test and refine the policies and proposals in this document. Sustainability Appraisal is a systematic process, which is carried out during the production of planning documents to ensure that policies and proposals contribute towards relevant environmental, social and economic objectives.

1.6 In addition amendments made to the UK Conservation (Habitats and etc) Regulations 2006 require a Habitats Regulations Assessment (HRA) under Article 6(3) and (4) of the Habitat Directive 92/43/EEC for all land use plans likely to have a significant effect on a European site. European sites consist of Special Areas of Conservation (SACs), Special Protection Areas (SPAs) and Offshore Marine Sites (OMS).***The HRA has identified the need for mitigation measures to be included in the policy to require the developer ensures that the location and design of new development will not negatively impact upon a designated or candidate European Site.***

2 Background

2.1 Planning Policy Statement 3 (PPS3) was published in 2006 (and amended in 2010) and sets out the national planning policy framework for delivering the Government's housing objectives.

2.2 Paragraph 10 of PPS3 sets out the housing policy objectives that provide the context for planning for housing through development plans and planning decisions. It states that the specific outcomes that the planning system should deliver are:

- High quality housing that is well-designed and built to a high standard.
- A mix of housing, both market and affordable, particularly in terms of tenure and price, to support a wide variety of households in all areas, both urban and rural.
- A sufficient quantity of housing taking into account need and demand and seeking to improve choice.
- Housing developments in suitable locations, which offer a good range of community facilities and with good access to jobs, key services and infrastructure.
- A flexible, responsive supply of land – managed in a way that makes efficient and effective use of land, including re-use of previously-developed land, where appropriate.

2.3 Paragraph 60 explains the steps local authorities are required to take to maintain a flexible, responsive supply of land. The supply of deliverable sites should be monitored on an annual basis through the Annual Monitoring Report. If a five year deliverable supply is not likely to be available, consideration should then be given to the arrangements necessary to maintain an adequate supply of deliverable sites.

2.4 In circumstances where the Local Planning Authority does not manage the supply of housing land and cannot demonstrate an up-to-date five years supply of deliverable sites, paragraph 71 requires that they should consider favourably planning applications for housing, having regard to the policies in PPS3 including the considerations in paragraph 69.

2.5 If the local authority cannot demonstrate that it has a deliverable five years supply, this means that the Local Planning Authority should give favourable consideration to planning applications for housing development on sites outside of settlement boundaries. Providing that developers can demonstrate that they meet the requirements of paragraph 69 of PPS3 (which relate to the quality of development, mix of housing in the scheme, environmental sustainability and meeting housing need without undermining the spatial vision for the area), it is will be difficult for a Local Planning Authority to refuse such applications.

2.6 This leaves the Local Planning Authority having to deal with planning applications without reference to a planned approach to the development of the communities of the Borough. PPS3 states that the authority cannot argue that the release of any particular site is premature and should be considered through the Local Development Framework process. Examples from other local authorities demonstrate that in considering appeals in these circumstances, inspectors have frequently allowed developments, because of the lack of a five year housing land supply. There have been cases of such development being allowed in Green Belt locations.

2 Background

The Annual Housing Requirement

2.7 The accepted methodology for determining the total five year supply requirement has been based on figures from the Regional Spatial Strategy. ***The Government has indicated that it intends to revoke Regional Spatial Strategies, however, following a successful legal challenge, they continue to be part of the development plan until the legislation has been passed. Policy L4 of the North West of England Plan, Regional Strategy to 2010 requires local authorities to monitor and manage the availability of land to achieve the housing provision set out in Table 7.1 of the policy. The total for the Cheshire East constituent authorities is 1150 net additional dwellings per annum. This figure reflects the level of house building in the Borough that was delivered in the ten years up to April 2010.***

2.8 ***The Regional Spatial Strategy housing provision figure of*** **1150 net additional houses per annum will continue to be the housing requirement for Cheshire East until it is reviewed through the Local Development Framework.**

Managing the Five Year Housing Land Supply

2.9 The Local Development Framework Annual Monitoring 2009 report calculated the Council's five year supply of housing land at 1 April 2009 as 5.14 years, based on the RSS figure. Since then a full review of potential sites has been carried out in parallel with the preparation of a Strategic Housing Land Availability Assessment for the whole of Cheshire East. The latest assessment indicates a supply of 4.58 years at 1 April 2010. ***The effectiveness of the Interim Housing Policy will be kept under review as part of the Local Development Framework Annual Monitoring Report.***

2.10 The failure to be able to demonstrate a five year supply of available housing land has implications for the Council. PPS3 states that "where local planning authorities cannot demonstrate an up to date five year supply of deliverable sites . . . they should consider favourably planning applications for housing, having regard to the policies in this PPS".

2.11 The inability of the Council to demonstrate a five year supply of housing land carries a high risk that land owners/developers will submit speculative planning applications for their development outside settlement boundaries. Such applications would have to be determined through the planning process in the usual way. In the case of refusal of planning permission, appeals may be upheld on the grounds that there is not a 5 years housing land supply. Nevertheless whilst there is less than a 5 year supply of deliverable housing sites, there is a high degree of risk that planning permission may be granted on appeal for housing on greenfield sites outside settlement boundaries in conflict with the policies of the three Local Plans. Such decisions would also prejudice the preparation of the Local Development Framework and affect the Council's ability to objectively determine the most appropriate strategy and sites for future housing development.

Interim Policy to Manage the Release of Housing Land

2.12 The Interim Planning Policy on the Release of Housing Land has been drawn up in the context of the work that has been undertaken on developing the Crewe Vision to promote the growth and prosperity of Crewe as a town of sub-regional importance. The development

of Crewe will be fundamental to the development strategy for the Borough. Development in Crewe will support sustainability objectives as Crewe has a good range of jobs, shops and services and a high standard of accessibility by means of travel other than the car.

2.13 The development proposals envisaged for Crewe will require significant investment in the strategic highway network around Crewe, in particular the Crewe Green Link Road and the Barthomley Link Road, to improve accessibility to Junction 16 of the M6. In addition, improvements to the local highway network in Crewe and public transport and cycling provision will be required to facilitate new housing development on the outskirts of Crewe. The Council is currently considering options for securing funding of the necessary strategic and local transport improvements. Once the funding arrangements have been approved by the Council, any new housing developments that impact on the highway network in and around Crewe will be required to make contributions towards both strategic and local transport improvements

2.14 The Interim Planning Policy will facilitate the release of a limited number of housing sites on the edge of Crewe outside the green gap. Developers of these sites will have to demonstrate that the site can be delivered within five years of the grant of permission and as there are little or no redevelopment costs associated with these greenfield sites, they will be required to deliver high quality, well designed developments with a minimum of 35% of the housing being affordable in accordance with the Interim Planning Statement on Affordable Housing as well as contributions to improve the strategic and local transport networks in accordance with the forthcoming Transport Contributions Levy. In addition, open space and/or community benefits will be required to meet the needs of future residents in accordance with the saved Local Plan policies.

2.15 The Interim Planning Policy will also enable housing to be brought forward as part of mixed use redevelopment schemes within settlements to support the development of the site for employment, town centres and or other uses, in accordance with the relevant Local Plan policies. Subject to economic viability assessment, a minimum of 30% of the housing should be affordable in accordance with the Interim Planning Statement on Affordable Housing.

3 Interim Planning Policy on the Release of Housing Land

3 Interim Planning Policy on the Release of Housing Land

Interim Planning Policy on the Release of Housing Land

When it is demonstrated through the Annual Monitoring Report that there is not a five year supply of housing land as defined by PPS3, subject to other saved policies of the relevant Local Plan being satisfied, residential development will be permitted in the following locations:

1. Adjacent to the settlement boundary of Crewe provided that the site:

- is well related to the built framework of the settlement;
- is not within the Green Gap;
- is not within an allocated employment area;
- ***is not within an area safeguarded for the operational needs of Leighton Hospital;***
- is capable of being fully developed within five years of the granting of outline planning permission;
- ***delivers development that improves the supply, choice and quality of housing in Crewe; and***
- ***supports the delivery of the Council's overall vision and objectives for Crewe.***

2. As part of mixed developments in town centres and regeneration areas to support the provision of employment, town centre and community uses.

Housing developments ***and its infrastructure*** on greenfield sites ***permitted under this policy*** will be required ***to demonstrate that they will not impact on the designated or candidate European Sites (Special Areas of Conservation; Special Protection Areas; Ramsar Sites and Offshore Marine Sites) protected under the European Habitats Directives 92/43/EEC or the Conservation of Habitats and Species Regulations 2010 and to*** deliver:

- a minimum of 35% affordable housing in accordance with the Interim Planning Statement on Affordable Housing;
- open space and / or community facilities in accordance with the relevant saved Local Plan policy
- improvements to the strategic and local highway network, public transport, and pedestrian and cycle routes; and
- a high quality designed development to Code for Sustainable Homes Level 4 or higher and Building for Life Silver standard or higher.

Subject to the assessment of the economic viability of the scheme, housing development on mixed use redevelopment sites ***permitted under this policy*** will be expected to deliver:

- a minimum of 30% affordable housing in accordance with the Interim Planning Statement on Affordable Housing;
- employment, town centre and / or community uses within the site; and

3 Interim Planning Policy on the Release of Housing Land

- a high quality design to Code for Sustainable Homes Level 3 or higher and Building for Life Silver standard.

Justification

3.1 PPS3 states that the Council is required to demonstrate that there is a five year supply of deliverable housing land. Pending the adoption of the Cheshire East Local Development Framework Core Strategy it is likely that there will be insufficient deliverable housing land within the settlement boundaries identified in the three Local Plans of the former local authorities. The Interim Planning Policy on the Release of Housing Land has been introduced as an interim measure to facilitate the release of additional sites on the edge of Crewe and to encourage the redevelopment of sites within town centres and elsewhere for mixed uses including housing development.

3.2 Crewe is a principal town and will continue to be a focus for future housing development in the Borough as envisaged in the Crewe Vision. Although the overall amount and direction for growth has yet to be determined, it is considered that there is scope for sufficient housing development to be brought forward adjacent to the Local Plan settlement boundary of Crewe (not including the village of Shavington) to meet the short term need for housing land in the Borough in a way that would not prejudice the preparation of the Local Development Framework.

3.3 Sites that are approved under this interim policy should be capable of being built out within five years of the grant of outline planning permission under average market conditions. ***Developers will be required to demonstrate as part of their planning application that the development is deliverable within 5 years. Conditions may be attached to planning permissions to grant consent for a limited period and require that sites to be started within a prescribed period.*** For sites that will require a longer period for development, permission will only be granted for the first phase of the site.

3.4 The development of any greenfield sites adjacent to the settlement boundaries will be considered as exceptional development and will be required to be of a high design standard and deliver 35% of the development as affordable housing in accordance with the Interim Affordable Housing Policy. ***New development should also incorporate open space and community facilities in accordance with the relevant saved Local Plan policy and should aim to provide access to open space in line with relevant accessibility standards.*** They will also be required to contribute towards the improvements to the strategic and local transport networks and public transport in and around Crewe. ***In order to safeguard European Sites in proximity to Crewe, any highway improvements to serve the new development should not be located within 300m of a European Site and where necessary should incorporate run-off interception measures.***

3.5 It is recognised that there are a number of areas within town centres and older employment areas throughout the towns of the Borough that may have the potential for regeneration. This policy aims to encourage mixed use schemes to come forward which include housing development to support the redevelopment of the site for a range of employment and other uses.

3 Interim Planning Policy on the Release of Housing Land

3.6 Many older areas are designated as conservation areas and include listed buildings. Any scheme should seek to retain and convert existing buildings in these areas. Particular care will be needed with the design of new developments to ensure that they are appropriate to the character of the area.

Cheshire East Council

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 14 February 2011
Report of: Strategic Director - Places
Subject/Title: Interim Planning Statement on Affordable Housing
Portfolio Holder: Cllrs David Brown/Jamie Macrae

1.0 Report Summary

1.1 The Cabinet approved the draft Interim Planning Statement on Affordable Housing on 20th September 2010. This report considers the responses that have been received to the consultation that took place and proposes revisions to the draft Statement in the light of comments made.

1.2 The report has been considered by Strategic Planning Board on 26 January and their recommendations have been included in the report. The report has been considered by Environment and Scrutiny Committee on 8 February. Their recommendations will be reported to Cabinet at the meeting.

2.0 Decision Requested

2.1 That Cabinet recommends that Council adopts the Interim Planning Statement on Affordable Housing as set out in Appendix 2 and agrees that it be used in the determination of planning applications.

3.0 Reasons for Recommendations

3.1 To ensure that the Council has up to date planning guidance on affordable housing pending the adoption of a new Council wide policy in the Local Development Framework.

4.0 Wards Affected

4.1 All wards

5.0 Local Ward Members

5.1 All members

6.0 Policy Implications including – Carbon Reduction – Health

6.1 The Interim Planning Statement on Affordable Housing provides guidance on the delivery of policies on affordable housing. New housing is required to achieve high levels of energy efficiency and provide healthy living conditions.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 There are no operational financial implications of this statement as any change in officer time in negotiating schemes and S106 agreements will be managed within existing budgets.

7.2 Paragraph 2.13 of the Interim Planning Statement on Affordable Housing recognises that the requirements will result in a cost to the developer. This in turn will impact on the value of any land that the Council sells for housing.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The Town and Country Planning Act requires that in dealing with a planning application the authority shall have regard to the provisions of the development plan and all other material considerations. It will be argued that as this policy has gone through the consultation procedure, and following adoption, it should be given substantial weight by members and inspectors in deciding individual applications and appeals.

9.0 Risk Management

9.1 The 2010 Strategic Housing Market Assessment has demonstrated the continuing high level of demand for affordable housing throughout the Borough that warrants an increase in the target for the amount of affordable housing to be provided on development sites. Without the introduction of the Interim Housing Policy on Affordable Housing, a lower level of affordable housing would be provided.

10.0 Background and Options

10.1 The Council has inherited three different planning policies for affordable housing in the Local Plans of the predecessor district authorities. The Crewe and Nantwich and Congleton Borough Local Plans both seek a minimum target of 30% affordable housing on allocated and windfall sites. The Macclesfield Borough Local Plan requires a minimum of 25%. Differences exist in the threshold at which the affordable housing requirement is applied. The Macclesfield Local Plan does not contain a rural exceptions policy whereas the other two Local Plans do, albeit with slightly different wording

10.2 The three current Local Plans recognise that there may be instances when the level of affordable housing provided on individual sites might be influenced by economic viability issues. However, over the past 12 to 18 months, there has been an increasing number of occasions when developers have sought to provide a significantly lower level of affordable housing on sites due to viability issues which have been brought into sharper focus due to the down turn in the UK housing market. There is a lack of a clear framework for evaluating viability issues for individual planning applications.

10.3 An Interim Planning Statement on Affordable Housing was produced therefore to address these issues. The Planning Statement is intended to provide updated guidance on affordable housing provision, with particular reference to the determination of planning applications where there is an affordable housing requirement and to ensure consistency of approach in negotiating the

provision of affordable housing. The Interim Planning Statement on Affordable Housing also addresses the increasing number of issues surrounding development economics and the viability of providing affordable housing.

10.4 Members will recall that at the Cabinet meeting on 20th September 2010 it was agreed that, subject to the endorsement of the document by the Strategic Planning Board, a draft Interim Planning Statement on Affordable Housing was approved for consultation purposes, and agreed that it be treated as a material consideration in the determination of planning applications pending the adoption of the finalised document in such a format as may be appropriate following the consultation process.

10.5 The document was subsequently endorsed by the Strategic Planning Board at its meeting on 6th October 2010 and was subject to public consultation between 8th November and 17th December 2010. Notification of the consultation was sent to all town and parish councils, statutory consultees, organisations, businesses and individuals registered on the LDF database. A press release was issued and publicity given on the Council's website. The document was made available for inspection at the Council offices and libraries and on the Council's website.

10.6 During the consultation period 233 representations were received from 39 respondents. A full report of consultation setting out full details of the comments received can be viewed on www.cheshireeast.gov.uk/ldf

10.7 Appendix 1 contains a summary of the consultation responses and the Council's comments to them with recommendations for revisions to the Interim Planning Statement, where appropriate. It is also proposed to amend the document to refer to the Regional Spatial Strategy for the North West which has now been reinstated as part of the Development Plan and other minor typographical errors. Once Regional Spatial Strategies have been revoked as part of the Localism Bill, references contained in the Interim Planning Policy Statement on the Release of Housing Land will no longer apply and will be removed.

10.8 A copy of the Interim Planning Statement on Affordable Housing incorporating these amendments is contained in Appendix 2.

10.9 The revised Interim Planning Statement on Affordable Housing will be used in the determination of planning applications and appeals. The Policy will remain in force until such time as new affordable housing policies are in place through the Local Development Framework Core Strategy and Site Allocations and Policies Documents. The effectiveness of the Policy will be kept under review as part of the Local Development Framework Annual Monitoring Report.

11.0 Access to Information

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

Name: Richard House

Designation: Local Development Framework Manager
Tel No: 01270 686612
Email: richard.house@cheshireeast.gov.uk

APPENDIX 1

Interim Planning Statement on Affordable Housing
Responses to comments received during consultation

COMMENT	RESPONSE AND RECOMMENDATION
A number of respondents have argued that the Council is endeavouring to introduce targets for affordable and low cost housing through the IPS whereas they should be included in the Local Development Framework. Paragraph 6.1 of PPS12 states that SPDs should not be prepared to avoid the need for examination. The requirement for low cost market housing is a new policy to Crewe and Nantwich and Macclesfield and Macclesfield Local Plan requires 25% affordable housing.	Whilst the establishment of an affordable housing policy for Cheshire East will be undertaken as part of the Local Development Framework, the Core Strategy is unlikely to be adopted until the end of 2013. It is important, in the light of new evidence of affordable housing need across the Borough which has emerged in the Strategic Housing Market Assessment, that interim policy is put in place as soon as possible to provide a consistent approach to achieving affordable housing through the planning process. **Recommendation 1: No Change**
The targets for affordable housing have not been fully tested for their impact on viability and practicality of housing development as required by PPS 3 and PPS 12.	As part of the work carried out on the Strategic Housing Market Assessment, a robust assessment of the viability of affordable housing targets was undertaken. The assessment indicated that a 35% target was a viable policy option. The viability assessment was agreed by the Housing Market Partnership. The interim policy statement seeks a 30% target only which is considered should generally have no impact upon the viability of development schemes. **Recommendation 2: No Change**
The expression of the target of 30% affordable housing as a target implies that the Council may seek a higher proportion of affordable housing on a particular scheme and that the burden of demonstrating why this is not possible will be placed on developers. The Council should therefore state that the affordable housing requirement will be 30% subject to viability and other considerations.	The targets for affordable housing in the three existing adopted local plans are expressed differently; Congleton as a minimum, Crewe and Nantwich as a maximum and Macclesfield unqualified. In order to achieve consistency and certainty for developers it would preferable that the target in the IPS should be expressed as a minimum target of 30%. **Recommendation 3: No Change**
The contribution to affordable housing on all sites of three or more dwellings or 0.2 acres in size in settlements of less than 3,000 population is unviable.	The need for affordable housing in our smaller rural communities is significant and all opportunities to provide affordable housing should be utilised. The interim policy statement provides for flexibility in individual cases where it can be satisfactorily demonstrated that viability is an issue.

	Recommendation 4: No Change
The Council cannot specify the size, type, tenure and price of market housing. This would be contrary to PPS3. The requirement for 25% low cost market housing is therefore unacceptable.	The Strategic Housing Market assessment provides evidence that not only is there a substantial need for affordable homes but that there is a need for smaller market housing to meet the needs of first time buyers across the Borough . it is reasonable therefore for the interim policy to endeavour to secure this across the Borough and not solely in the former Congleton Borough where such a policy has been successfully operated for a number of years. **Recommendation 5: No Change**
There is no basis in policy or viability to require the Code for Sustainable Homes standards to be applied to affordable homes if there is no grant available. The Government has cancelled the proposed requirement for the Homes and Communities Agency for affordable dwellings to be built to Level 4 of these standards.	In the light of the Government's decision to cancel the proposed move to Level 4 of the Code for Sustainable Homes in respect of the Homes and Communities Agency funding regime, it would be unduly onerous for the Council to require this standard. It is recommended therefore that Level 3 should be minimum requirement although we would encourage Level 4 wherever possible. **Recommendation 6: Revise Para 4.9 to read "*affordable homes….. should achieve at least Level 3 of the Code for Sustainable Homes (2007) and will be expected to achieve at least Level 4 by 2013.*"**
The requirement for the affordable units in a development to be provided not later than the sale or let of 50% of the open market housing is unreasonable because the sale of market houses helps to finance the cost of the affordable units and because this would preclude the 'pepper potting' of the affordable units throughout the development which the Council requires.	It is accepted that the requirement for all affordable units to be provided prior to 50% of the open market housing being completed can act against 'pepper potting' of affordable homes throughout a scheme. It is would be appropriate therefore for the document to be amended to require all affordable units to be provided prior to 80 % of open market housing in schemes with a high degree of 'pepper potting'. **Recommendation 7: Revise paras 4.10 and 5.3 to refer to all affordable units to be provided prior to 80 % of open market housing in schemes with a high degree of 'pepper potting'** **Add the following at the end of paras 4.10** ***"However, in schemes that provide for a phased delivery and a high degree of 'pepper potting' of affordable homes, the maximum proportion of open market homes that may be completed before the provision of all affordable units may be***

	increased to 80%" **Revise para 5.3 to read** ***"the Council will expect that the provision of affordable housing element will be phased in accordance with Para 4.10 of this Statement".*** **Delete "available and ready for occupation before 50% of the market housing is sold**".
The requirement for affordable housing to remain so in perpetuity is unacceptable to lenders at present and represents a significant obstacle to delivery of affordable housing.	The requirement for affordable housing to remain so in perpetuity is enshrined in the adopted local plan policies for the three predecessor authorities and should remain the baseline position. The document should however refer to occasions where the discount in Discounted Housing for sale may be purchased and the subsidy to be recycled. This should only be allowed at the discretion of the Council. **Recommendation 8: Add the following at the end of para 2.6 to refer to the possibility of the discount to be purchased and the subsidy to be recycled but only in exceptional circumstances and at the discretion of the Council.** **"*At the discretion of the Council and in exceptional circumstances there may be occasions when it would be appropriate to allow for the discount*"**
The Homes and Communities Agency has no mechanism for entering into partnership with non Registered Social Landlords.	Agreed **Recommendation 9: Amend Paras 2.3 and 2.13 to delete reference to bodies other than RSL's entering into partnerships with the Homes and Communities Agency.**
The document should refer to key worker eligibility for affordable housing	Agreed **Recommendation 10: Add the following to the end of para 2.9.** ***"In addition an applicant may be eligible if he/she is a key worker and contributes to the local community."***
Rural exception schemes should accord with the Council's strategic priorities	Agreed **Recommendation 11: Add the following as the penultimate sentence in para 3.10:** **"In addition the provision needs to meet the strategic priorities of the Council in relation to the development of affordable**

	housing in rural areas. These will be contained in the Housing Strategy for Cheshire East which is due to be published in spring 2011".
All rural exception sites should be in sustainable locations.	Agreed, rural exceptions sites should not be developed in isolated locations, but should be located close to villages. **Recommendation 12: Revise para 4.1 to clarify this:** **"All affordable housing should be located on sites *which contribute to the creation of mixed and sustainable urban and rural communities*"**
Improvements to the section on New Build Homebuy are proposed to ensure that it better reflects current Government legislation	**Recommendation 13: Revise paragraph 2.4 as follows** ……Additional shares can be purchased which will enable a resident to increase their equity share in the property ***and in many cases buy the final share and own the whole home. However,*** in 2009 the Government introduced new legislation whereby most of the rural parts of Cheshire East Council became 'Designated Protected Areas' whereby new affordable shared ownership dwellings in these areas would be subject to requirement that owners are either not able to acquire more than 80% equity in a property or if they acquire 100% equity, it has to be sold back to the RSL to retain as affordable housing in perpetuity. ***When staircasing has taken place the additional payments will be recycled and used for affordable housing in Cheshire East.*** The Council normally expect all schemes to ***be transferred to*** and managed by a RSL although consideration will be given to other suitable providers. In such cases legal restrictions on eligibility and rental levels will be necessary (see Section 5).

Cheshire East

Interim Planning Statement on Affordable Housing

February 2011

Cheshire East Council

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1 Introduction

1.1 The document relates to the provision of all forms of affordable housing by developers on housing sites within the Borough. As such it sets out the Council's definition of affordable housing and specific site requirements, as well as providing guidance on development considerations and means of securing their provision. It also sets out the Council's requirements for achieving mixed and balanced communities including the housing needs of specific groups.

1.2 This Interim Planning Statement (IPS) has been produced within the framework of the three adopted Local Plans for the former District authorities of Crewe and Nantwich, Congleton and Macclesfield, the Council's Strategic Housing Market Area Assessment (SHMA) and government guidance as expressed in national planning guidance and policy statements. It is also consistent with the Council's Corporate Objectives and the Sustainable Community Strategy.

1.3 The production of the IPS has been necessary because of changes to Government guidance since the Local Plans were adopted and sets out how that guidance will be applied pending the production of the Cheshire East Local Development Framework Core Strategy. It also reflects up to date housing need information for the Borough contained in the 2010 Strategic Housing Market Assessment. The IPS also addresses the increasing number of issues surrounding development economics and the viability of providing affordable housing.

Creating Balanced and Mixed Communities

1.4 A community's need for an appropriate balance and mix of housing including the provision of affordable housing is recognised at national level as a material consideration in determining planning applications for housing development. Government policy is to create sustainable communities that offer a wide range of housing and are socially inclusive.

1.5 Although the Borough has a stock of good quality housing with relatively low vacancy rates, in many areas there is an imbalance in the type and tenure of available housing. There is a need to ensure that future housing development in Cheshire East helps to support economic growth by providing for a range of income groups. This includes housing for economically active households seeking open market dwellings; households requiring affordable housing (both social rented and increased diversity of options through intermediate tenure). Such an approach will help to maintain long-term community sustainability and enhance the quality of life for local residents

1.6 The 2010 SHMA demonstrates strongest aspirations for traditional houses (three bedrooms in particular) from groups most likely to be economically active. It identifies a need to stimulate the housing market at all levels to ensure an adequate supply to accommodate a range of household types and income levels. Evidence suggests that across Cheshire East there is considerable market imbalance, with demand exceeding supply. Preferences are predominantly for houses (76.9%), followed by bungalows (15.4%) and flats (7.8%). Aspirations are therefore traditional and a key challenge is to reconcile this with development opportunities and site density requirements.

1.7 In addition the SHMA identifies that, based on CLG modelling, there is a net shortfall of 1,243 affordable homes each year across the District for the five year period 2009/10 to 2013/14. On this basis there is both a clearly identified need for more affordable housing, but there will not be sufficient supply side opportunities through which this can be addressed. It is therefore important that the Council establish an affordable housing target within its LDF policies that secures a proper balance between the provision of affordable and market housing, reflecting the needs in Cheshire East.

1.8 In order to address these deficiencies and needs, the Council will expect that all sites for new housing developments contribute to the creation of balanced and mixed communities. Mixed and balanced communities are those which provide a mix of tenures, dwelling types and sizes appropriate to the needs of the local community. This is recognised at national, regional and local level as being important to achieving social diversity and avoids creating concentrations of deprivation. The extent to which a site can contribute towards achieving this mix will be dependent on the size of the site and other factors such as site characteristics, site suitability and economics of provision - on larger sites there will clearly be greater scope to provide a range of different house types and tenures.

1.9 Whilst it is expected that general market housing will continue to make a significant contribution to meeting future housing needs, the Council gives priority to addressing other forms of housing to ensure that the Borough's housing needs are properly met. The IPS seeks to address principally those other forms of housing - affordable housing, low-cost market housing, special needs housing etc. – which are required to create properly balanced and mixed communities.

The Borough's Need for Affordable Housing

1.10 The 2010 SHMAA shows that In terms of relative affordability, Cheshire East is ranked the 8th least affordable District in the North West. The SHMAA found a high level of need for affordable housing in the Borough with an estimated annual requirement of 1243 additional affordable homes per year.

1.11 The main need for affordable housing provision is for social rented accommodation but the SHMAA identifies that 35% of households in need would consider intermediate tenures

1.12 Analysis suggests that around 54.2% of annual affordable requirement is likely to be satisfied through existing supply and an element of newbuild (which varies by the former districts: in the former Crewe and Nantwich 60.3% of requirement is likely to be satisfied, Congleton 58.2% and Macclesfield 46.9%).

1.13 Analysis of affordable housing requirements suggests that a range of affordable dwellings are required, in particular two and three bedroom general needs properties to address the needs of families. It is important that particular care is taken to ensure that properties are built to reflect the demand from families and in the interests of long-term community sustainability.

1 Introduction

Background, National and Regional Policy

1.14 Planning Policy Statement 3 Housing (issued in 2006 and amended in 2010) states the national policy context for affordable housing.

1.15 Paragraph 29 of PPS3 states what should be included in Local Development Documents with regard to targets and specific details for the amount, type, size etc of affordable housing and these documents must be based on robust, shared evidence base, through a Strategic Housing Market Assessment (SHMA).

1.16 Paragraph 30 goes on state the advice for affordable housing in rural communities, mentioning local authorities adopting a positive and pro–active approach which is informed by evidence, with clear targets for the delivery of rural affordable housing. Where viable and practical, LPA's should consider allocating and releasing sites solely for affordable housing, including using a Rural Exception Site Policy. These small sites should only be used for affordable housing in perpetuity and the policy should seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection.

1.17 ***At the regional level, the North West Regional Plan (policy L5) requires local authorities, using the results of up to date Strategic Housing Market Assessments and local studies, to address the need for more affordable housing and identify the methods by which they will aim to introduce an element of affordable housing into residential and mixed use development schemes, ensuring long term provision and availability in perpetuity, which may include the need to set conditions relating to occupancy.*** Local policy is provided by the adopted Local Plans of the three former District Authorities as expanded on below. It should be noted that all three Local Plans and the Congleton Supplementary Planning Document 6 predated the publication of PPS3 in 2006.

Crewe and Nantwich Borough Local Plan

1.18 Policy RES 7 of the Crewe and Nantwich Replacement Local Plan (2005) sets a target of a maximum of 30% affordable housing on allocated housing sites and on windfall sites. In relation to windfall sites, the threshold for application of the policy is sites of 25 units or more or greater than 1.0 hectares in size. However in settlements of less than 3,000 population or less a lower threshold of 5 units is applied and exceptionally, where there is a proven need, the threshold is sites of more than 1 unit.

1.19 The Policy states that, in determining whether a site is suitable for an element of affordable housing, the local planning authority will take into account:

- Whether the existing affordable housing stock meets the identified need
- The proximity of the site to local facilities and public transport
- The targets in the plan derived from the 2005 Housing Needs Survey
- The suitability of the site for housing and
- Economics of provision

1.20 This policy was modified by the former Crewe and Nantwich Borough Council in November 2005 to increase the affordable housing target to 35% and to lower the threshold to sites of 15 units or more or greater than 0.5 hectares in size. This reflected the findings and recommendations of the 2005 Housing Needs Survey for the former Borough of Crewe and Nantwich. The policy is therefore a material consideration, when dealing with planning applications. The modified policy could not, however, be saved by the Secretary of State under the Direction issued in February 2008.

Congleton Borough Local Plan and SPD 6

1.21 Policy H13 of the Congleton Borough Local Plan First Review (2005) states that the Council will negotiate the provision of an appropriate element of affordable housing on allocated sites and on unidentified housing sites of 1 hectare or more or comprising 25 or more dwelling units. The scale and nature of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities and other planning objectives.

1.22 Policy H13 is supported by the Supplementary Planning Document No.6 'Affordable Housing and Mixed Communities', which was adopted by Congleton Borough Council on 27th April 2006. On all sites which have been allocated for new housing in the Local Plan, the SPD states that the Borough Council will negotiate for the provision of a specific percentage of the total dwelling provision to be affordable homes. The desired target percentage for affordable housing for all allocated site is a minimum of 30%, in accordance with the recommendation of the 2004 Housing Need Survey.

1.23 The SPD also states that the Planning Authority will negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 0.5 hectare or 15 dwellings or more. The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion of affordable housing for any site will normally be 30%.

1.24 On allocated sites and windfall sites which are subject to an affordable housing requirement, there is also a requirement for 25% of dwellings to be 'low cost market housing'.

Macclesfield Borough Local Plan

1.25 Policy H8 and its supporting Reason set out and explain the position with regard to affordable housing requirements. Generally the policy provides that in developments of 25 or more dwellings, or on residential sites of 1 hectare or more, irrespective of the number of dwellings, the Council will negotiate for the provision of 25% of the dwellings as affordable housing.

1.26 Policy H8 also states that in settlements in rural areas with a population of 3,000 or fewer, the council will negotiate for a proportion of affordable housing to be provided on every housing proposal, where justified by reference to an assessment of housing needs and the available supply of land for housing.

1 Introduction

1.27 The policy states that in determining the level of affordable housing on specific sites, site suitability, economics of provision, the need to achieve a successful housing development and site size will be taken into account.

2 Delivering Affordable Housing

Definition of Affordable Housing

2.1 The government has defined affordable housing in Planning Policy Statement PPS3 '*Housing*' in November 2006 (revised 2010) as follows:

"It should meet the needs of households who are unable to access or afford market housing. It should be available at a cost low enough for them to afford, determined with regard to local incomes and local house prices. Its supply should include provision for the home to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

It can be:

- social rented (owned and managed by councils or registered social landlords); or
- intermediate housing (available at prices and rents above those of social rent, but below market levels)."

Acceptable Forms of Affordable Housing

2.2 As indicated above affordable housing may take the form of social rented or intermediate housing. Intermediate housing includes shared ownership schemes, discounted housing for sale and intermediate rent. Details of each of the main types are given below, although the Council will consider any other means of achieving affordable housing appropriate to the development:

Social Rented Housing

2.3 This refers to the provision of rented accommodation which is provided at levels no higher than the Homes and Communities Agency (HCA) target rents. The Council will normally require all social rented housing to be developed and managed by RSLs (Registered Social Landlords) as these organisations have as their prime objective the provision of social housing and are regulated by the HCA. Where an RSL is involved there are normally no reasons for the Council to impose legal restrictions on allocation, future occupation etc, other than those required to restrict eligibility on rural schemes (see Section 5). ~~***Consideration will, however, also be given to other suitable providers of social rented housing undertaken in partnership with the HCA, but in such cases legal restrictions on eligibility and rental levels will be necessary (see Section 5).***~~ The local authority will require, in the first instance, 75% nomination rights to all social rented properties and 50% on subsequent lettings. In order to ensure a balanced community is achieved, a local lettings policy may also be applied as stipulated within the Cheshire Homechoice service.

New Build Homebuy (Shared Ownership)

2.4 New Build Homebuy is a way of helping households to buy a share in their own home even though they cannot afford the full market value. The household purchases a share usually between 25 – 75% and pays rent on the remaining proportion to the managing Registered Social Landlord (RSL). Additional shares can be purchased which will enable a

resident to increase their equity share in the property ***and in many cases buy the final share and own the whole home. However,*** in 2009 the Government introduced new legislation whereby most of the rural parts of Cheshire East Council became 'Designated Protected Areas' whereby new affordable shared ownership dwellings in these areas would be subject to requirement that owners are either not able to acquire more than 80% equity in a property or if they acquire 100% equity, it has to be sold back to the RSL to retain as affordable housing in perpetuity. ***When staircasing has taken place the additional payments will be recycled and used for affordable housing in Cheshire East.*** The Council normally expect all schemes to be ***transferred to ~~developed~~*** and managed by a RSL although consideration will be given to other suitable providers. In such cases legal restrictions on eligibility and rental levels will be necessary (see Section 5).

Discounted Housing For Sale

2.5 This refers to the provision of subsidised low-cost market accommodation through a re-sale covenant scheme. The principle is that the accommodation is available at a fixed discount below the open market value to households in need. The level of discount will be that which is required to achieve the maximum selling price determined by the Council for those in need locally who cannot afford to buy on the open market.

2.6 The individual circumstances of each case and the area will be taken into consideration and will need to be negotiated with the Council prior to the determination of the relevant planning application. Evidence has shown that in order to achieve an affordable price, the level of discount will normally be required to be a minimum of 30% and up to 50% of the market price. The discount applies on initial and all subsequent re-sales thus ensuring that the accommodation is retained as affordable. Further information on the operation of re-sale covenant schemes is available on request. Discounted housing for sale will normally be provided by a private developer, in which case it should be subject to a satisfactory arrangement to ensure that the benefit of below market price housing is available in perpetuity to future occupants. ***At the discretion of the Council and in exceptional circumstances there may be occasions when it would be appropriate to allow for the discount.***

2.7 The Council will consider other forms of discounting housing for sale that meets its affordable housing objectives.

Intermediate Rent

2.8 This is housing that is a step between social rented and renting at full market value. Intermediate rents are lower than full market rents but higher than social rents.

Eligibility Requirements

2.9 The underlying criteria for eligibility to affordable housing is that households must be in unsuitable housing and unable to afford to rent or buy on the open market. This is the Council's definition of housing need for affordable housing. ***In addition an applicant may be eligible if he / she is a key worker and contributes to the local community.***

2.10 If an RSL is to manage the affordable housing, either for rent or sale, then the Council is satisfied that this will be sufficient to control both eligibility and future occupancy.

2.11 If affordable housing is developed by other housing providers the Council will require arrangements in place to ensure that any accommodation is available to those in housing need, as defined by the Council. Priority will also be required to be given to persons with a direct connection to the location of the scheme – location being defined as the catchment area for the property as agreed with the Council. In this respect direct connection would be defined as currently living in the location, having a first line relative currently living in the location (having been there over 5 years), or currently in employment in the location.

2.12 In the case of rural exceptions site schemes further occupancy criteria, generally as set out below, will need to be followed, in addition to the main housing need requirement. The details of such criteria will be the subject of discussion with the relevant Parish Council (See Section 7)

Criteria for Rural Exception Sites

- Occupancy will generally be restricted to a person resident or working in the relevant locality, or who has other strong links with the relevant locality.
- The locality to which the occupancy criteria are to be applied will need to be agreed with the Council prior to determination of the relevant planning application. Generally this is taken as the Parish or adjoining Parishes.
- To ensure an adequate supply of occupiers in the future, the Council will expect there to be a "cascade" approach to the locality issue appropriate to the type of tenure. Thus, first priority is to be given to those satisfying the occupancy criteria in relation to the geographical area immediately surrounding the application site, widening in agreed geographical stages.

House Prices and Rent Levels

2.13 **Social Rented and Intermediate Rented Accommodation** - where an RSL is involved rental levels will be set at an affordable level by the RSL itself. For social rented accommodation provided by other providers ~~***this must be in partnership with the Homes and Communities Agency and***~~ the rental levels will also need to be clarified with the Council to ensure they are set at an affordable level. For intermediate rental schemes, rents are typically at no more than 80% of market levels. In all cases a Section 106 Agreement will be required to ensure that rental levels remain affordable

2.14 **New Build Homebuy (Shared Ownership)** - where an RSL is involved the rental element will be set at an affordable level by the RSL itself but will need to be clarified with the Council. For shared ownership provided by other providers this must be in partnership with the Homes and Communities Agency and the rental element will also need to be clarified with the Council to ensure they are set at an affordable level. In such cases a Section 106 Agreement will be required. As indicated in Para 2.4 above, in most of the rural areas of the Borough, the Government has applied restrictions on the amount of equity that an owner is able to acquire. The house price of each property will be based on the open market value prevailing at the time of marketing the property as agreed with the Council, less a discount off open market value.

2 Delivering Affordable Housing

2.15 **Discounted Housing for Sale** - the house price of each property will be based on the open market value prevailing at the time of marketing the property as agreed with the Council, less the appropriate discount to achieve the agreed maximum selling price based on evidence contained in the SHMA and as updated annually by the Council's Housing Section. A Section 106 Agreement will be required to ensure that the level of discount remains in force for all initial and subsequent re-sales.

Resourcing an Affordable Housing Scheme

2.16 The Council recognises that requiring developers to develop or to allow parts of their site to be used for non-market affordable housing will result in a cost to the developer. Developers should assume that no social housing grant is available to support the provision of affordable housing. Therefore, in order to offset these costs developers will be expected to take the requirement for affordable housing into account when negotiating land value with site owners.

2.17 Where an RSL is to be involved the developer will be required to subsidise the cost of providing the housing either through the provision of land or the building of the accommodation or through a financial contribution such as to enable the property to be sold or rented at an affordable level without the need for social housing grant. In such cases, the number of units and the developer's contribution will normally be expected to reflect the total cost of the required affordable housing minus the capital element that can be serviced through the rents.

2.18 Where funding is provided towards a scheme by the Homes and Communities Agency, there must be evidence that the grant is adding value over and above that which would be obtained without the funding.

Use of Financial and Other Contributions In-Lieu

2.19 As a rule, the Council would prefer to see affordable housing provided on-site. This is in line with Government guidance to encourage the development of sustainable and balanced communities. However, there may be physical or other circumstances where an on-site provision would not be practical or desirable. Such circumstances might include where:

- the provision of the affordable housing elsewhere in the locality would provide a better mix of housing types
- management of the affordable dwellings on site would not be feasible
- it would be more appropriate to bring back existing vacant housing into use as affordable units
- the constraints of the site prevent the provision of the size and type of affordable housing required in the area

2.20 In such exceptional cases and entirely at the Council's discretion, developers may, in lieu of such provision, provide off-site affordable housing, or offer financial or other contributions towards the provision of affordable housing on an alternative site.

2.21 Where a financial contribution is offered, the amount of such contribution will normally be expected to reflect the cost necessary to facilitate an equivalent amount of affordable housing as would have been provided on-site. The amount of any contribution will need to be agreed with the Council. Where off-site provision is made by the developer or as a result of any financial contribution, this should be in a location elsewhere within the Borough where there is an identified need.

How to Achieve Affordable Housing

2.22 The policy requirement to provide affordable housing places an onus on the developer and/or landowner of a site to consider its provision prior to the sale or acquisition of a site.

2.23 To be accepted by the Council as affordable housing it must accord with the Council's definition of affordable housing as set out in this IPS, be of a suitable type and size, be on a suitable site and be subject to adequate arrangements to ensure its provision and continued occupancy by appropriate households. The IPS sets out precisely what those requirements are and all developers are expected to adhere to them.

2.24 Where a site meets the criteria for affordable housing as set out in the IPS, the Council will produce a Housing Needs Statement (HNS) for the site based upon current information. The HNS will set out the affordable housing needs of the area and the Council's requirements for the site in terms of the most appropriate mix of affordable house types and advise on the most appropriate means of securing their provision. Developers are therefore advised to approach the Council and seek early involvement of an RSL prior to submission of a planning application to enable negotiations to be entered into at an early stage.

2.25 Achieving affordable housing will require liaison between the developer and the relevant Sections of the Council. Depending on the nature of the housing it may also be appropriate to involve any third party responsible for managing the scheme and the Homes and Communities Agency in discussions. The agreed provision will then be secured through the use of planning obligations attached to the approved scheme.

2.26 In respect of rural exceptions schemes, the Council will require that a local housing needs survey is carried out before submitting a planning application in order to determine the extent of any need.

3 Site Specific Requirements for Affordable Housing

Allocated Sites

3.1 On all sites which have been allocated for new housing in any of the Congleton, Crewe and Nantwich and Macclesfield Local Plans, the Council will negotiate for the provision of a specific percentage of the total dwelling provision to be affordable homes. The desired target percentage for affordable housing for all allocated sites will be a **minimum of 30%**, in accordance with the recommendations of the 2010 Strategic Housing Market Assessment. This percentage relates to the provision of both social rented and/or intermediate housing, as appropriate. Normally the |Council would expect a ratio of 65/35 between social rented and intermediate housing. In addition, the Council will require the provision of an element of the market housing to be unsubsidised low-cost market housing (see para. 3.13).

Windfall Sites - Settlements of 3,000 Population or More

3.2 Planning Policy Statement 3 'Housing' states that the minimum site-size threshold above which affordable housing is to be sought should be 15 dwellings or more. The Council will therefore negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 15 dwellings or more or than 0.4 hectare in size.

3.3 The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion of affordable housing for any site will normally be 30%, in accordance with the recommendation of the 2010 Strategic Housing Market Assessment. This proportion relates to the provision of both social rented and/or intermediate housing, as appropriate. In addition, the Council will require the provision of an element of the market housing to be unsubsidised low-cost market housing (see para. 3.13). Where a scheme is for 100% affordable housing, an RSL should be involved in managing a proportion of the units in order to achieve a mix of tenures.

3.4 On sites below the size threshold the provision of affordable housing will not be a material consideration in determining the application, but developers are invited to consider making provision for an element of such housing as part of the overall scheme. In particular, the Council may seek the provision of an element of unsubsidised low-cost market housing in some areas to overcome deficiencies in this sector of the market.

3.5 In applying the size threshold, site areas will normally be measured to the natural, physical perimeters of the site. It will not be acceptable for developers to divide a site into smaller components in order to take the site below the threshold.

Windfall Sites - Settlements of Less Than 3,000 Population

3.6 Planning Policy Statement 3 'Housing' states that local authorities may wish to set lower minimum thresholds in rural areas where viable and practical this approach is supported by the 2010 Strategic Housing Market Assessment, subject to substantiating evidence.

3.7 Monitoring has shown that in settlements of less than 3,000 population the majority of new housing has been delivered on sites of less than 15 dwellings. The Council will therefore negotiate for the provision of an appropriate element of the total dwelling provision to be for affordable housing on all unidentified 'windfall' sites of 0.2 hectares or 3 dwellings or more in all settlements in the rural areas with a population of less than 3,000 population. The exact level of provision will be determined by local need, site characteristics, general location, site suitability, economics of provision, proximity to local services and facilities, and other planning objectives. However, the general minimum proportion for any site will normally be 30%. This proportion includes the provision of social rented and/or intermediate housing as appropriate. In addition, the Council may seek the provision of an element unsubsidised low-cost market housing (see para. 3.13).

3.8 On small sites the Council may agree that a payment in lieu of on-site provision is more appropriate to enable the affordable housing needs of the area to be met through provision elsewhere in the area or by other means, such as rehabilitation of empty properties. On sites below the size threshold the provision of affordable housing will not be a material consideration in determining the application, but developers are invited to consider making provision for an element of such housing as part of the overall scheme. In particular, the Council may seek the provision of an element of unsubsidised low-cost market housing in some areas to overcome deficiencies in this sector of the market.

3.9 In applying the size threshold, site areas will normally be measured to the natural, physical perimeters of the site. It will not be acceptable for applicants to divide a site into smaller components in order to take the site below the threshold.

Rural Exception Sites

3.10 Planning Policy Statement 3 'Housing' advises Local Planning Authorities to consider releasing sites solely for affordable housing in rural areas where planning permission for housing development would not normally be allowed. The Congleton and Crewe and Nantwich Local Plans both contain policies for these 'rural exception sites'. Such sites must be close to existing or proposed services and facilities. Proposals must be for small schemes appropriate to the locality and consist in their entirety of subsidised housing that will be retained in perpetuity for rent, shared ownership or in partnership with a RSL. In all such cases they must be supported by an up-to-date survey identifying the need for such provision within the local community. The Council's Rural Housing Enabler can give advice on the methodology for the survey which should normally be carried out either by, or in association with, the Parish Council. Unless the survey indicates a need for such provision, planning permission will not be granted. ***In addition the provision needs to meet the strategic priorities of the Council in relation to the development of affordable housing in rural areas. These will be contained in the Housing Strategy for Cheshire East which is due to be published in Spring 2011.*** Section 7 of this statement gives further information on how Parish Councils can assist in the delivery of affordable homes to meet the needs of their communities.

3 Site Specific Requirements for Affordable Housing

3.11 As the release of such sites will be an exception to normal planning policy, the location, scale, layout, density, access and design of any proposed scheme will be critical in determining whether it is acceptable. The 'Rural Exceptions' policy does not apply to proposals for individual homes in the rural areas not forming part of an overall affordable housing scheme, and consequently such proposals must accord with normal planning policies for the area.

Retirement Housing Schemes

3.12 Recently some innovative models of private sector housing for older people have been developed, including retirement and extra care villages. These schemes are characterised by the availability of varying degrees of care, 24 hour staffing and ancillary facilities. The Council recognises that such models can contribute to meeting affordable and special needs housing, thus the Council will seek an affordable housing contribution from these schemes in accordance with paragraph 3.2 above.

Low Cost market Housing Provided Without Subsidy

3.13 Low-cost market housing provided without subsidy cannot be regarded as affordable housing. However, it does have an important role to play in meeting the needs of households with income levels just adequate to access the open market. Because of the nature of the housing stock in the Borough there is a shortage of housing at the lower end of the market range. The Council will therefore normally require any new housing development of 10 dwellings or more to provide an element of its market housing units as unsubsidised low-cost market housing. Generally, and in addition to the requirement for affordable housing, the Council will look for a **minimum of 25%** of the total housing units on such sites to be unsubsidised low-cost market housing, although the nature of the site, economic considerations, the level of affordable housing provision, its location and nearby provision will be taken into consideration in determining the exact level of provision.

3.14 To be acceptable, unsubsidised low-cost market housing must be designed in an appropriate manner to be able to be more affordable than most general market housing in the area by virtue of its size, accommodation and amenities. The level of house prices for low-cost market housing for sale will be set by the developer but should be competitively priced to attract those who cannot afford existing housing in the locality. Usually this implies housing priced in the lower quartile of house prices for the area averaged over the most recent 12 months. The Council will also normally require all such housing to meet the dwelling type and size preferences set out for affordable housing property in para. 4.5.

3.15 Such forms of housing are usually provided by a private developer and are not subject to any eligibility or tenure controls by the Council, although there may be controls on the type of property and a requirement to ensure that the property is made available at an initial sale price in the lower quartile of house prices for the area.

4 Development Considerations for Affordable Housing

Location

4.1 All affordable housing accommodation should be located on sites which ~~***are sustainable and***~~ contribute to the creation of mixed ***and sustainable*** urban and rural communities. Wherever feasible and practicable, priority should be given to the use of previously developed (brownfield) sites in sustainable locations and to the reuse and conversion of existing buildings, particularly buildings which are of architectural or historic interest. All proposals will be required to accord with the policies of the adopted Local Plan in respect of their location.

Dwelling Types

4.2 The provision of affordable housing must be appropriate in size and type to meet the needs of specific households identified by the local authority as part of its strategic assessment of housing need. Wherever possible any affordable housing scheme should incorporate a range and mix of affordable house types although it is recognised that in smaller schemes the range and mix will be more limited.

4.3 The 2010 Strategic Housing Market Assessment indicates that in terms of affordable housing tenure, there is a requirement for both affordable homes for rent and intermediate housing options. a tenure target that matches the stated preferences of the target households of 35% intermediate and 65% social rented is considered appropriate to maximise the benefits of financially efficient intermediate housing options.

4.4 Where there is an identified need, affordable housing may also include other forms of dwelling types, such as communal flats, bungalows and sheltered accommodation, which are suitable for accommodating households with special needs e.g. elderly, physically disabled or those with learning disabilities.

4.5 In terms of property size and type, the requirements identified indicate a range of needs with some variation across the Borough. The appropriate mix of affordable housing should therefore be considered for each specific location. Overall, the 2010 Strategic Housing Market Assessment indicates that affordable needs are for the additional supply to be

- 14% for older persons comprising one or two bedroom units
- 50% one or two bedroom properties for general needs. Note that these figures combine the data for one bedroom (20%) and two bedroom (30%) as the long-term sustainability of small units should be carefully considered against the needs and demand.
- 23% three-bedroom and
- 13% four bedroom or larger.

4.6 With regard to the type of properties, in order to achieve mixed and tenure-blind developments, it is desirable that the affordable homes match the types being provided for the open market. The identified property preferences (house 42.3%, flat 38.7% and bungalow 19%), indicate that a range of types is appropriate.

4 Development Considerations for Affordable Housing

Design and Layout

4.7 The Borough Council recognises that dwellings are more likely to be affordable in comparative terms if the development in which they are comprised is at a relatively high density. On sites well served by public transport or close to the town centre, higher densities of development are particularly appropriate.

4.8 The design of new housing developments should ensure that affordable homes are integrated with open-market homes to promote social inclusion and should not be segregated in discrete or peripheral areas. Affordable homes should therefore be 'pepper potted' within the development. The external design, comprising elevation, detail and materials, should be compatible with open market homes on the development in question thus achieving full visual integration.

4.9 Affordable homes should be constructed in accordance with the standards proposed to be adopted by the Homes and Communities Agency and should achieve at least Level ~~***4***~~ ***3*** of the Code for Sustainable Homes (2007) ***and will be expected to achieve at least level 4 by 2013***. The design and construction of affordable housing should also take into account forthcoming changes to the Building Regulations which will result in higher build standards particularly in respect of ventilation and the conservation of fuel and power.

Phasing

4.10 In order to ensure the proper integration of affordable housing with open market housing, particularly on larger schemes, conditions and/or legal agreements attached to a planning permission will require that the delivery of affordable units will be phased to ensure that they are delivered periodically throughout the construction period. ***The actual percentage will be decided on a site by site basis but the norm will be that affordable units will be provided*** ~~***but in any event***~~ not later than the sale or let of 50 % of the open market homes. ***However, in schemes that provide for a phased delivery and a high degree of 'pepper potting' of affordable homes, the maximum proportion of open market homes that may be completed before the provision of all affordable units may be increased to 80%.***

5 Agreements for Securing Affordable Housing

General

5.1 The Council will require any provision of affordable housing and/or any control of occupancy in accordance with this ***Statement*** ~~***SPD***~~ to be secured by means of planning obligations pursuant to Section 106 of the Town and County Planning Act 1990 (as amended).

5.2 The Agreement will cover the number, type and size of units; their availability; need and affordability; price control and agreed tenure. In some instances it will address issues of periodic viability reviews where a reduced or nil element of affordable housing has been agreed.

5.3 Where any element of affordable housing is to be comprised in a larger development which also includes market housing, the Council will expect that ***provision of*** the affordable housing element will be ***phased in accordance with Paragraph 4.10 of this Statement.*** ~~available and ready for occupation before 50% of the market housing is sold or let~~. The Council will therefore require the Agreement to contain an obligation restricting the developer from allowing the sale or letting of an appropriate proportion of the market housing until the affordable housing element is built and ready for occupation.

5.4 In all cases where an RSL is to be involved in the provision of any element of affordable housing, then the Council will require that the Agreement contains an obligation that such housing is transferred to and managed by an RSL and that it should only be used for the purposes of providing housing accommodation to meet the objectives of an RSL as set out in the Housing Act 1996.

Need and Affordability

5.5 The Council regards the involvement of an RSL in any element of affordable housing as a sufficient guarantee of need and affordability without any additional control. In all other cases of affordable housing, the Council will require the Agreement to contain an obligation to make the affordable housing available to those in housing need and at less than the market price or rent in perpetuity, so far as the law allows, in accordance with the guidance set out in this Policy Statement

Tenure

5.6 The Council will require the Agreement to contain obligations appropriate to each tenure. Thus, where a development contains an element of affordable housing that is to be available for rent, the Council will require the Agreement to contain an obligation that any such housing is to be managed by an RSL or other agreed landlord.

5.7 Where a development contains an element of affordable housing that is to be available for sale or shared ownership, then the Council will require the Agreement to contain adequate principles of a scheme that has already been approved in advance by the Council or alternatively the Agreement may reserve the Council's right to approve a specific scheme prior to implementation.

5 Agreements for Securing Affordable Housing

Dwelling Types and Sizes

5.8 If the relevant planning application is in outline only, then the Council will require that the Agreement must stipulate ***an acceptable range for*** the number, type, tenure and size of all affordable housing units.

5.9 If the relevant planning application is a detailed application, then the Council will require that the Agreement contains an obligation that the affordable dwellings are to be built in accordance with the details comprised in the approved application as regards number, type, design, tenure and size of each dwelling.

Price and Rent Control

5.10 Where a development contains an element of affordable housing that is to be available for sale, the Council will require that the Agreement sets out the formula to be applied to achieve the desired level of discount in perpetuity. Where a development contains an element of affordable housing that is to be available for intermediate rent, the Council will require that the Agreement sets out the provisions and safeguards to achieve an affordable rent in perpetuity.

Rural Exception Sites

5.11 In addition to the above requirements, the Council will require the Agreement to contain obligations which adequately reflect the occupancy criteria and the locality criteria referred to in para. 2.9.

Use of Financial or Other Contributions

5.12 Where developers offer financial or other contributions towards the provision of affordable housing on an alternative site in the locality, and it is agreed by the Council that this is an acceptable means of providing affordable housing, the Borough Council will expect the Agreement to contain obligations relating to the provision of such contribution.

6 Viability of Affordable Housing Provision

6.1 National Planning Policy as set out in PPS3 'Housing' requires Local Planning Authorities to set economically viable targets for affordable housing. Consequently the targets set out in the Statement have been independently tested for economic viability through the Strategic Housing Market Assessment and are appropriate for use in current market conditions.

6.2 Nevertheless, as made clear in Section 3 of this Statement, the viability of individual schemes will be a material consideration in deciding planning applications. Since 2008 there has been significant downturn in the housing market and particularly on brownfield sites where costs of redevelopment are proportionally higher than greenfield sites. Developers have sought and continue to seek to negotiate a lower (or in some cases nil) provision of affordable housing on the basis that the Council's normal requirements would render redevelopment unviable. It is important therefore that a clear methodology for testing the viability of specific development proposals is established.

6.3 Accordingly the Council will require applicants, who are suggesting that exceptional financial circumstances exist to the extent that the Council's requirements for affordable housing cannot be achieved, shall provide a robust development appraisal and appropriate supporting evidence with their application when submitted.

6.4 Prior to submission the Council will expect that applicants' development appraisals shall have been independently verified by an external valuation expert. The costs of this independent verification shall be borne by the applicant. The external valuation expert to be used shall be previously agreed by the Council.

6.5 The minimum level of information that should be included in such a development appraisal is set out in Appendix 1 of this statement.

6.6 Where it is accepted by the Council that a development is not sufficiently viable to provide the requisite level of affordable housing, and where the development is in all other respects acceptable, it may consider requiring the applicant to enter into a legal agreement which effectively defers developer contributions during the period of development. More detail on this approach is contained in the Home and Communities Agency Good Practice Note on Investment and Planning Obligations (July2009), however the broad principles are explained below.

6.7 In these circumstances subject to the developer agreeing to initially provide the proportion (if any) of the affordable housing that the development appraisal indicated was viable, a further payment in lieu of the remaining affordable housing would become payable if and when there was an increase in the achieved sale values of the dwellings compared to the values assumed in the development appraisal. The calculation of further payments would be at agreed periods during the life of the development. This mechanism would only apply once development had commenced.

7 Rural Exceptions

7.1 Generally planning policies do not allow for new housing development in the open countryside outside of villages with settlement boundary lines. However in certain circumstances planning permission may be granted for small schemes of affordable housing where;

- The site adjoins the settlement boundary of a village or is within a village with no settlement boundary
- There is an identified need for affordable housing in that village or locality
- All the proposed housing is affordable, for people with a local connection and will remain affordable in perpetuity
- The development is in accordance with other local plan policies

7.2 The Council considers that the development of affordable housing in rural areas is best achieved in partnership with Parish Councils and local communities. For that reason the Council has appointed a Rural Housing Enabler who will provide Parish Councils with independent advice, support and information in developing a local affordable housing scheme.

Identifying Local Housing Needs

7.3 The first stage will be a rigorous assessment of local housing needs by means of a survey of all households in the Parish. The Rural Housing Enabler will advise on the detailed wording of the survey form, however a model form is attached at Appendix 2 of this Statement.

7.4 The survey will provide evidence of the level of need based on the number of households living in unsuitable accommodation or living with relations. It will give an idea of the potential number and type of dwellings that may be required and any specialist requirements (i.e disabled adaptations).

7.5 The Rural Housing Enabler, in conjunction with the Parish Council, will then undertake an analysis of the survey results.

Site Assessment

7.6 Subject to a need being identified, the next stage will be to identify a suitable site. The Parish Council would be expected to play an important role in site identification having an in depth local knowledge, although it will be important to involve the Council's Planning Officers to ensure that sites are suitable in terms of landscape impact, access, flood risk, nature conservation etc.

7.7 Priority will be given to sites within or on the edge of villages with a reasonable level of services and public transport. Clearly it is crucial that the landowner of any identified site is supportive of it being developed for affordable housing. Rural exception sites work because of the low values of the sites concerned. For this reason the inclusion of open market dwellings to subsidise the overall scheme is unacceptable and landowners should be made aware of this at the outset.

Development Partners

7.8 Normally a Registered Social Landlord (RSL) will be identified to lead the development process and to provide long term management of the resultant scheme. The RSL will undertake detailed site investigations, negotiate with the landowner to acquire the site and apply for planning permission. In designing the scheme prior to submitting a planning application, the RSL will be expected to work closely with the Parish Council and Council Planning Officers to achieve a suitable design and layout. The exact number and type of dwellings will necessarily depend upon the nature of the site and the level of identified need, however these types of development should be small scale and integrate well into the existing village scene.

7.9 A local consultation event will normally be held to allow local people the opportunity to comment on the plans before a formal planning application is submitted.

Implementation

7.10 Once planning permission has been granted the site may be developed and the dwellings built will be let to local people. In most cases the dwellings will be sold to an RSL which will then allocate or sell the properties to local people in housing need. The planning permission will be subject to a legal agreement that ensures that the dwellings will remain affordable to meet local needs in perpetuity. The legal agreement will also restrict occupancy of the dwellings to people who either live in the area or have strong local connection. In those cases where shared ownership housing is provided, it is likely that there will be restrictions on ‘staircasing’ (i.e. the level of equity in a property that the owner is able to secure) as explained in Para 2.4 of this document.

7.11 In the rare event that a property cannot be let to a person who either lives locally or has strong local connections, the legal agreement will include a cascade mechanism to ensure that an affordable dwelling is not left empty. In these circumstances a property may be let to a person who lives in a neighbouring parish or failing that other people on the Council’s Housing Register. (See Para 2.9 above)

Appendices

Appendix 1 Viability of Delivery of Affordable Housing

The Council will expect an 'open book' type of approach by the developer when considering evidence supplied about viability. The following gives an indication of the type of information that will be required from the developer in order for an assessment of viability to be carried out. All information supplied should be independently verified at the developer's cost by experts previously agreed by the Council.

REVENUES

- Gross Internal floor area of the properties
- The anticipated total sales value of the market housing.
- The anticipated value of the 30% affordable housing provision
- Affordable Housing Grant

COSTS

- Marketing and sales costs associated with the sales of the dwellings.
- Site acquisition costs including legal costs, stamp duty, fees etc.
- Build costs
- Preliminaries indicating what are included.
- Fees e.g. architect, quantity surveyor etc
- Planning and building control costs
- Site infrastructure to include site roadways, landscaping, boundary treatment etc
- Costs of finance including interest rate and term
- Other Section 106 costs such as external highways works, public open space, community benefits or infrastructure etc.
- Abnormal costs (i.e. not known at time of site acquisition)
- Developer's profit margin.
- Contingencies

Appendix 2 Model Housing Needs Survey Form

Appendix 2 Model Housing Needs Survey Form

Rural Housing Needs Survey

Whether you consider yourself to have a housing need or not, the information that you provide is highly important, so please spend a few minutes filling in this form. The more information that we collect, the more accurate this survey will be. Please note all information provided will be treated in the strictest confidence.

To be completed by the householder (If a joint household can one person please complete)

Please cross one answer per question unless otherwise instructed, and keep the cross in the box. ☒

Q1. Which parish do you currently live in? (See accompanying letter for assistance and write in below)

For office use only

If you are not sure, could you please provide us with your postcode

Q2. How many people live in your household? (Including yourself)

Enter a number in the box (e.g. 02)

Adults (16 and over) Children (under 16)

Q3. In which of these ways does your household occupy your current accommodation?

Tied accommodation ☐
Private renting ☐
Housing assoc. renting ☐
Owner occupier ☐
Other (please specify) ☐

Q4. Are you, the householder, currently needing alternative accommodation in your local area?

Yes ☐ No ☐ **If no, go to question 6**

Q5. Please indicate why you need alternative accommodation? (Please cross all that apply)

Need larger accommodation ☐
Need smaller accommodation ☐
Need independent accommodation ☐
Neel Level or physically adapted accommodation ☐
Need to be closer to employment ☐
Need cheaper home ☐
Need permanent accommodation *(If living in short term let)* ☐
Need to be closer to a carer or dependent ☐
Other reason (please specify) ☐

Appendix 2 Model Housing Needs Survey Form

Q6. Do any other members of your household wish to form a new household inside Cheshire East within the next 5 years and need their own accommodation?

Yes ☐ No ☐ **If no, go to question 20**

Q7. How many members of your household wish to form a new household inside Cheshire East within the next 5 years and need their own accommodation?

One ☐ Two ☐ Three or more ☐

For the following questions up to question 19, please consider the one household member who requires the move earliest.

Q8. What would be the total annual income of the new household?

(We understand you may prefer not to answer this question but it would help us get the right mix of rented and subsidised ownership on any new sites if we know what people can afford to pay. Please note that this answer will remain confidential.)

Under £15,000 ☐ £25,000 - £30,000 ☐

£15,000 - £20,000 ☐ £30,000 - £35,000 ☐

£20,000 - £25,000 ☐ Over £35,000 ☐ Prefer not to say ☐

Q9. Who is looking for accommodation?

Daughter or son ☐ Other (please specify) ☐

Q10. When is the move required?

Within 1 year ☐ Between 2 & 3 years ☐

Between 1 & 2 years ☐ Between 3 & 5 years ☐

Q11. Taking into account the cost of housing in your area what type of tenure would they realistically be looking for? (Please cross all that apply)

Subsidised Ownership to an affordable level ☐

Private renting ☐

Social renting ☐

Buying on the open market ☐ **If you have chosen only buying on the open market than go to question 20.**

Q12. If the considered tenure of the new household is shared ownership, what mortgage would be affordable?

(Please take into account that with shared ownership there is also a rent to pay).

Under £60,000 ☐ £100,000 - £150,000 ☐

£60,000 - £85,000 ☐ Over £150,000 ☐

£85,000 - £100,000 ☐ Not considering shared ownership ☐

Appendix 2 Model Housing Needs Survey Form

Q13. Where is the new household required?

Outside current parish but within Cheshire East ☐

Within the Parish that is currently lived in ☐ **Go to question 15**

Q14. Please state which parishes within the survey area would be considered? (See accompanying letter for assistance and write in below)

Q15. What type of accommodation is preferred? (Please cross all that apply)

House ☐ Supported housing ☐

Flat ☐ Any ☐

Bungalow ☐

Q16. What is the minimum number of bedrooms required?

Enter a number in the box (e.g. 02) ☐☐

Q17. Please indicate how many adults there will be within each age range in the new household?

Please cross one box per line

	1	2	3	4 or more
16-19	☐	☐	☐	☐
20-29	☐	☐	☐	☐
30-44	☐	☐	☐	☐
45-59	☐	☐	☐	☐
60-74	☐	☐	☐	☐
75+	☐	☐	☐	☐

Q18. Will the new household have specific housing needs (e.g. mobility, disability requirements)?

Yes ☐ No ☐

Q19. How many children under 16 will there be in the new household?

Enter a number in the box (e.g. 02) ☐☐

Q20. Has any member of your household moved out of either your parish or the Cheshire East area within the last 5 years, because they could not afford to buy/ rent a home in the area?

Yes ☐ No ☐ **If no, go to question 23**

Appendix 2 Model Housing Needs Survey Form

Q21. If yes, would the member(s) of your household who have moved out wish to return if affordable housing were available?

Yes ☐ No ☐ Unsure ☐ **If no or unsure, go to question 22**

Q22. What type of tenure would they consider? Please cross all that apply

- Subsidised Ownership to an affordable level ☐
- Private renting ☐
- Social renting ☐
- Buying on the open market ☐
- Other ☐

Q23. Would you be in favour of a small development of affordable housing being built in your parish to meet the needs of those having a local connection to the parish?

Yes ☐ No ☐ Unsure ☐

If you wish to, please give a reason for this view

Q24. Are you aware of any sites that might be suitable in your local area for affordable housing and if so please let us have the details?

This survey is printed in mainly Arial, font size 11. If you require a copy in larger print please contact:

Cheshire East Research and Intelligence unit by ringing: (01244) 977560
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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Borough Treasurer & Head of Assets and Head of Policy & Performance
Subject/Title:	Business Planning Process 2011/2014 – Budget Report
Portfolio Holders:	Councillor Fitzgerald / Councillor Brown

1.0 Report Summary

1.1 The Cheshire East Council Budget for 2011/2012, has been produced following engagement on the Pre-Budget Report that was issued in January 2011.

1.2 The Budget Report sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2011, as well as financial estimates for the 2012/2013 and 2013/2014 financial years.

1.3 The 2011/2012 Budget will be reported to Cabinet on 14th February 2011. Any changes made as part of this process will be amended in the final report made available to Members ahead of the Council meeting on 24th February 2011.

1.4 At the time of writing, the Local Government Finance Report for 2011/2012 had been published on 31st January 2011. This contains final formula grant allocations which are reflected in the attached documents. However, the figures are not confirmed until approved by Members of Parliament following a debate in the House of Commons on 9th February. Should there be any changes they will be notified at the Cabinet meeting.

2.0 Decision Requested

2.1 Note the results of the Budget Engagement exercises undertaken by the Council (Appendix A).

2.2 Note the comments of the Borough Treasurer and Head of Assets (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget (Appendix B, Comment from Borough Treasurer).

2.3 Recommend the 2011/2012 Budget Report to Council for approval (Appendix B).

2.4 Recommend the three-year Capital Programme for 2011/2012 to 2013/2014 to Council for approval (Appendix B, paragraphs 52 to 63 and Annex 6).

2.5 Recommend a Band D Council Tax of £1,216.34 (no change from 2010/2011) to Council for approval.

2.6 Recommend the Reserves Strategy to Council for approval. (Appendix B, Annex 8).

2.7 Agree the 2011/2012 non ringfenced Specific Grants (excluding DSG) (Appendix B, paragraphs 18 to 22) and agree that Portfolio Holders be authorised to agree any necessary amendment to particular grants within their area of responsibility in the

light of further information received from Government Departments or other funding bodies.

2.8 Agree the 2011/2012 Dedicated Schools Grant (DSG) of £229.6m and the associated policy proposals (Appendix B paragraphs 23 to 33 and Annex 6).

2.9 Authorise the Children and Family Service Portfolio Holder to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes and the actual balance brought forward from 2010/2011.

2.10 Recommend the Prudential Indicators for Capital Financing to Council for approval. (Appendix B, paragraphs 62 and 63 and Annex 5).

2.11 Note the risk assessment detailed in Appendix B, paras 82 to 84 of the report and Annex 7.

3.0 Reasons for Recommendations

3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet will approve the Budget for 2011/2012 on 14th February 2011. At the same meeting, the Cabinet will receive the final Formula Grant Settlement (subject to approval by Members of Parliament) and the draft Capital Programme. A copy of the budget report is attached in Appendix B.

3.2 The Borough Treasurer and Head of Assets (Chief Financial Officer) reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, she is satisfied with the robustness of the estimates making up the Budget Requirement of £249,015,000 and she is satisfied with the adequacy of the financial reserves for the Council.

4.0 Wards Affected

4.1 Not applicable

5.0 Local Ward Members

5.1 Not applicable

6.0 Policy Implications including – Carbon Reduction
– Health

6.1 The report outlines policy proposals which will impact on service delivery.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 The report includes details of policy proposals which will affect service budgets from 2011/2012 onwards.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The Council should have robust processes so that it can meet statutory requirements and fulfill its fiduciary duty.

9.0 Risk Management

9.1 The steps outlined in this report significantly mitigate the four main legal and financial risks to the Council's financial management:

- The Council must set a balanced Budget
- The Council must set a legal Council Tax for 2011/2012
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

9.2 A risk assessment of the individual proposals over £100,000 being put forward will be carried out by each directorate.

10.0 Background and Options

10.1 The Business Planning Process was agreed by Cabinet in July 2010. This report provides an update on events, details of the Budget Report and the next steps.

10.2 Following approval the Business Planning Process was launched at a Member Briefing session on 23rd July. Detailed guidance was subsequently issued to all senior managers and Members.

10.3 Between August and February a significant amount of activity has taken place to reach the Budget Report position.

10.4 This report includes two appendices which provide all the detail behind the 2011/2012 budget:

- Appendix A: The Budget Engagement Report.
- Appendix B: The Budget Report for 2011/2012 (including the Reserves Strategy for 2011/2012).

11.0 Access to Information

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

Name:	Lisa Quinn
Designation:	Borough Treasurer and Head of Assets
Tel No:	01270 686628
Email:	lisa.quinn@cheshireeast.gov.uk

Name:	Vivienne Quayle
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Appendix A

BUDGET ENGAGEMENT PROCESS

1. Cheshire East Council completed the Budget Engagement process for the 2011/2012 Budget from 19th January to 24th February 2011, where it was able to share budget proposals with stakeholder groups and meet the relevant statutory and best practice requirements.

Background

2. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups such as the Schools Forum and businesses. In addition, the Council chooses to consult other groups, including, partners, third sector organisations, Trade Unions, Cheshire Police Authority and Cheshire Fire and Rescue Authority.

Business Planning Process

3. In July 2010, the Cheshire East Cabinet agreed a comprehensive Business Planning Process, designed to align priorities with resource allocation. The process included outline details of the stakeholders and the need for an engagement process. A two stage approach was confirmed for 2011/2012:

   Round 1 – held in autumn 2010
   Round 2 – held in January and February 2011

4. The strap line of **'Our People, Our Place'** was chosen for the events and further work was undertaken to develop their format and content.

Round 1

5. Round 1 of the engagement exercise used existing meeting structures and newsletters to provide a briefing on the Comprehensive Spending Review and the implications for the Council. Some of the key dates in October and November are set out below:

- 22nd & 28th October	Manager Conferences
- 21st October	Policy Briefing Paper to all Members (attached at **Annex 1**)
- 21st October	Opposition Leaders Briefing
- 22nd October	Staff Newsletter
- 27th October	Overview and Scrutiny Budget Consultation Group
- 29th October	Business Planning Briefing to all Members
- 2nd November	Letter to all staff from the Chief Executive
- 3rd November	Senior Manager Meeting
- 4th November	Partnerships for Action in Cheshire East Executive

Round 2

7. Round 2 of the Our People, Our Place engagement took place in January and February 2011 as follows:

- Tuesday 18th January	All Members Briefing
- Wednesday 19th January	Pre Budget Report available for all staff and stakeholders
- Thursday 20th January	Partners / Third Sector Meeting
- Friday 21st January	Trades Unions / Staffing Committee
- Tuesday 25th January	Schools Forum Meeting
- Wednesday 26th January	Business Breakfast Meeting
- Thursday 27th January	Town and Parish Councils Meeting

Engagement Material

8. The key purpose of the second round was to engage on the Council's Pre Budget Report. The Pre Budget Report was introduced last year as an innovative way of presenting the Council's financial position, key service developments and impact of the budget in a user friendly and readable format. The document was well received last year and has been further enhanced for 2011/2012. The Pre Budget Report was circulated in advance of the meetings and made available to delegates at each event. Staff were also notified that it was available.

9. The Pre Budget Report was placed on the Cheshire East Council website on 19th January. The website included details of how to comment on the issues.

Format of the January Meetings

10. The events took a similar format with presentations followed by group discussions or question and answer sessions. The presentations related to:

- The funding position.
- The Business Planning Process.
- Key policy revenue and capital proposals in the Pre Budget Report.

11. The Cheshire East Council Cabinet and Corporate Management Team were well represented, with the Leader of the Council and Chief Executive attending most of the events.

Feedback

12. A summary of issues raised at the events is attached at **Annex 2.**

Where Next?

13. Cabinet Members have given a clear undertaking to further improve consultation and engagement arrangements and a review will be undertaken for next year.

Conclusion

14. Cabinet Members reviewed all the feedback from the events and, where possible, have factored these into their detailed budget deliberations. Some of the feedback will assist with setting out proposals for the 2012/2013 Budget where it is expected that further savings will need to be made as a result of a further decrease in Government support.

Annex 1

Comprehensive Spending Review (CSR) - Policy Briefing
Issued on 21st October 2010

Headlines

CSR - 7.1% annual cut to Communities budget

1. Overall savings in funding to councils of 7.1% per year for four years.

2. End to ring-fencing of all local government revenue grants from April 2011 with the exception of simplified schools grants and a public health grant.

3. Reduction in the number of separate core grants to local authorities from over 90 to fewer than 10.

4. Grant funding for social care increased by an additional £1 billion by 2014/2015.

5. A further £1 billion for social care provided through the NHS to support joint working with councils

6. Community budgets will be established in 16 local authority areas to pool departmental budgets for families with complex needs including Westminster

7. New Homes Bonus to give councils financial incentives to ensure that local communities benefit from new housing and economic development.

8. Councils will no longer have to report on 4,700 local area agreement targets.

9. Funding in all 4 years to enable a council tax freeze in 2011/2012

10. Use of personal budgets extended.

11. Tax Increment Finance powers introduced, allowing councils to fund key projects by borrowing against future increases in locally collected business rates Details to come in White Paper on local growth.

12. Councils will have greater flexibility to manage council tax together with direct control over Council Tax benefit, within an overall budget that will be reduced by 10% from April 2013.

13. New payment mechanisms (payment by results) for prisons, probation, and community health services.

14. £1.6 billion CLG funding to be devolved to Local Government.

15. Capital funding from all departments to councils will fall by around 45% over the Spending Review period. The Government will prioritise capital investment on areas of greatest economic value, such as high value local transport

16. In 2011/2012, £200 million will be available to councils to accelerate reforms of local services.

CSR - Government will fund council tax freeze

17. The CSR announced that local authorities who freeze their council tax next year will be refunded at a rate of 2.5% per year.

CSR - Reforms to housing mean social tenants will pay more

18. The Chancellor announced new reforms which will result in all new social tenants paying higher rents for properties, up to 80% of market value.

CSR – Other announcements

19. The numbers of ringfenced council grants will be drastically reduced. Also announced was a £200m fund for councils to accelerate reforms of local services.

20. Pooled budgets will be rolled out in 16 areas, including Westminster, from next year.

21. The settlement includes funding to support the Big Society, including pilots for the National Citizen Service

Most voters say the cuts are "unavoidable"

22. A YouGov poll released this morning said that 60 per cent of people think cuts are inevitable but opinion is split of the speed and depth of cuts.

Government borrowing reaches record high

23. Office for National Statistics figures show the government borrowed £15bn in September - the highest ever.

Annex 2

Our People, Our Place – Budget Engagement

Summary of Key Engagement Issues

Financial Stability

Council Tax Freeze

Confirmation that in return for freezing Council Tax for 2011/2012 the Council will receive the grant for four years.

Inflation

The Council is not providing for a general inflationary increase in 2011/2012 on the basis that the significant funding reductions are leading to cash based budgeting. Any inflationary pressures have to be absorbed by services. The Council is monitoring the situation and has created a contingency for unavoidable inflationary commitments of £1.9m.

Single Person Discount

This was a compliance issue with no change in the discount.

Business Rates

The Council had no control over the amount of business rates it retained but was lobbying to improve the situation.

Grants

The results of the settlement had not been as bad as initially expected however, in some cases information was still awaited.

Reserves

It was essential for the Council to keep a minimum level of reserves based on a risk assessment. Any planned use had to be repaid over time to maintain levels.

Value for Money

Noted the spending power per head figures quoted by Central Government placed Cheshire East at £753.31 compared to the England average of £1,007.21. In terms of school funding and the Guaranteed Unit of Funding (GUF) Cheshire East receives £4,695.01 compared to the national average of £5,082.53.

Our People

Commissioning Services

Acknowledged the potential pressure on the third sector and charities as funding levels reduce. Need to work together on commissioning services and making savings.

In some cases there was a preference for smaller, local commissioning arrangements.

Acknowledged opportunities for making the most out of visits to homes from Fire staff etc

Reductions in Grant Funded Services

Noted impact on staff who provided those services but it was now down to schools to determine the type and levels of service required.

Changes in Services to Adults

Significant funding had been provided to meet the growth in demand.

The Council has a very strong commitment to personalisation.

The Council had a policy of only providing funding to meet needs that were assessed as critical or substantial as it could not afford anything else. All clients were being reviewed and may experience a change in service levels as a result.

The Council was willing to work with partners on prevention but was not able to provide additional funding.

The financial impact of preventative work was very significant.

Leisure Centres

These have a key role to play in keeping people active so they do not need care from the Council and will be used to provide more targeted services to individuals through the lifestyle concept. This will increase income levels and mean the facilities are financially viable.

Closer working over public health with the health service meant there was huge scope for improvement in this area.

Youth Support

The future of youth support and advice is currently being discussed and cannot be commented on at this time.

Our Place

Waste

The collection service for recyclables is being reviewed and an improved service will be introduced.

Road Maintenance

Noted concerns over the new Highways contract in terms of influence and policy direction. Also lessons would be learnt from other parts of the country. There were also queries over how to contact the Council regarding faults.

Car Parking Charges

Some of our partners fully appreciated the need for charging and highlighted the link between charges and bus use.

Road Safety Reductions

Clarification this was not a reduction to road safety levels but a saving from new ways of working. The Council remain committed to improving road safety.

Planning

Mix of concerns but process was ongoing and detailed issues would be addressed such as use of green belts and agricultural land etc.

All views would be listened to - make use of parish plans where possible.

Systems continued to be developed and improved.

Regeneration

There remained scope for closer working with the Chambers of Commerce in terms of support to small and medium sized enterprises and removing any duplication of effort.

It was agreed the Council would maintain a list of courses on offer to businesses that set out what businesses would gain by attending.

Businesses were asked to comment on the draft “engaging with businesses” document on the Council’s website.

Supporting Service Delivery

Local Service Devolution

Workshops would be held in February and March to clarify the way forward and understand the level of interest.

Budgets for Local Working

Confirmation the 2010/2011 budget allocation was in the base but no additional funding was included in the Pre Budget Report.

£625k was set aside in the Reserves Strategy for pump priming work in Parishes.

Energy Prices

The Council has an invest to save programme which has allocated funding to several energy reduction projects. These are being targeted at the heavy use areas.

Procurement

The Council was actively improving its procurement methods through better information and economies of scale etc.

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APPENDIX B

Budget Report
2011 / 2012

Our People, Our Place

February 2011

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Foreword by Cllr Wesley Fitzgerald

I am pleased to present Cheshire East Council's Budget for 2011/2012.

I attended a number of engagement events in January, following the publication of the Pre Budget Report. And I'd like to thank our stakeholders for their attendance and constructive remarks. It is clear to me that the challenges facing the Council, while not unique, are understood and our approach is being recognised as appropriate and necessary.

The budget focuses on the Council's aims despite the pressing need to reconcile a reducing grants position against a rising demand for services. The population is generally ageing, requiring more care, but the demand for the protection of our young people has also increased and the weather is seriously affecting the condition of our road network.

The Council is well prepared, we have restructured and transformed services to create real efficiencies over the last two years. This approach continued over the autumn and early winter as the Cabinet and Management Team have worked at reducing the impact on services and the transformation will continue in order to deliver the budget whilst protecting front line services.

The Council's decision to accept a proposal from government to freeze the Cheshire East Council Tax will be welcome news to residents. The Council will receive a grant, allowing us to keep council tax at the 2010/2011 rates.

But in response to the low supply of property in the area there is going to be a reduction in discounts on second homes and homes that are left empty for long periods. And in some service areas charges may rise.

We will continue to transform services to provide essential funding for front line services, we will strive to make each pound go further. The Community Strategy, "Ambition for All," sets out how Cheshire East could look over the next 15 years. This will be achieved through co-ordinating effort in the local area.

Our seven priorities as an area are to:

- Nurture strong communities
- Create conditions for business growth
- Unlock the potential of our towns
- Support our children and young people
- Ensure a sustainable future
- Prepare for an increasingly older population
- Drive out the causes of poor health

2011/2012 will be a key year to engage with the government to ensure they recognise the potential in Cheshire East. We are responding positively to proposals for changes in the structure of local government funding. We believe changes can be made to increase accountability to the local area, its businesses and its citizens. We recognise that delivering high value, low cost council services is essential to this aim.

Using government comparisons the spending power for Cheshire East Council is only £753.31 per head, this compares to an England average of £1,007.21. Value in Cheshire East is already high, but we will continue to do more.

The spending of local funding in this budget is based on the needs of local residents. I look forward to continuing our work with local partners and businesses to maintain Cheshire East's position as a prosperous place with great potential.

Cllr Wesley Fitzgerald

Leader of the Council
& Portfolio Holder - Resources

Comment from the Borough Treasurer

The Cheshire East Council Budget for 2011/2012 includes significant savings proposals. This always presents a risk in how completely such savings can be realised.

My role as Chief Finance Officer (CFO) involves supporting services to maximise value to customers whilst working to control spending within agreed limits. This is a statutory role and all CFO's have recently received a letter from CIPFA, reinforcing the statutory background to this role.

I have a responsibility to report on the robustness of the estimates contained within this budget. The Council has managed an intense process to scrutinise proposals for the 2011/2012 Budget from June 2010 to February 2011.

Officers and Members, as well as key stakeholders have been involved in the budget setting process. **Chapter 6** of this Report provides a breakdown of the engagement process associated with the production of the budget. I am satisfied that the final estimates, although ambitious, are robust.

The key financial risks facing the Council in 2011/2012 include:

- Outturn spending in 2010/2011
- Increasing demand for services
- Low opening Reserve levels
- Falling Grants and the overall review of local authority finance
- Rising inflation

Each risk is being addressed. For example, quarterly monitoring reports to Cabinet have established mitigating actions in relation to spending in 2010/2011. Services demands are being met by growth proposals, particularly in Services for Adults

The Reserves Strategy, established in 2009/2010, remains effective, and has supported payments in advance for invest to save projects such as the energy reduction programme.

The Government aim to reduce grants to Local Authorities by over 25% within 4 years. With this target in mind this budget also contains provisional estimates for 2012/2013 and 2013/2014 (see **Annex 6**).

Cheshire East Council is not as dependant on government grants as many local authorities, but any reduction still has an impact. The projections for the next three years demonstrate that estimates contained in the 2011/2012 budget are essential and will greatly assist the Council in establishing longer term financial stability.

Inflation is currently higher than government targets. This budget reflects inflationary increases within services where it is already anticipated and a contingency has also been established for additional in-year inflation.

The Council has an established approach to balancing its budget using five measures that demonstrate where choices are made. This is summarised in **Annex 3**.

Finally, a comment on reserves. The opening balance of reserves is expected to be below the level of risk. This budget therefore proposes repayments to reserves as well as the reduction in the number of earmarked balances.

After reviewing all of the supporting material I am satisfied that the estimated level of expenditure matches the level of income, this includes the necessary repayments to reserves. The Reserves Strategy has been updated to demonstrate that the 2011/2012 Budget will establish adequate General Reserves for Cheshire East Council (see **Annex 8**).

Lisa Quinn

Borough Treasurer & Head of Assets
Section 151 Officer

Overview

This Budget Report outlines proposals to support the Council's vision whilst acknowledging continuing financial pressures and a reduction in funding from Government. Local demographic pressures, in particular the increasing numbers of older people, must be recognised as the Council strives to

Work together to improve community life

Key Proposals within the Budget Report 2011/2012 respond to the current challenges whilst minimising the impact on citizens. Proposals include:

- **No Council Tax Increase ~** the Coalition Government offered funding in return for a freeze in Council Tax in 2011/2012. Therefore Council Tax will remain the same and the Authority will benefit from this time limited 'freeze' funding of £4.4m for four years.

- **Adults ~ Overall Budget increasing to recognise £10.1m of growth pressures**
  - Acknowledging the rising population of adults needing support by increasing the budget for Adult Services by £11.8m.
  - Increasing Spending in Adults, Community & Health & Wellbeing following funding transfers from the NHS.
  - Continuing re-ablement activity, reducing subsidy and continuing transformation to realise savings.
  - Lifestyle Centres – rethinking the relationship between services to Adults who receive care and the Council's recreation service, to tackle two key budget issues of reducing care costs by keeping people healthy, and generating income for discretionary, but valued services.

- **Children and Families ~ Overall Budget increasing to recognise £0.1m of growth pressures**
  - Increasing budgets to continue to provide care for looked after children
  - Reducing activity levels where acceptable and improving commissioning to reduce costs.

- **Places ~ Overall Budget Decreasing by £3.9m**
  - Supporting rising costs in roads maintenance of £300,000
  - Enhancing, and optimising refuse collection activity, whilst realising savings of £700,000
  - Total Transport - transforming the way in which transportation is delivered across Cheshire East to meet the future needs of customers, our commitment to carbon reduction and more effective and efficient public services. The three major projects behind this programme are:
    - Integrated Transport Unit project – To implement a re-designed passenger transport function into the Places Directorate to ensure the needs of residents are more readily met.
    - Highways Re-procurement – ensuring efficiency in delivery of Highway services.
    - Fleet Review consolidating the fleet operation across Cheshire East, delivering major savings, improving efficiency of service delivery and providing a more locally responsive service.

- **The Council Tax Base has been revised** due to the impact of a review of single person discounts and the decisions to reduce the discount on second homes to 10% and remove the discount on long term empty properties**. Overall this will raise an anticipated £2.1m in 2011/2012.** Support will continue to help bring empty homes back in to use to meet housing demand.

- **Supporting Service Delivery & Cross Directorate Savings ~ Decreasing Budget by £11.1m**
  - Targeting procurement savings and efficiency in business management processes.
  - Freezing pay, proposals to harmonise pay, reducing staff on-costs through salary sacrifice schemes and reducing costs of agency staff.
  - Improving use of the Council's property portfolio and energy efficiency.
  - Restructuring Democratic services to achieve optimum use of resources.
  - Rationalising Internal Audit, Partnerships, Planning & Performance and Communications teams.
  - Rationalising back office processes and changing demand in Customer Services by reducing contact and the need for face to face contact.
  - Continuing last year's commitment to support a campaign to ensure citizens receive all benefit entitlements.

- **No Supplementary Business Rates** are being levied in 2011/2012.

- **Income from charges** for Council services is estimated to **increase in line with inflation** unless stated otherwise within this document. Changes to Adults Services charging are being consulted on.

- General **reserves will increase** to an **appropriate level**.

- **Council borrowing to support 2011/2012 planned capital expenditure is estimated at £24m,** of which £16m relates to new capital schemes and £8m for ongoing capital schemes. This represents an increase of £2.3m from 2010/2011.

- The net **capital financing costs have increased to £13.9m**, 5.6% of the net revenue budget. A small increase of £0.3m over 2010/2011.

Introduction – Getting the most from this report

This section helps you to make effective use of the Budget Report by outlining the information contained within each chapter.

Main Report

Chapter	What's in this Chapter
1. Financial Stability	This section establishes how the Amount Available to Spend on Council Services is determined. It also sets out the detailed funding arrangements and economic factors that impact on the revenue and capital budgets.
2. Our People	This section highlights how the Amount Available to Spend on Council Services is allocated and spent on Our People. It also provides the overall vision and approach taken in the Adults and Children and Families Directorates to deliver services in the medium term. This is followed by details of the issues and proposals for the service areas of Children and Families, and Adults, Community, Health and Wellbeing Services.
3. Our Place	This section highlights how the Amount Available to Spend on Council Services is allocated and spent on Our Place. It also provides the overall vision and approach taken in the Places Directorate to deliver services in the medium term. This is followed by details of the issues and proposals for the service areas of Environmental Services, Safer & Stronger Communities, Planning & Housing and Regeneration.
4. Supporting Service Delivery	This section highlights how the Amount Available to Spend on Council Services is allocated and spent on Support Services. It also provides information on key services such as Legal and Finance that assist the front line directorates. The chapter sets out the purpose, issues and proposals for each area.
5. Budget Impact	This chapter provides a flavour as to the impact of the budget proposals on the Cheshire East area.
6. Summary of Business Planning Process	Details of the Business Planning Process including the engagement methods.

Annexes

Annex		What's in this Annex
1.	A Profile of the Authority	A detailed statistical profile of the Council's administrative area.
2.	Grant Funding Position 2011/2012	An analysis of the funding announcements for 2011/2012 and the equivalent position for 2010/2011.
3.	Balancing the Three Year Budget Position	Supporting financial data to Chapter 1.
4.	Minimum Revenue Position	Annual Minimum Revenue Provision Policy Statement 2011/2012
5.	Prudential Borrowing Indicators	The calculations and an explanation of the Council's Prudential Borrowing rationale.
6.	Service Budget & Capital Details	Detailed pages setting out the policy proposals and Capital Programme for 2011/2012 divided up into service areas.
7.	Risk Analysis	Consideration of the risk factors surrounding the setting of the Budget.
8.	Reserves Strategy 2011/2014	Report setting out the strategy used for calculating the required reserve levels.
9.	List of Abbreviations	Details of abbreviations used in the report.

1. Financial Stability

Background

1. This section of the Budget Report focuses on the local and national influences that impact on how the Council intends to fund local services in 2011/2012 and the future.

2. Cheshire East Council is a large unitary authority in the North West of England. The Council is the third largest in the region, behind Liverpool & Manchester City Councils. However, the rural nature of the area means the challenges are different. A detailed analysis of the local area, including population statistics, is provided at **Annex 1**.

3. The Council acts responsibly to balance the needs of local people against the finances available to pay for the service levels demanded. Revenue is received or generated from a number of sources, which are set out below:

Source	Paragraphs
Government Grant Funding of Local Expenditure	4 to 33
Collecting Local Taxes for Local Expenditure	34 to 48
Charges to Local Service Users	49 to 51
Investment, Borrowing and the Capital Programme	52 to 63

Income and expenditure is also influenced by decisions and estimates of the Council in relation to:

Managing the Reserves Position	64 to 69
Other Economic Factors such as inflation & pensions	70 to 84

Each source is dealt with in turn below, with an overall summary provided on Page 24.

Government Grant Funding of Local Expenditure

4. The nature of council funding changed in 2010. On 20th October the Chancellor of the Exchequer, the Rt Hon George Osborne MP, made the following statement in delivering the Comprehensive Spending Review to Parliament:

   "There will be overall savings in funding to councils of 7.1% a year for four years. But to help councils, we propose a massive devolution of financial control. Today I can confirm that ring-fencing of all local government revenue grants will end from April next year.

   The only exception will be simplified schools grants and a public health grant. Outside of schools, police and the fire service, the number of separate core grants that go to local authorities will be reduced from over 90 to fewer than 10."

5. Cheshire East receives two main types of Government grants, **Formula Grant** and **Specific Grants**. The overall total of Government Grant estimated for 2011/2012 is **£444.1m**. This represents **a reduction of £8.5m** (1.9%) in comparison to grant received by Cheshire East Council in 2010/2011. This represents an increase of £9.5m since publication of the Pre Budget Report, reflecting the up to date estimate of Council Tax Benefit and Housing Benefit.

6. On the same day as this announcement, the Secretary of State for Communities, Rt Hon Eric Pickles MP, wrote to all local authorities to confirm that 24 specific grants would be rolled into Formula Grant. If this exercise had happened in 2010/2011 it would have affected £18.6m of Cheshire East grants. The beneficial impact of rolling these grants up is to provide greater flexibility to the Council in determining the local allocation of funding.

7. This increased flexibility allows the Council to allocate funding based on local needs rather than top down targets. However, the Council still currently relies on significant government grants and the overall savings requirement will therefore impact on the Council's financial stability. This is particularly challenging given the short timescales in which these changes take place.

8. The method of calculating central Government support to the Council provides relatively low financial assistance to Cheshire East, as the calculations take account of the relative affluence of local people. The Council therefore relies on the payment of Council Tax to support service delivery, which helps to make the Council highly accountable to local service users. This is positive in many ways, as it helps to engage local residents in establishing how local services should be delivered.

Formula Grant (includes National Non-Domestic Rates - NNDR)

9. On 31st January 2011 the Department for Communities and Local Government (DCLG) announced the Finance Settlement which set out how much Formula Grant each local authority will receive from April 2011. In

2011/2012 Cheshire East Formula Grant will be **£70.3m**. This is a reduction in cash terms of £11.8m (14%) when compared to the equivalent 2010/2011 position.

10. Formula grant is a central Government allocation of Revenue Support Grant (RSG) plus income from redistributed business rates – National Non-Domestic Rates (NNDR). Formula Grant is not ringfenced, meaning the Council is solely responsible for the allocation and spending of this income.

    RSG is divided into four blocks:

    i. A needs assessment – relative needs formulae – is intended to reflect the relative cost of providing comparable services between different local authorities. It takes into account characteristics such as population and social structure.
    ii. A resources element – relative resources amount – takes into account the different capacity of different areas to raise income from Council Tax due to the differing mix of properties. It is a negative amount as it represents assumed income for local authorities.
    iii. A central allocation which is the same for all local authorities delivering the same services.
    iv. A floor 'damping block' in order to protect local authorities from large grant increases or decreases. Grant changes to other Councils in the same class are scaled back in order to bring all local authorities to the appropriate floor. The damping process has been further complicated by the inclusion of banding to protect authorities who are heavily reliant on Government support.

11. **Table 1** (below) shows the split between Revenue Support Grant and National Non-Domestic Rates which is included within the Formula Grant. The table also shows the impact of government cuts in this grant.

Table 1: Overall Formula Grant has reduced considerably for 2011/2012

	2010/2011 £m	2011/2012 £m	Change £m	%
Revenue Support Grant	8.1	16.6	8.5	
National Non Domestic Rates	55.4	53.7	(1.7)	
Total Formula Grant	**63.5**	**70.3**	6.8	
2010 Value of Grants Rolled in to Formula Grant from April	18.6			
Overall Impact on Cheshire East Formula Grant	**82.1**	**70.3**	(11.8)	**-14.4%**

Source: CLG and Cheshire East Finance

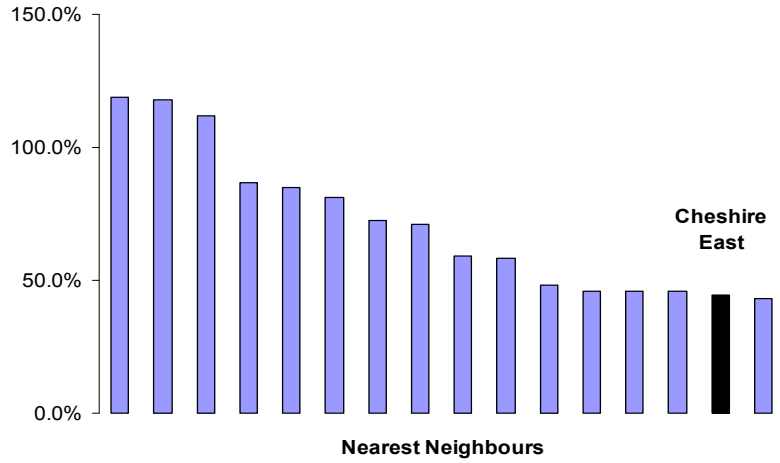
12. Cheshire East's Formula Grant per head, of £191.62, for 2011/2012 is the lowest within its group of comparable local authorities (Nearest Neighbour group). Bedford had the highest Formula Grant per head within this group at £343.05 per head.

13. National Non-Domestic Rates (NNDR) is collected from businesses in Cheshire East based on commercial rateable property values and the NNDR multiplier. The Multiplier has been provisionally set by the DCLG in line with inflation and to take account of the cost of small business rate relief. The inflation factor used is 4.6% which reflects RPI (Retail Price Index) as at September 2010.

14. The small business multiplier applied to businesses who qualify for the small business relief has been provisionally set at 42.6p in 2011/2012. The non-domestic multiplier has been provisionally set at 43.3p in the pound for 2011/2012. Bills will be issued to businesses in February 2011 after the provisional multiplier has been confirmed.

15. The amount collected is paid into a national pool and reallocated back to local authorities based on need. The element of NNDR funding retained by Cheshire East Council is low compared to the amount of NNDR collected. **Chart 1** compares the amount of rates retained against the nearest statistical neighbours.

Chart 1: In 2010/2011 only 44.3% of business rates collected in Cheshire East were retained for spending on Council services



Sources: CLG 2010/2011 NNDR1 returns, CIPFA Council Tax Demands and Precepts Statistics 2010/2011

16. Figures are not currently available for the estimated 2011/2012 NNDR yield for other authorities, however due to the centralised nature of setting Business Rates, there are no significant changes expected.

17. In a recent Government White Paper '*Local Growth: realising every place's potential'* the government sought opinion on retention of Business Rates by Local Authorities. Cheshire East Council is supportive of these proposals on the basis that further growth can be stimulated and local business can become better engaged with the Council and the local strategies.

Specific Grants

18. This relates to targeted areas of Government financial support. In 2011/2012 Cheshire East Specific Grants will be **£373.8m**. This is an increase in cash terms of £3.3m (0.9%) when compared to the equivalent 2010/2011 position.

19. The Council receives a number of grants or subsidies from different Government departments. Not all of these have been announced and information is still being received. The Council maintains a Grants Register which details this complex picture. Grants not included in the Settlement include items such as Housing & Council Tax benefit & Sixth Form funding.

20. Specific grants are split between non - ringfenced (£144.2m) and ringfenced (£229.6m). Spending in relation to ringfenced grants must be in line with the purpose for which it is provided.

Non- Ringfenced Grants

21. Following the October 2010 Spending Review and the letter from Rt Hon Eric Pickles MP it was confirmed very few grants were remaining as Specific Grants. Of these, only school grants and the new public health grant will be ringfenced. Other specific grants are not ringfenced, so although provided for a specific reason, the Council is able to determine the actual allocation and spending of such income. **Annex 2** provides further information on each remaining Specific Grant.

22. **Table 2** sets out the forecast income from non - ringfenced specific grants to Cheshire East Council using estimates where further information is still pending.

Table 2: Non Ringfenced Grants in 2011/2012 have not changed significantly

	2010/2011 Adjusted £m	2011/2012 £m	Change £m	Change %
Specific Grants	139.2	139.8		
Council Tax Freeze Grant	—	4.4		
Total	**139.2**	**144.2**	5.0	3.6%

Source: CLG

Ringfenced Grants

Dedicated Schools Grant (DSG)

23. The Government has announced the indicative allocations of DSG for 2011/2012 which is ringfenced. They are based on Guaranteed Units of Funding (GUF) per pupil. The Pupil numbers used in the calculation to date are based on the October 2010 Pupil Level Schools Census information. Final allocations of the 2011/2012 DSG will be based on actual pupil numbers in early 2011 and will not be known until May / June 2011.

24. **Table 3** shows the actual DSG received for 2010/2011, the estimated DSG for 2011/2012, the actual GUF (Amount per Pupil) received for 2010/2011 and the estimated GUF to be received for 2011/2012 (excluding the adjustment for Academy recoupment).

Table 3: Dedicated Schools Grant has increased to reflect mainstreamed grants

	Actual 2010/2011	Estimated 2011/2012
Dedicated Schools Grant	£200.6m	£229.6m
Amount Per Pupil	£4,110	£4,695

Figures quoted are before the Academy recoupment.
Source : CLG

25. The Department for Education (DfE) have mainstreamed £28.6m of grants in to the DSG (announced on 13th December 2010). The GUF and DSG therefore appear to have increased significantly between 2010/2011 and 2011/2012. Every local authority's GUF has increased from the 2010/2011 amount by the per pupil grant allocation received, which in effect has maintained funding levels for schools at the same level as for 2010/2011.

26. This is intended to ensure minimal turbulence between Local Authorities when mainstreaming the grants. The level of GUF for Cheshire East appears to be reasonable compared to the level of grants held previously. However, in the future, those grants will be subject to direct variation with pupil numbers, which was not previously the case. The GUF does not include any allocation for inflation which is expected to be approximately £2.3m.

27. **Annex 2** provides a summary of the overall impact on DSG and details of those grants which have been mainstreamed.

Dedicated Schools Grant (DSG) ~ Pupil Premium

28. The Government has also announced that a Pupil Premium will be introduced from April 2011, paid to local authorities by means of a specific grant based on January 2011 census figures for deprived pupils in years from Reception to Year 11.

29. The indicator for eligibility will be Free Schools Meals, and £430 for every deprived child in maintained schools and academies will be made available in the first year. Children who have been looked after for more than six months will also attract the £430 pupil premium from 2011/2012, and children whose parents are in the armed forces will attract £200 per annum. It is estimated that Cheshire East Council will receive £2m in relation to the Pupil Premium for 2011/2012.

Dedicated Schools Grant (DSG) ~ Academy Funding

30. The DfE have announced that its methodology for calculating Academy budgets will be retained for a further year. The DfE continue to be clear that becoming an Academy should not bring about a financial advantage or

disadvantage to a school but rather, enable Academies to have greater freedom over how they use their budgets.

31. The Individual Schools Budget (ISB), and the grants receivable for the new academies which opened during 2010/2011; Brine Leas, Fallibroome and Sandbach, have been removed from the total DSG award to be received. The funding for these academies of approx £17m will be recouped from the Authority's DSG as part of the academy recoupment process.

32. The local authority budget element of the Local Authority Central Spend Equivalent Grant for the number of new academies and free schools expected to convert or be established in 2011/2012 and 2012/2013 has been top sliced from formula grant in those years. The top slice is based on estimates of the number of new academies and free schools expected over the next two years.

33. Cheshire East Council's formula grant is being reduced by £0.9m. This money has not previously been recouped from local authorities and there will be no further adjustments to local authority funding in 2011/2012 and 2012/2013 as academy conversions take place in this time period.

Collecting Local Taxes for Local Expenditure

34. The amount of Council Tax charged to occupied properties in 2011/2012 will be frozen at the 2010/2011 amounts. For 2011/2012 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34. This also reflects the acceptance of the Council Tax freeze grant. The level of Council Tax for each band is shown in **Table 4** below:

Table 4: Impact of Cheshire East Council Tax on each Band.

Band	A	B	C	D	E	F	G	H
Council Tax £	810.89	946.04	1,081.19	**1,216.34**	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	29,069	34,197	32,711	24,216	18,679	12,832	11,838	1,696

Source: Cheshire East Finance

35. However, overall Council Tax income is estimated to increase to **£178.7m** in 2011/2012 which is a rise of £2.1m compared to 2010/2011. This reflects increases in the tax base and increases the amount available for services.

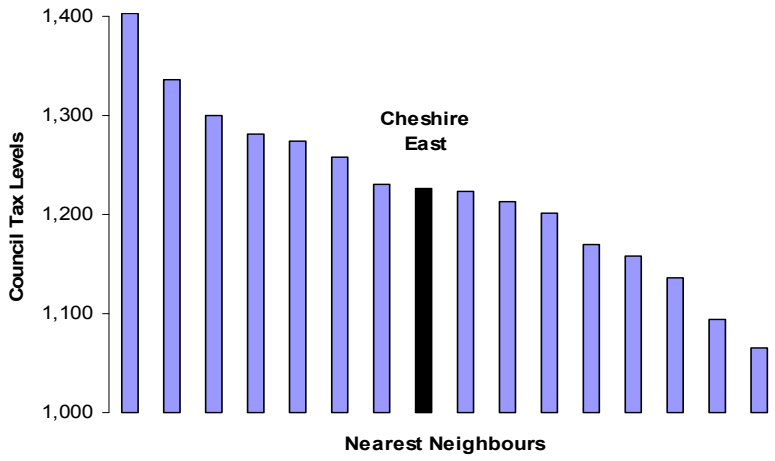
36. The decision to set the level of Council Tax is normally reserved for the Members of the Local Authority, however, the Government have set up a new grant for authorities willing to freeze council tax levels. In a letter from the Rt Hon Eric Pickles MP dated 20th October 2010, the following proposal was made:

"...if you choose to freeze council tax in 2011/2012, we [the government] *will fund the equivalent of a 2.5% increase in council tax that year for the Spending Review period"*

37. In considering this proposal comparisons were made with nearest neighbours on Council Tax levels. **Chart 2** shows that the level of Cheshire East Council Tax is in the middle of the pack.

38. If most local authorities accept the proposal, the Cheshire East Council Tax level would remain in the middle of the pack, which is satisfactory. The Budget Report therefore includes acceptance of the government proposal. Funding from this grant has been calculated at £4.4m for 2011/2012 and is included in the Specific Grants section above.

Chart 2: Government forecasts show 2011/2012 Band D Council Tax for Cheshire East Council will be in the middle when Compared with Nearest Neighbours



Source: DCLG Provisional Settlement Reports 2011/2012

Council Tax Base

39. The Council Tax Base quantifies the number of properties from which the Council is able to collect Council Tax. The Tax Base is presented as an equivalent number of domestic properties in Council Tax Band D after adjusting for relevant discounts and exemptions. The level of Council Tax multiplied by the tax base equals the expected income from local taxation.

40. The Authority formally approved the Council Tax Base on 16th December 2010. The gross tax base for 2011/2012 (before making an allowance for non-collection) is calculated as 148,383.04. After taking into account current collection rates, a non-collection rate was set at 1%. This results in a final tax base of 146,899.21 Band D equivalent domestic properties.

41. The tax base for 2011/2012 reflects an increase of 1.19% from 2010/2011. This increase comes from 4 key areas:

i. New development in the area
ii. Fluctuations in the number of discounts awarded
iii. A campaign to eliminate incorrectly claimed discounts

iv. The reduction in discount for second and long term empty properties from 25% to 10% and nil respectively.

42. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands E to H in the Cheshire East area (27.3% in Cheshire East compared to the England average of 18.5%). Revenue Support Grant (see Formula Grant above) is comparatively low for Cheshire East based on the perceived high resources available from Council Tax payments.

Collection Fund

43. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police Authorities and Local Town & Parish Councils). A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget (and vice versa in the case of a surplus). This can happen if predicted changes in the tax base do not occur or if payments are delayed.

44. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2011. This represents no change from the position forecast at 31st March 2010.

Council Tax on Second Homes

45. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-

i. 50% to be retained by local authorities.
ii. The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

46. Under this agreement a small charge is made to the Police and Fire authorities for administration.

47. The final figures cannot be calculated until each authority has set its 2011/12 Council Tax. Contributions under the Second Homes agreement to the CDRP from Cheshire Police Authority and Cheshire Fire and Rescue Authority will be made during 2011/12 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is shown in the table below.

48. The further proposed reduction in the Second Homes discount from 25% to 10% is not part of the above agreement and therefore the additional income from that reduction is not included in the figure shown overleaf.

Table 5: CDRP Contribution

	2011/2012 £000
Contribution to CDRP by Cheshire East Council for the employment of Police Community Support Officers and other local activities	114

Source: Cheshire East Finance

Charges to Local Service Users

49. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or all of the Council's costs in delivering discretionary services.

50. Approximately 9.5% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually. Overall, income from charges is expected to increase in line with inflation. Charging for Adults Services is undergoing consultation.

51. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some prices may rise considerably more than inflation. In such cases users are being consulted and alternative service options are being discussed.

Investment, Borrowing & the Capital Programme

52. The Capital Programme, managed by the Council, is funded through receipts, grants and borrowing. Costs are also partly mitigated through secure investment of cash balances, but there is a net cost to the revenue budget in respect of Capital Financing. An allowance of **£13.9m** is included in the proposed 2011/2012 budget for this.

Capital Programme Funding

53. During 2010/2011 a fundamental review of the capital programme has been undertaken to ensure that it only includes schemes that fulfil the Council's priorities for service delivery. As a result of this review, reductions in the capital programme totalling £5.7m have been made and where possible a number of schemes have been deferred until future

years. Significant reductions in specific capital grants to support improvements in the infrastructure of the school property portfolio will mean a significant reduction in capital improvement schemes affecting schools in 2011/2012.

54. The proposed new capital schemes for the 2011/2012 programme take into account the following factors:

- Available external funding
- Essential maintenance and replacement
- Invest to save – capital investment required to deliver revenue saving proposals
- Available capital receipts
- Affordable levels of Prudential Borrowing

55. The programme is set out in **Table 6** below and further details are provided in **Annex 6**

Table 6 Capital Expenditure and Funding 2011/2012

	£M
Total Capital Expenditure	**77.0**
FINANCING	
Supported Borrowing	4.1
Unsupported Borrowing - Prudential	20.0
Government Grants	35.1
Capital Reserve	12.8
Linked/earmarked Capital Receipts	2.5
External Contributions	1.4
Other Revenue Contributions	1.1
	77.0

Source: Cheshire East Finance

Capital Financing Costs

56. The capital financing budget includes the amounts charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances during the year.

57. No additional loans have been taken out during 2010/2011 as the Council is currently able to borrow from internal cash balances to fund the capital programme.

58. The Council currently has debt outstanding of £135.5m. In 2010/2011 the opportunity was taken to restructure £50m of debt by replacing a number of loans with an average interest rate of 4.22% with a new loan at a rate of 2.35%. This will generate savings over the next ten years of £4.47m of which £0.6m will be achieved in 2010/2011 and £0.8m in 2011/2012. The savings have been reflected in the budget for 2011/2012 as set out in **Table 7.**

59. The budget is based on current commitments within the Capital Programme and therefore additional borrowing in future years to fund new schemes will put significant pressure on the financing budget.

60. Following the Comprehensive Spending Review, the Government has increased the cost of new borrowing from the Public Works Loan Board (PWLB). The current PWLB rate (as at 7 January 2011) for a new maturity loan for 30 years is 5.36%.

Table 7: Capital Financing costs can be partially offset by Interest on balances

	£m
Repayment of outstanding debt	9.4
Interest on long term loans	6.1
Contribution from services towards the cost of borrowing	-0.8
Total Debt Repayment	**14.7**
Less Interest receivable on cash balances	-0.8
Net Capital Financing Budget	**13.9**

Source: Cheshire East Finance

Interest Rates

61. The latest national economic forecast indicates that the recovery in growth is likely to be slow and uneven. The Interest Rate forecast reflects the fragility of the recovery and the impact of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank of England is forecast to stick to its lower for longer stance on rates**.**

Table 8: Interest Rates are expected to rise steadily

	Dec 2010	Mar 2011	June 2011	Sep 2011	Dec 2011	Mar 2012	June 2012
Bank Rate	0.50	0.50	0.50	0.75	1.00	1.25	1.50

Source: Bank of England

Prudential Indicators

62. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. CIPFA issued a revised Code in November 2009.

63. Prudential Indicators are the means whereby local authorities are able to ensure decisions made on the mix between revenue and capital expenditure are made on an informed basis that is prudent (i.e., does not result in too high a level of external borrowings) whilst at the same time sustainable (i.e., does not result in excessively large increases in Council Tax bills). The Prudential Indicators for 2011/2012 to 2013/2014 are set out in **Annex 5**.

Management of Council Reserves

64. The Council Reserves Strategy 2011/2014 states that the Council will maintain reserves to protect against risk and support investment. In line with the Strategy, the Council intends to increase the level of reserves by **£5.1m** in 2011/2012.

65. The Strategy identifies two types of reserves:

- *General Reserves*
  - Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.

- *Earmarked Reserves*
  - Balances in this category are set aside for specific projects where spending will occur outside of the usual annual spending pattern of the budget.

66. Cheshire East Council's Reserves Strategy has been updated and is included at **Annex 8** to this report. For the 2011/2012 Budget the Chief Finance Officer is satisfied that the strategy remains consistent with previous years.

67. The need to make contributions to general reserves is mainly associated with the repayment of costs associated with past staff reduction proposals. It should be noted that there is no further central allocation of costs associated with severance of staff contracts. Further severance and actuarial costs may be proposed during 2011/2012, however, any settlement will be dependent upon identifiable savings and opening balances confirmed from the closure of the 2010/2011 accounts.

68. At 1st April 2010 Cheshire East Council held general reserves of £10.2m. For 2011/2012 the level of risk has been reduced based on more historic data now being available and the embedding of key items within the Revenue Budget. **Table 9** (overleaf) provides a forecast of the closing General Reserves balance as at 31st March 2012.

69. **Table 9** (overleaf) reflects the opening balance at 1st April 2011 after adjusting for the projected 2010/2011 outturn. Further work is progressing to mitigate in year impacts where possible. The position will also be reviewed in the light of ongoing consultation exercises over changes to Services to Adults, and the Council may also opt to use Capitalisation Directives (permission to spread the cost over several years, funded by the Capital programme), to support costs from restructuring, where appropriate.

Other Economic Factors

70. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions (for example: estimated inflation rates). The planning assumptions were last published in July 2010. Allowance will be made in 2011/2012 budget for other economic factors, largely inflation and pension costs; totalling **£6.7m**.

Inflation

71. The Pre-Budget Report for 2011/2012 includes a provision of **£1.9m** in respect of potential pressure from inflation and changes to National Insurance Contributions. Inflationary pressure is generally being mitigated by service efficiency proposals.

Table 9: General Reserves are expected to increase in 2011/2012

Detail	2010/2011 £m	2011/2012 £m
Estimated Balance @ 1st April	**10.2**	**6.7**
Projected Increases in Reserves		
- Contingent Asset (VAT reclaim) net of fees	1.6	0.7
- Business Finance Loan Repayments	0.3	0.2
- Planned Contribution to Reserves	4.3	5.1
- Contribution from Earmarked Reserves		2.3
Projected Use of Reserves		
- Transfer to Voluntary Redundancy Reserve	(1.5)	
- Estimated Impact of 2010/2011 Spending	(7.7)	
- Supplementary Revenues Estimates	(0.2)	
- Transitional Funding carried forward (P&C)	(0.3)	
- Repayment due to CWAC re location		
Forecast General Reserves @ 31st March	**6.7**	**15.0**
Risk Assessed Minimum Level		14.7
Un-Allocated Balance		**0.3**

Sources: Cheshire East Council Reserves Strategy 2010/2011 to 2012/2013 & Quarter 3 Budget Monitoring Report 2010/2011

72. Recent trends in the Consumer Price Index (CPI) are shown in **Chart 3** (overleaf). CPI rose from 3.2% in October 2010 to 3.3% in November 2010. The Governments' Comprehensive Spending Review estimates inflation at 2.1% and has allowed for this in government settlements.

73. Inflation for Cheshire East Council is split between two elements, the potential impact in each element is described below:

Pay expenditure

To date no pay award has been agreed for 2011/2012. The employers are seeking a pay freeze but the employees' representatives have requested an increase of £250 per person. Should this be agreed it would cost £1.5m.

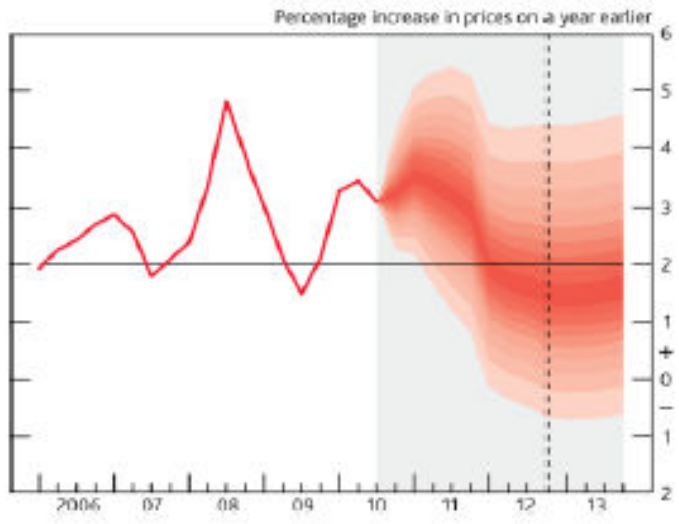
In addition the pay award for 2010/2011 has not been settled. The employees have requested an increase of £250 for each of those paid less than £21,000 per annum. If agreed this would cost £1m.

Another cost pressure includes changes to National Insurance – employer contributions. It is expected this will cost £0.2m from 1st April 2011.

Non pay expenditure

As an indication, if an allowance for non pay inflation, at the CPI rate of 3.3%, was provided it could cost the Council an additional £4.4m. These pressures are being mitigated through improvements in procurement and efficiency.

Chart 3: CPI is projected to rise in the short term before reducing to targets levels of around 2%.



Source: Arlingclose Economic and Interest Rate Forecast Report November 2010

Reading this Chart: Fan charts are a way of graphically illustrating probability. Each band represents a 10% probability, so if a band is wide then each point within that band carries a lower probability than points contained within a narrow band. The line shown at the left hand side represents historical data.

74. The fan chart at **chart 3** shows the probability of various outcomes for CPI growth. The right hand side of the chart shows possible CPI future growth with past movements shown on the left. There is a 10% probability that CPI will be around 1.5% in 2013. There is a 10% probability that the growth will fall outside of the shaded areas of the fan. The most likely growth pattern is shown by the darker shading in the centre of the fan.

Employee Pensions

75. Based on the latest actuarial valuation of the Cheshire Pension Fund, the employer contribution rate for Cheshire East will increase by 0.5% from 1st April 2011. This will result in additional costs of **£0.6m** per annum.

76. The reorganisation and transformation process the Council is going through has led to greater efficiency and a reduction in staff numbers. Some of this has been through early retirement. Actuarial charges totalling **£4.2m** have been allowed for in 2011/2012 relating to these retirements.

Summary of Financial Stability

77. Funding for Council services is affected by a large number of income sources and corporate costs. The overall picture changes in response to both national and local decisions. The Funding Available to Services in 2011/2012 is estimated at **£597m** which is a reduction of £4.8m (0.8%) compared to 2010/2011.

78. **Table 10** summarises the changes from the 2010/2011 Budget to the 2011/2012 Budget.

Table 10: Funding in 2011/2012 will reduce by £4.8m

Income Source	2010/2011 £m		2011/2012 £m		Variance £m
Formula Grant	(82.1)		(70.3)		
Specific Grants	(370.5)		(373.8)		
Government Grant Funding		(452.6)		(444.1)	8.5
Local Taxation		(176.6)		(178.7)	(2.1)
Investment & Borrowing		13.6		13.9	0.3
Management of Reserves		4.2		5.1	0.9
Other Economic Factors		9.6		6.8	(2.8)
Funding Available to Services		**(601.8)**		**(597.0)**	**4.8**

Note: Changes to 'Charges to Local Service Users' are included within policy proposals shown in **Annex 6**.

Source: Cheshire East Finance

2012/2013 Financial Position and Beyond

79. Key elements of the Council's financial position for 2112/2013 can be justified with some certainty based on information already available. For example, the Government's financial settlement related to Formula Grant and a number of specific grants included funding details for two years:

- **Formula Grant** will reduce by a further £7.1m to £63.2m.
- £373.8m of **Specific Grants** will reduce by £1.3m to £372.5m.
- **Adjustments** for Inflation, Investment & Borrowing, Management of Reserves and Other Economic Factors are expected to increase by £4.3m.

80. The overall funding available to services is estimated to **reduce by £12.1m** in 2012/2013.

81. The government settlement only confirms the funding position up to 31st March 2013. After this date the financial strategy must be based on less informed estimates. The assumptions are that:

- Government Funding is expected to continue reducing.
- Council Tax will be set locally.

- Charges to service users will reflect the need to recover actual costs.

Further details are shown in **Annex 6**.

Corporate Risks

82. Given the context of developments in the public sector, the current economic climate and the Council's need to deliver local priorities within the limits of available funding, risk management has an increased profile. It is important that the Council is able to demonstrate that it has effective risk management processes in place.

83. Based on the current Corporate Plan 2010/2013, a risk workshop was undertaken by the Corporate Risk Management Group to identify the key corporate risks that may adversely or beneficially affect the Council's ability to achieve its corporate objectives. The Corporate Risk Management Group, comprising members from Corporate Management Team and other senior managers, and chaired by the Portfolio Holder for Performance and Capacity, ensures the accuracy and completeness of the risks and monitors the implementation of actions to reduce the risks to acceptable levels.

84. A key corporate risk relates to Financial Control and the impact this may have on the Council's financial stability. **Annex 5** provides an extract from the Cheshire East Corporate Risk Register to highlight the existing controls and planned improvement actions.

2. Our People

Vision and Transformation

85. The Council's vision is to **work together to improve community life.** People based services are committed to making their distinctive contribution, collectively and individually, to fulfilling that Vision.

86. The services are varied, but they have coherence in a shared purpose, which is to:

Improve the wellbeing, health and care of all Cheshire East's people.

87. The Council has five Corporate Objectives and the "People Services" contributes to them all, in particular:

- To give the people of Cheshire East more choice and control about services and resources;
- To grow and develop a sustainable Cheshire East;
- To improve the life opportunities and health for everybody in Cheshire East.

88. The staff and managers of the Adults, Community, Health and Wellbeing Directorate and the Children and Families Directorate are working hard to transform that set of services. Many services are already good, but if they are to be relevant to changing circumstances and expectations, they need to be transformed.

89. High quality services and information is the aim with the following key features:

- **Accessible** Available as close as possible, recognising that an increase in specialisation may require less local availability. Information to be accessible on–line wherever possible
- **Relevant** Services must make sense to, and meet the needs of, those accessing them in terms of achieving their required outcomes.
- **Equitable** Services must meet the needs of individuals and families from the full range of backgrounds and circumstances in Cheshire East
- **Effective** Services must be able to demonstrate that they deliver the results that are required
- **Value for Money** Budgets are tight and demand is high. The way services are delivered and to whom must be cost effective.

Current Issues

90. Increasing numbers of people needing help, rising public expectations and reducing resources all mean that "more of the same" will not be sustainable. For that reason there are programmes of transformational work across the Directorates – work on the redesign of services to children and families, on redesigning adult social care and on reviewing leisure, culture and library services.

91. Personalisation and prevention are key themes running through that transformational work. Personalisation is all about giving people more choices and more control over the resources available to them in line with objective 1 of the Corporate Plan for the Council. The prevention agenda becomes crucial, for it will become increasingly important to keep down care costs and to enable our citizens to manage their health and wellbeing. This is at the heart of Corporate objective 2 to grow and develop a sustainable Cheshire East.

92. That analysis is shared by our partners within the NHS locally, including the emerging consortia led by General Practitioners. We realise that only by reducing demand for high cost interventions in health and social care, can we manage the spiralling costs of our ageing population and the impact of alcohol on our communities' health and wellbeing. This approach underpins Corporate objective 5 to work with others to deliver for Cheshire East.

93. The challenging context is likely to require a shift in the balance between universal services and targeted services, towards the latter. That will be particularly evident within Health and Wellbeing Services where the emerging 'Lifestyle Concept' will be tested for its contribution to the financial and outcome challenges faced by the Council. This supports objective 3 of the Corporate Plan – to improve life opportunities and health for all in Cheshire East.

94. Services are becoming more local – for example the Local Independent Living Teams (LILTs) that started as Adults teams now encompass staff from health and other agencies. Case committees are being piloted, bringing a wide range of professionals together to focus concerted attention upon individuals and families causing particular concern. Where possible, services, responsibilities and resources will be shared with Parish and Town Councils and this has the potential to provide a very local preventative response, particularly with vulnerable older people. The development of the Joint Strategic Needs Assessment has assumed greater significance in the whole process as services must deliver better outcomes for all using the positive assets within our communities to model and improve the health and wellbeing of our population.

95. Local delivery is a concept that will cover all services inside and beyond the Council. Putting the citizen at the centre of delivery means all services working together to deliver outcomes and to avoid duplication of provision to individuals and families.

96. The scale of the financial challenge requires that the Council must move beyond a transformational approach alone and must consider options that reduce or remove some services that are not core to meeting its overall aim. It may also have to charge more for services that are retained and to apply charges to activity that has previously been free at the point of use. We must also work collaboratively with partners to consider local approaches to meeting the health and wellbeing of individuals, families and communities.

97. Safeguarding vulnerable children, adults, older people and families from risk of abuse is a key responsibility of the Council and its partners. Empowering our citizens to protect themselves and to report concerns about others at risk or experiencing abuse is a priority. Where abuse occurs, intervening to protect individuals within the appropriate legal framework is followed. Given the scale of the changes required to deliver our services within the given budget, the Council will continually review the possible impact of changes upon the safety and wellbeing needs of people most at risk in our communities.

Services for Children and Families

Improving outcomes for children through effective service delivery.

98. Increasing demand for statutory children's social care services is a continuing feature of the Directorate's work with a significant increase in referrals being made for services in 2010/2011. To stem this demand, a significant work programme commenced to strengthen the ability of partner agencies to work together to support families sooner, thereby preventing issues of concern escalating to the point that children need to come into the care of the Council. As a consequence, the rapid increase in the numbers of children in the care of the Council, witnessed in the preceding 12 months, resulting in growth of £4m, has begun to abate with numbers now steadily reducing, and an anticipated reduction in costs of £1.3m.

99. The work programme focussing upon earlier intervention and targeted prevention has included a major review of services inherited from the predecessor authority, some of which have not demonstrated value for money. A major review of family support services, due to be implemented over the period of the next 12 months, while resulting in identified savings of £0.43m, will also produce a much more targeted focus upon service delivery, some of which will be commissioned from the voluntary, community and faith sector.

100. Connecting services at the frontline, with greater integrated working across the health, education, social care, police and youth support services is mobilising; with a drive to reduce duplication of work with vulnerable children and families, the prevention of problems escalating and improved targeting of ever reducing resources. This work is beginning to frame around the concept of 'locality working' and over the next 12 months will embed on this basis.

101. Changes in national policy regarding schools is seeing a push for greater autonomy. Some schools have chosen to opt for Academy Status which makes them independent of the Local Authority while other schools are choosing to remain as part of the Local Authority network of schools. Whichever route schools choose to follow, Cheshire East Council is working with Headteachers and Governors to examine the benefits of the maximum delegation of education resources to school level, and exploring what services schools may, or may not, choose to purchase from the Council in the future. Additionally, the mainstreaming of grants to schools to become part of the Dedicated Schools Grant has required a full review of support services provided to them by the Local Authority. In dialogue with schools, fewer services will be retained at the centre, with schools choosing to purchase services back from the Local Authority or from other providers. That part of the service which provides services to schools will therefore reduce significantly and will only be sustained if they are purchased back on a full cost recovery basis.

102. Increasingly, the Local Authority's role with schools will reduce, but a key role will be retained in identifying and supporting schools which are struggling to make the progress that is required of them and are producing poor outcomes for the children attending. As a consequence of this change, the workforce of the Directorate is both reducing in size and being reframed.

103. Further policy changes impacting upon the Directorate, include changes in the youth support arena, with proposals from the Coalition Government to an All Age Careers Guidance company and the future delivery of information, advice and guidance to young people. Historically the Local Authority along with Cheshire West and Chester and Warrington Borough Councils commissioned services for youth support from the Cheshire and Warrington Connexions Company Ltd with the contract due to expire at March 2011. The Local Authority will be reducing the scale of youth support services previously commissioned and will be pursuing commissioning of future delivery to ensure young people continue to receive information, advice and guidance services with other services being targeted to those young people at risk of poor outcomes.

104. Support to vulnerable children continues to be a strong focus of the work of the Directorate, with a key emphasis being upon the modernising of services to children and families. Over the preceding 12 months, two large children's homes have closed at Redsands and Prior's Hill, with two smaller houses opening. Further investment of £1.15m in Capital and £0.78m in revenue is planned to provide residential care more akin to a family setting than an institution. A strong campaign is being driven to recruit more foster and adoptive carers to increase the availability of care provision for children requiring it within the Borough. Additionally services to children and young people with disabilities and their families have been reviewed with a wider menu of short break opportunities now being developed. Further work is underway to examine the future need for overnight short break provision for children and young people with complex disabilities. Clearly the Directorate is intending to build upon and strengthen this offer, and awaits the Coalition Government's Green Paper on Special Education Needs (SEN) and Disabilities.

105. Further investment priorities over the forthcoming period are in the areas of special school provision and education provision for pupils permanently excluded from schools. A major review of special education needs is nearing completion. It is evident that there is insufficient special school provision within the Borough and that further provision is required. Proposals will shortly be forthcoming regarding the expansion of provision which will require capital investment. Such provision is required to reduce the need for children and young people with complex disabilities to have to travel significant distances outside of Cheshire East to attend a special school, or indeed to have to reside away from their home and families during school terms. Significant costs are incurred in transporting pupils to such settings and these will be reduced when more provision is made available locally.

106. Formalising and improving educational arrangements for young people permanently excluded from school is a priority, with proposals due to be submitted to Cabinet in February 2011. Current arrangements are unsatisfactory and the Local Authority is required to provide full time educational provision within a registered setting. It is proposed that a Pupil Referral Unit is opened to provide the necessary educational provision and support to those pupils who are permanently excluded from schools and those awaiting transfer to other mainstream or special schools.

107. A review of the Council's Home to School Transport Policy has identified increased expenditure pressures generally and areas of discretionary activity and support provided by the Council which is no longer sustainable within the current financial climate. This includes denominational transport, and post 16 provision, where it is intended to remove subsidies and / or increase charges. After taking these savings into account, budget growth of £0.989m is still required in this area.

108. Extensive work has been taken to remodel the workforce within the Service. This is being driven by the need to contain costs, respond to national and local policy changes and improve the effectiveness of service delivery. A significant number of posts have therefore been removed from the structure.

109. Efficiencies will be secured through improved commissioning arrangements (for example by the combining of arrangements for the commissioning of some care placements). Finally, while some areas of service delivery may cease to be commissioned due to reductions in funding, it is expected that other elements of service delivery historically provided by the Council will be commissioned externally.

Services for Adults

Continuing Transformation and Growth

110. The growth in demand for Adult Social Services has become a major national issue. The impact of the ageing population on demand for services is being better understood and a major national enquiry has been established to work out how this impact may be managed effectively.

111. We know that the population of Cheshire East is older than the average population of England. Last year an allowance of £0.4m was made for this impact and this has proved inadequate to meet the challenge especially for those aged 85 years and over. Care costs for this group have exceeded £20m in the past year. The recessionary impact is also becoming clearer, with falling house values and diminished personal savings causing greater costs to fall upon the Council. Overall, year on year growth pressures of £4m are recognised for the budget (£11.8m for the three years from 2009/2010 to 2011/2012).

112. The strategy for tackling dementia services has continued, with one purpose built centre being opened, and more places planned to provide cover across the area. However, the impact of people using their own personal budgets to buy care has meant that demand for directly provided services has shrunk dramatically and the future of our own services are bound to be considered more fully during 2011/2012.

113. The pattern of separate services for older people and adults with a learning or physical disability or sensory impairment, has shifted to generic local service that address the needs of individuals as individuals, rather than as part of a 'client group'. Key to this is the operation of the four Local Independent Living Teams (LILTs) which provide a vehicle for wider integration across the public sector in line with emerging concepts such as 'community budgets'. The Adults Service is therefore ready for the major policy shifts brought about by the Coalition Government.

114. The Pooled Budget for Services for Adults with Learning Disabilities that is operated jointly with the Primary Care Trust (PCT) has continued to be challenging in terms of the need to manage spending, and to organise the transfer of money from the PCT under the Valuing People Now (VPN) initiative which is dependant on Continuing Health Care assessment. There is additional pressure on the partners to this arrangement caused by the requirement to bring budgets into balance before transfer to the emerging GP Consortia.

115. Mental Health Services are being reviewed by the commissioners and providers of services with a view to examining whether they could be more closely aligned with the LILT delivery model. This should be resolved during 2011/2012 and a budget saving is expected from this exercise.

116. The large-scale transformational programme to redesign Adult Social Care is on target to exceed the requirement on it to deliver £2.995m of savings in 2010/2011. In response to budget pressures proposals have been brought forward and extended in scope. However, it has become apparent that transformation alone will not deliver a balance between the demand and the money available to pay for it. This 2011/2012 budget is therefore characterised by proposals that are raising revenue by the removal of subsidy rather than securing savings via a remodelling of services.

117. Key elements of the programme include :

- Reducing care costs by a radical review of existing care packages supported by an increasing focus on using technology to monitor and manage spend at an individual worker level, as well as at team and whole service levels. (£0.8m)
- £1.541m is being saved through a number of initiatives. Firstly, further efficiencies in the operation of the in house care provision (Care4CE) are projected to save £580k. Secondly, further savings in procurement are projected to yield £827k, made up of changes to the Domiciliary Block Contract of £427k, £300k from improving care cost procurement and £100k being the 2011/2012 effect of the existing meals contract. The final £134k is made up of smaller savings in expenditure, for example, giving up part of the Workforce grant, reflecting the smaller size of the Adults workforce given the voluntary redundancies incurred to date within the lifetime of the new council.
- The impact of 'reablement' is beginning to emerge and learning from this now to ensure maximum impact and savings is required. The additional independence that this provides to customers is reflected in a saving of £0.4m within the Care4ce efficiencies.
- Review of the overall staffing requirement will continue. Adult Services granted voluntary redundancy to over 400 staff in the first eight months of 2010/2011 and the process is set to continue beyond local teams and the in house care provider (Care4CE), to other areas of the service. It will be combined with a hard look at staffing costs generally. All these staff related changes will deliver a further significant saving. (£0.95m)
- Building based services have proved to be a source of savings in the first two years of the Council and again there is a large target. (£1m). This process is essential to fund the shift from direct provision to direct payments. If buildings and services that are no longer required by customers are not closed then direct payments become a net cost to the service instead of a net saving. In the case of the housing networks run by Care4CE, rationalisation rather than closure is the immediate objective, adding £150,000 to the above target for building based services.
- The elements that are not transformational are the increases in charges to remove existing subsidy from the provision of social care services (including some administrative aspects) and a similar process related to transport where a combination of increased charges and reduced offer will make savings of £0.8m. The general increase in

charges is set to raise £0.65m of the £0.99m shown. The Council has completed two separate formal public consultation exercises, in relation to both the transport and charging proposals. A full list of consultation events is included in **Chapter 6**. These consultations will be the subject of a separate report to Cabinet shortly. At the time of writing it is not appropriate to prejudge the outcome of that exercise, nor comment on the overall content of further reports. However, the Council acknowledges that the proposals have raised a range of important issues that are currently receiving careful consideration. Specific consideration is already being given to elements of carer's services. It is recognised that the impact of any amendments to estimated income will require further analysis and mitigation.

- The Lifestyle concept within the Big Idea is intended to deliver £0.796m in Adults through a mixture of reducing cost and increasing income.

Before taking into account new grants, the Adults service is proposing savings totalling £8.66m to offset the growth proposals of £11.8m. This includes £1.5m worth of further efficiencies to be delivered through a second phase of Social Care Redesign that will focus on areas such as the personalisation agenda, delivering social care through using direct payments to individuals paid net of client contribution direct onto an Empower card. The trend of growth in demand will continue and the service remains committed to the creation of a new round of transformation to deliver further streamlining of service, reduction in costs and demand. However, the scale of the challenge suggests that a radical programme of integration within and beyond the Council will be needed by 2014 to deliver an affordable health and social care system across children's, adults and older people's services.

118. The radical approach to tackling the challenge of delivering social care within a limited and reducing budget requires effective use of capital to deliver efficiencies in processes and reduction in care costs. It is for this reason that improvements in information technology form an important part of the programme - aimed at reducing staff time servicing systems. Investment is also needed in identifying the business case for further development of the dementia strategy and the case for a comprehensive 'Lifestyle' approach to provision in the directorate. Once established these approaches will themselves require significant capital investment to deliver the identified benefits.

Health and Wellbeing

Growth in costs and opportunities

119. Health and Wellbeing (H&W) services are in transition. There is a mix of services that have potential (some more than others) to contribute to the emerging priority of tackling the new public health agenda as those services move to the Local Authority from the Primary Care Trust (PCT). 2011/2012 will be a year in which this realignment takes place, assisted by the greater integration of H&W into the work of the Adults, Community, Health and Wellbeing Directorate. In this context the 'Big Idea' of using H&W services to meet more mainstream social care is highly relevant.

120. Such a change requires a different approach within the H&W service so during 2011/2012 the commissioning elements of the service will be moved to a strategic commissioning function across Adults, H&W and the Children and Families Directorate. The remaining provider services will be subject to an options appraisal to seek the best way to structure and deliver these services in future.

121. During the year, the Lifestyle concept – which is at the centre of the 'Big Idea' – will be tested at a number of leisure centres across the Council area to see if additional investment in these centres will enable them to meet social care needs and build confidence and independence among older and disabled people. The focus on their use of the facilities will be when the general public use is not high – thus making the facilities more economically viable for universal use. This, with other efficiencies from directorate integration, and increased income should deliver a net £754,000 (contributing to the £1.023m).

122. Progress has been made to bring the Council's Customer Contact Strategy and the Council's Library Services Strategy together, so that libraries offer an effective customer contact service. However, to free up human resources in support of that transformation, it will be necessary to continue to invest in the technology which enables self issue and self return of books. A review of library provision will articulate the Council's ambitions for its library services and the infrastructure required to deliver that ambition. This is a key part of the Building Based Review of all parts of Health & Wellbeing and will save £268,000. (contributing to the £774,000 saving)

123. The role of Green Spaces will also be considered and the extent of the Council's presence reviewed. While the spaces themselves are freely available, the cost of access to them for particular groups may be considered within the 'Lifestyle Concept' with the potential to derive income from delivering access. (£225,000).

124. The process of devolution to Town and Parish Councils continues and the Civic and Community Halls may be a key part of that process. Pending this change, these facilities, plus others being reviewed, will continue to be funded by the H&W service.

125. As with Adults Service, H&W must also look to increased and new charges to raise income in order to meet the challenge of increased costs (£210,000). The overall net reduction of £1.5m for H&W represents a further reduction of 12% over and above savings of £1.8m already delivered since 1st April 2009.

126. Capital investment will be focussed upon moving towards the aspiration to develop lifestyle centres. Funding permitting, an options appraisal will be undertaken to determine the best way forward, preferred site and functions to accommodate. Other capital work will only be undertaken to ensure compliance with health and safety legislation, or to avoid loss of income through unplanned facility closure.

Summary of the Revenue and Capital Position

127. The tables below summarise the Revenue Budget and Capital Programme for the People related Directorates.

Table 11: People Related Services Revenue Budget Summary 2011/2012 ~ see **Annex 4**

Services	2011/12 Budget £m	Policy Proposals £m	Total £m
Children and Families	306.7	0.1	306.8
Adults, Community, Health and Wellbeing	96.6	10.1	106.7
Total	403.3	10.2	413.5

Source: Cheshire East Finance

Table 12: People Related Capital Programme Summary 2011/2012 – see **Annex 6**

	2011/2012 £m
People	
Committed schemes	
Children and Families	14.3
Adult Services	1.9
Health and Wellbeing	2.5
	18.7
New Starts	
Children and Families	11.5
Adult Services	0.2
Health and Wellbeing	0.7
	12.4
Total Capital Programme - People	**31.1**
FINANCING	
Supported Borrowing	2.6
Unsupported Borrowing - Prudential	5.9
Government Grants	20.4
Capital Reserve	0.0
Linked/earmarked Capital Receipts	1.1
External Contributions	1.1
Other Revenue Contributions	0.0
Total Sources of Funding	**31.1**

Source: Cheshire East Finance

3. Our Place

Vision and Transformation

128. The Council's vision is to **work together to improve community life.** The Places Directorate is a set of services committed to making their distinctive contribution, collectively and individually, to fulfilling that vision.

129. The Places Directorate is responsible for the delivery of a wide range of varied services including Environmental Services, Safer and Stronger Communities, Regeneration and Planning and Housing, which have coherence in a shared purpose, which is to:

Create and maintain a quality environment to promote prosperity and wellbeing.

130. The Council has five Corporate Objectives and the Places Directorate contributes to them all, in particular:

- To grow and develop a sustainable Cheshire East;
- To enhance the Cheshire East environment

131. The Places Directorate faces many opportunities and challenges and is working hard to transform services to ensure they are more:

• **Customer focused**	Committed to designing and delivering high quality services that meet the changing needs of customers whilst delivering high levels of customer satisfaction.
• **Sustainable**	A range of services, delivering the Council's responsibilities and ambitions in an affordable and efficient manner, that meet customers varied and changing needs.
• **High Quality**	Services committed to enhancing quality, both in their own delivery, and in that of partners and suppliers.
• **Forward Looking**	Identifying and addressing the major strategic challenges which will face Cheshire East in future years including demographic changes, climate change and economic conditions.
• **Locally Focussed**	Services which are focussed upon meeting the needs of local communities by being more easily accessible and more readily responsive to residents and customers.

Current Issues

132. Ensuring future services are flexible, to meet the changing needs of customers. Increasingly providing greater levels of choice, whilst maintaining a core level of service to all.

133. Developing local solutions and devolving service provision, whilst both maintaining, and improving quality, and realising resource efficiencies.

134. Ensuring that Cheshire East benefits from any upturn in the economy and that the Council can facilitate investment and encourage growth and prosperity.

135. Planning effectively for the future, through the development of major strategic plans such as the Local Development Framework, and the Local Transport Plan (LTP).

136. Working with our Sub-Regional Partners to support the Local Economic Partnership and other collaborative working whilst continually developing strong links with the Association of Greater Manchester Authorities.

Environmental Services

137. The highway network is the Council's largest asset, it is valued at more than £2 billion and is fundamental to achieving all of our key objectives, particularly in creating and maintaining the quality environment necessary to promote prosperity and wellbeing of our businesses and communities. Deterioration of the highway network is continuing due to the effects of falling investment and severe winter damage over recent years. This challenge will be faced with a new contractor appointed to manage and maintain the highway network, on behalf of the Council and achieve revenue efficiency savings of £0.5m in 2011/2012.

138. Cheshire East residents recycle about 50% of their waste; the highest level in the North West of England. However, we still send approximately 90,000 tonnes of residual municipal solid waste per year to landfill, which is damaging to the environment and wastes many valuable materials. Because of significant increases in landfill tax applied by central government each year (currently £8 per tonne), the cost of the waste service, responsible for waste collection, recycling and disposal, continues to escalate (£214,000 in 2011/2012). The Council has been working with Cheshire West and Chester Council to develop a long-term solution to treat residual household waste rather than continuing with the practice of waste disposal by landfilling. Recently, central government has announced that their financial support for Cheshire's Private Finance Initiative (PFI) residual waste treatment project has been withdrawn and consequently the future of the project is now at significant risk. A revised strategy for the treatment of the Council's residual waste will need to be devised over the next year.

139. In order to provide householders with a much improved waste and recycling collection service, the Council will introduce a new system in 2011/2012, based in large measure, on three wheeled bins rather than the current mix of bins, boxes and bags. This will increase the number of materials that can

be recycled by all householders and reduce the costs of waste and recycling collections by £0.7m in 2011/2012, increasing to over £1m per annum from 2012/2013.

140. Our work on Local Service Delivery is continuing, and practical means of achieving greater local ownership of key frontline services such as public toilets, street cleansing and grounds maintenance remains a key objective. Town and Parish Councils are engaged in discussing the levels of transfer and devolution and it is expected that during 2011/2012 agreement to progress this transformation of service delivery will be reached.

Safer and Stronger Communities

141. The Council is facing a significant threat to its Community Safety Partnership work as a result of the uncertainty over Area-Based Grant. The grant is used to fund a range of interventions to tackle our priority areas of Anti-social Behaviour, Domestic Abuse and Prolific & Priority Offenders. Reduction in the Council's Warden Services will further impact on the visibility of uniformed presence in local neighbourhoods.

142. Regulatory Services continue to work towards a more integrated approach to service delivery and they will undergo a 'Peer Review' in February 2011. This assessment will drive the continued improvement in our approach to achieving the right balance between prosperity and protection. This is particularly important during the economic downturn but will also need to take full account of the legislative changes and new responsibilities flowing from closing down of agencies such as the Office of Fair Trading and Health Protection Agency.

143. The Car Parking Strategy has recently been updated and set in the context of the broader Local Transport Plan (LTP) work. Recent trends show an increase in usage in many of our car parks, as the impact of the recession recedes. Our investment in new Residents' Parking Schemes has also resulted in additional permit sales. This is reflected in an increased income projection for 2011/2012.

144. The Emergency Planning Shared Service is currently investigating the opportunities to extend its remit to cover the Warrington Borough Council area. This will result in both financial savings and greater capacity within the extended team to deal with major emergencies and serious incidents. Further work on exploring a multi-agency collaborative model is underway too and it is hoped this will improve all agencies' collective response to emergencies.

Planning and Housing

145. Recent Government reforms of social housing pose uncertainties for the future and the economic down turn has slowed the delivery of affordable housing. Resources from the Homes and Communities Agency are also severely curtailed. The Council will need to find new ways of providing affordable homes, including partnership arrangements and the use of its own assets. The economic downturn is increasing the risk of homelessness – this may be compounded by changes in Housing Benefit in 2013.

146. The Building Control service has been affected by the implementation of new Charge Regulations which came into force 1 October 2010. These new Regulations restrict the ability to recover costs from statutory functions. This creates a harder financial climate for the team, removing any ability to generate surplus income. However there is potential for small growth in market activity for the coming year.

147. The Spatial Planning team has a programme for the preparation of the Local Development Framework (LDF) to secure the adoption of the Core Strategy by 2013 and the Site Allocations Plan by 2014. This process is likely to give rise to significant community interest. Once the LDF is adopted, the Council will be able to introduce Community Infrastructure Levy, which has the potential of raising over £330 million for investment in new infrastructure. The LDF will also allocate sites for new housing development, which has the potential to attract significant receipts from government proposals to introduce a New Homes Bonus, details of this new scheme are currently in consultation.

148. Cheshire East is amongst the top ten busiest planning authorities in England, determining nearly 5,000 planning and related applications each year. The recession has stripped out much of the more 'profitable' commercial development from the process, leaving the Council with proportionately more low value, but high input applications. Development Management is currently undergoing a transformation process, which will introduce new and improved ICT systems and accompanying ways of working, delivering savings of £0.3m.

149. The Government has recently announced a reform in the planning fees from April 2011, with Councils able to set their own fees and potentially offset the full cost of the service. This should have a positive impact on overall income (£0.2m), but full details are still to emerge.

Regeneration

150. Supporting the local economy and ensuring Cheshire East is at the forefront of the upturn will remain a major priority for the coming year. The Council will continue to engage strongly with local businesses to support job growth and provide a constant link in a rapidly changing business support environment.

151. Work will continue to develop and support our new Local Enterprise Partnership for Cheshire and Warrington which will be a strong business-led partnership responsible for driving forward economic growth (£260k in 2011/2012). There will be a strong focus on marketing and promoting the area to new investors and visitors through a new 'Marketing Cheshire' organisation that brings together visitor economy support and place marketing.

152. Leading major regeneration of Macclesfield and Crewe will remain a major priority for the Council. Redevelopment of the town centres in a difficult economic climate is a challenge, however progress is expected following the recent work led by the Council to create a strong vision for the future in both Macclesfield and Crewe, and emerging work in Congleton and Wilmslow. We will continue to deliver our Sustainable Towns Framework with local partners, to support all town centres and economic areas across Cheshire East.

153. The Total Transport Transformation project remains a major corporate priority for the Council. The next twelve months will see major change in the way in which the Council delivers our highway and transport priorities. A new Cheshire East Transport Unit will be established which will continue to deliver a strong operational service to all our clients (delivering efficiencies of £0.2m in 2011/2012), whilst building our strategic response to the transport pressures facing the area, including the provision of a strong rural transport network; supporting sustainable travel; new investment to support economic growth and ensuring strong links with our neighbours, particularly with greater Manchester.

154. The Council currently provides support towards the maintenance and management of Tatton Park, a major visitor attraction which has over 800,000 visitors a year. Over the last twelve months the Council has developed ambitious plans for future investment and development in Tatton to increase the visitors to over 1,000,000 per year by 2016. Through this investment and development it is anticipated that the level of financial support required from the Council can be eliminated while retaining Tatton's positive impact on the local economy, sustaining its conservation and delivering of the Council's lease-hold obligations.

155. In order to demonstrate leadership on climate change, the Council has developed a Carbon Management Plan as part of a comprehensive strategy. The strategy is to reduce our carbon emissions by 25 per cent by 2015/2016, from its current baseline of 50,000 tonnes per year. Over the last year the Council has cut its emissions by over 1,000 tonnes, mainly through small technical solutions in its buildings.

Summary of the Revenue and Capital Position

156. The tables below summarise the Revenue Budget and Capital Programme for the Places Directorate.

Table 13: Places Revenue Budget Summary 2011/2012 ~ see **Annex 4**

Services	2011/12 Budget £m	Policy Proposals £m	Total £m
Environmental Services	38.2	(0.7)	37.5
Safer & Stronger Communities	1.2	(0.9)	0.3
Planning & Policy	4.0	(1.0)	3.0
Regeneration	12.7	(1.2)	11.5
Total	56.1	(3.8)	52.3

Source: Cheshire East Finance

Table 14: Places Capital Programme Summary 2011/2012 – see **Annex 6**

	2011/2012 £m
Places	
Committed schemes	
Environmental Services	3.2
Planning & Policy	1.3
Regeneration	3.3
Safer & Stronger Communities	0.6
	8.4
New Starts	
Environmental Services	2.0
Planning & Policy	1.8
Regeneration	17.4
Safer & Stronger Communities	0.0
	21.2
Total Capital Programme - Places	**29.6**
FINANCING	
Supported Borrowing	1.3
Unsupported Borrowing - Prudential	10.0
Government Grants	14.1
Capital Reserve	2.9
Linked/earmarked Capital Receipts	0.0
External Contributions	0.4
Other Revenue Contributions	0.9
Total Sources of Funding	**29.6**

Source: Cheshire East Finance

4. Supporting Service Delivery

Vision and Transformation

157. The Council's Corporate Plan incorporates five key objectives. This section of the Council supports the achievement of all objectives and, in particular

"Being an excellent Council and working with others to deliver for Cheshire East"

158. The Council groups services that support all service delivery under the heading of Performance & Capacity. The overriding aim of these services is to provide necessary support to achieve the Council's aims at the best value, to the right standards and with a focus on what matters to the public of Cheshire East.

159. The major services within Performance & Capacity perform a number of roles:

- **Focused on Outcomes** Providing strategic review, analysis and intelligence to develop the Council's Plans, provide focus on what really matters, link performance outcomes to resources and influence, respond and implement local and national public policy.
- **Focused on Customers** Improving the customer experience and making customer contact simple, relevant and fit for purpose while learning and improving based on feedback.
- **Joined Up** Maximising the benefits of working in partnership including shared service opportunities to assist the successful delivery of front line services, minimise duplication, maximise cost efficiencies and enable truly joined up services appropriate for our differing localities.
- **Sustainable** Supporting the development of the Council's processes, governance arrangements and accountability structure including developing the Council's workforce and protecting the Council against risks both legal and financial.
- **High Quality** Supporting front line services as they strive to deliver transformational projects (for example Finance, Human Resources, ICT, Legal, Procurement and Property support are required for most projects).
- **Forward Looking** Leading projects on behalf of the Council to further improve the Council's asset base, infrastructure, community liaison, policy co-ordination.

160. Significant savings have already been made as a result of the local government review process, targeted activity on support services efficiencies and a focused approach to spending money on what really matters in Cheshire East. Savings planned for 2011/2012 are ambitious and appropriate. It is anticipated that reductions in the inspection regime, central reporting and a focus on Cheshire East local performance will facilitate the savings plans.

161. Performance and Capacity is split into the following five areas:

- Treasury and Assets
- Human Resources and Organisational Development
- Legal and Democratic Services
- Policy and Performance
- Corporate Improvement

Treasury and Assets

Assets

162. The Council understands its asset base and has developed a strategic approach to asset management which is integrated with corporate and service planning.

163. The office accommodation strategy, which is already well underway, is providing modern open-plan offices that support and enhance flexible styles of working. It is providing staff with a range of working environments that suit the changing requirements of customers. The majority of the Council's office based staff have already been successfully moved to facilities that are fit for the purpose of delivering modern services.

164. A major element of the Council's Transformation Programme is the Asset Challenge. This was launched in January 2010 and involves a comprehensive review of the Council's existing property assets and their usage and an analysis of the Council's future property needs. This work will underpin the transformation of front line services and will ensure that Cheshire East will have an asset base in the medium term that will deliver services where and how they are needed by the Cheshire East communities.

165. A key aspect of the asset challenge is the links with our partners and the delivery of services from joint facilities where appropriate. The Capital Programme reflects an investment of over £5m in 2011/2012 for building maintenance including satisfactory compliance with its legislative and regulatory responsibilities. There is an expectation that the Asset Challenge process will achieve significant efficiencies and savings over the next three years.

Information & Communications Technology

166. The ICT service will continue to exploit new developments to deliver savings in the operational running cost of major systems such as Oracle, Microsoft

and PARIS. This will include reviewing new models of product licensing, rationalisation of products and the delivery of support to these systems.

167. Appropriate technology will be put in place so that the Council's policy on flexible and mobile working can be delivered. Improved capacity for flexible and mobile working is a key pre-requisite for the delivery of the accommodation strategy and delivery of efficiency improvements in services.

168. Significant service improvements and greater efficiency will be delivered through centralised management and greater standardisation of Personal Computers, laptops, mobile devices and telephones. This project is already underway within the service, and therefore tangible benefits should start being delivered in early 2011/2012. The Capital Programme includes a further £0.981m investment in the essential replacement of core technical infrastructure, demonstrating the Council's commitment to the maintenance and improvement of its ICT capability.

169. In November 2009, the Council launched a major initiative with a range of public, private and third sector partners to reduce operating costs of ICT through greater sharing of facilities, such as data centres, and the elimination of duplication and excess capacity. Some small projects have already been delivered and major proposals are now being developed for 2011/2012.

Finance

170. The core financial system optimisation project will change business processes and service levels within Finance and Shared Service teams to deliver cashable savings. The project will see a capital investment of up to £825,000 in 2011/2012 and will deliver revenue savings of £141,000 in Finance and the HR & Finance Shared Service. Further savings will be delivered across the organisation as lean systems and processes are embedded as part of a Business Management Review, a cross directorate savings target of £750,000 reflects this opportunity.

171. The first priority will be to streamline transaction processing through improved compliance and optimisation of upgraded technology. The second tranche of work will be to deliver a standard suite of financial reports to be delivered direct to managers' desktops through a much clearer 'dashboard' that includes key facts 'at-a-glance'. In addition, improvements will be made to automate income reconciliation allowing more efficient processing of revenues.

172. Further rationalisation of staffing levels in the Revenues and Benefits Teams will be taken forward during 2011/2012, following the implementation of a single system to replace the three inherited, legacy platforms, and in line with reduced government funding for benefits administration costs.

173. Continued rationalisation of the Council's insurance arrangements will deliver modest savings in 2011/2012 ahead of a full re-tender exercise in 2012/2013, which will target more substantial savings, in the region of £300,000. This may require some changes to self-insurance levels and a more rigorous approach to risk management.

Procurement

174. The Procurement Unit will support the Council in the delivery of procurement savings of £1.65m during the next year. This will be achieved through the continued embedding of the Corporate Procurement Strategy, providing a greater control and visibility of spend within the organisation to drive down unit costs.

175. Savings will be achieved through the acceleration of the category management approach to procurement, increased economies of scale and capacity through expanded use of the Association of Greater Manchester Authorities sub regional procurement hub and collaboration with other partners and the increased use of the regional E-portal (The Chest).

176. The Procurement Unit will embark upon a cost reduction programme that will urge suppliers to consider the positive benefits to their competitive position from price reductions to the organisation that will result in an efficient and balanced supply base.

Shared Services

177. The Council currently has several long and short term shared service arrangements with Cheshire West and Chester Council. These are predominantly supporting service delivery (for example, back office transactional and ICT functions) with some elements supporting Our People & Our Place. These have demonstrated significant savings since their introduction in 2009 and budget challenge for the forthcoming years have identified further potential savings in the region of £1.5m (£300,000 for 2011/2012)**.**

178. Shared Services will continue to be managed to deliver best value for Cheshire East Council and its stakeholders. However greater effort will be focused on exploring opportunities to extend the Councils approach to collaborative working with a range of partner organisations to provide more streamlined and co-ordinated approaches to service delivery resulting in greater efficiency and improved performance.

Human Resources & Organisational Development

179. In order for Cheshire East to consistently deliver high levels of service to our customers and communities in these unprecedented times, we require a highly engaged and appropriately skilled workforce. The graduate development programme successfully launched in 2010 actively demonstrates the Authority's commitment to supporting and helping young people to gain meaningful employment in this difficult economic climate. To fund the additional Graduate placement agreed by Members, funding of £41,000 is required in 2011/2012.

180. The Council committed additional funding of £35,000 in 2010/2011 to enable the employment of 1 temporary member of HR staff to deal with the increase in essential work following LGR, specifically Job Evaluation. This work is due to reduce in 2011 and this additional funding is no longer required.

181. Cross directorate savings of £83,000 will be achieved through the launch of three new salary sacrifice schemes in 2011; Cycle to Work, Computer Purchase and the Green Car Scheme. These savings are predominantly savings in tax and National Insurance contributions.

182. Additional cross directorate savings of £407,000 will be achieved as a result of the recent renegotiation of margins, management fees and pay rates associated with the Reed temporary recruitment service, which has recently been extended for a further 12 months.

183. In order to maximise the cross directorate Salary Sacrifice Savings that HR has put forward, an additional administrator post is required to ensure that the new salary sacrifice schemes are run efficiently with maximum take up and subsequently maximum savings. Additional funding of £13,000 is required for this post.

184. Work has been ongoing to review Cheshire East's terms and conditions of employment with a view to resolving harmonisation, equal pay and historical Single Status issues. It is anticipated that the review will be completed in 2011, with a single set of terms and conditions in place by late summer. Whilst powerful software has been procured specifically for the purposes of pay modelling, some assumptions have been made in order for us to proceed with the modelling which will allow for a small margin of error in reporting. Additionally, it is not possible at this stage to identify accurate savings as we are still part way through consultation with the Trade Unions and a package has yet to be agreed. However, due to the budgetary pressures facing the Authority as a result of significant grant reductions, a savings target of £2.4m has provisionally been set aside in the draft budget in order to assist the Council in its planning. Finance colleagues are closely involved in the project and will be formally auditing the methodology used to arrive at savings.

Legal and Democratic Services

Legal Services

185. The Council must protect itself against risk (such as legal action being taken against the Council) and ensure services are delivered to proper frameworks. The legal services team must therefore be properly resourced to support services in their work. Detailed consideration is being given to the ways in which the Service can be properly resourced in order to ensure service delivery, and in order to minimise risk. An Interim Borough Solicitor has recently been appointed to do this and will report upon her findings in due course.

186. The service has historically carried out a substantial amount of work throughout the year on schools appeals. The budget proposes that the cost of this work should be recovered, which will be reliant upon agreeing buy back proposals with the schools.

Democratic Services

187. The proposals for the service comprise a package which relies upon making use of buoyant Registration Service income, together with restructuring and rationalisation proposals.

Policy and Performance

188. The Directorate provides wide ranging services that help shape Cheshire East, identify priorities, support strategic management, promote good governance and enhance and protect the reputation, integrity and effectiveness of the Council. It is split into five service areas each of which are part of the Corporate support functions within the Council. These are:

- Customer Services
- Partnerships (including grants to outside bodies)
- Performance and Planning (including research)
- Communications
- Internal Audit and Compliance

189. The service plays a central role in helping the Council achieve its corporate objective to be "an excellent Council and work with others for Cheshire East." Each of the services have quite different individual objectives contributing to this aim and are influenced by the need to:

- Maintain a robust corporate core to manage the Council's business
- Provide a high quality corporate planning and performance management frameworks
- Provide an information analysis, evidence-base and external consultation service including continuous support for the Joint Strategic Needs Assessment
- Comply with the statutory responsibility to have an internal audit function and to have a Head of Audit giving an annual assurance on internal controls
- Provide Corporate Policy advice and co-ordination
- Protect, enhance and develop the Council's reputation
- Co-ordinate internal and external communication to ensure targeted messages to the people of Cheshire East
- Provide co-ordination of, and engagement with, strategic and local partnership activity through existing formal and informal mechanisms
- Provide high quality customer access through face to face, telephone and the web, driving improvements in customer service standards across the Council
- Maintain standards in relation to Freedom of Information, Data Protection, Business continuity and other statutory requirements
- Oversee the Corporate approach to the single equality and inclusion scheme

190. The Direction of Travel of the service going forward remains that of playing a central role in helping the Council achieve its corporate objectives. The inspection requirements on the Council have significantly diminished with the abolition of the Comprehensive Area Assessment (CAA). There remains a need, however, to reshape the priorities of Cheshire East in a time of austerity and to ensure that the priorities, outcomes and performance reflect what Cheshire East really wants to achieve.

191. We have an opportunity moving forward to use our sustainable community strategy to properly focus our time and resources on those areas that matter most to the people of Cheshire East. We want to improve performance outcomes (not count inputs), do everything we do in the most cost effective way, and satisfy our customers. Empowering citizens and sustaining a sense of civic pride is fundamental to moving forward in the difficult months and years ahead. Neighbourhood action, a community spirit and a combined effort is the way forward and this will require co-ordination, drive and input from the partnership and performance team.

192. We have agreed seven priorities for action within our strategy which are about nurturing strong communities, creating the conditions for business growth, unlocking the potential of our towns, supporting young people, ensuring a sustainable future, preparing for an increasingly older population and driving out the cause of poor health.

193. The reality is that we will be making difficult choices about how we use the financial resources available – by being clear about what we want to achieve through our community strategy and corporate and service plans we can make sure that things that really matter have scope for development and our finances, resources, focus and time is spent on making those things happen.

194. Given all of the above the main changes proposed for the service relate to rationalisation and a focus on partnership working, efficient customer services and an emphasis on communication and reputational management. Savings plans include:

- Rationalise the internal audit function by reducing staffing and realigning specialist work (£200,000 saving, taking the total to £550,000)
- Rationalise customer access and back office processes (£225,000 in 2011/2012)
- Transfer of six customer outlets to libraries (already achieved) and potentially extend the transfer of customer access points and / or use different technologies to drive savings (£240,000 - £390,000).
- Transfer Tourist Information Centres to visitor economy team and reduce the net expenditure on this area (£45,000)
- Combine and rationalise Partnerships and Performance & planning team functions (£420,000) to reflect changed approach to inspection and policy shifts
- Reduce the level of community and cohesion grants (£150,000 (16%) in 2011/2012)
- Consolidate costs in Communications by reducing publications, circulation, media analysis and staffing (£150,000)

Summary of the Revenue and Capital Position

195. These tables summarise the Revenue Budget and Capital Programme for Performance and Capacity.

Table 15: Performance & Capacity Revenue Budget Summary 2011/2012 ~ see **Annex 4**

Services	2011/12 Budget £m	Policy Proposals £m	Total £m
Borough Treasurer & Head of Assets	124.0	-3.0	121.1
HR & Organisational Development	3.1	0.1	3.3
Borough Solicitor	6.3	-0.5	5.8
Policy & Performance	8.4	-1.2	7.2
Corporate Improvement	0.5	-0.1	0.4
Total	142.4	-4.7	137.7

Source: Cheshire East Finance

Table 16: Performance & Capacity Capital Programme Summary 2011/2012 ~ see **Annex 6**

	2011/12 £m
Performance & Capacity	
Committed schemes	
Borough Solicitor	0.0
Borough Treasurer & Head of Assets	7.2
HR & Organisational Development	0.0
Policy & Performance	1.0
	8.2
New Starts	
Borough Solicitor	0.0
Borough Treasurer & Head of Assets	8.0
HR & Organisational Development	0.0
Policy & Performance	0.1
	8.1
Total Capital Programme - Perf & Capacity	**16.3**
FINANCING	
Supported Borrowing	0.2
Unsupported Borrowing - Prudential	4.1
Government Grants	0.6
Capital Reserve	9.9
Linked/earmarked Capital Receipts	1.3
External Contributions	0.0
Other Revenue Contributions	0.2
Total Sources of Funding	**16.3**

Source: Cheshire East Finance

5. Budget Impact

196. The 2011/2012 Budget Report is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous chapters in terms of financial stability and service proposals. This section considers the impact of the Budget on typical groups of service users in terms of any changes they may see as a result of proposals in this report.

Example Groups		**Annual Charges**
2 Adults **2 Dependant Children** **Typical Household Facts:** Adults both working (full or part time) with combined **net income of £43,000 per annum** Children attending **local schools** Living in a **Band E** Property	**Council Tax** **Typical Fees & Charges** School Meals (190 meals x 2) Car Parking (2 hours a week) Adult weekly Swim Children's swimming Leisure Centre Membership Other spending on services (Bulky Waste, Badminton, Library CD Rental) **Total Charges in 2010/2011** **Total increase in Charges if inflation of 4.8% for the year were added i.e. (Retail Prices Index increase)** **Actual proposed increase in charges for 2011/12**	 **£3,109** **£149** **£43**

Service Impacts

Families will be supported, especially in difficult times or when starting out. The Council is investing in private sector housing improvements and will provide Affordable Housing Assisted Purchase scheme loans.

In order to provide householders with a much improved waste and recycling collection service, the Council will introduce a new harmonised system in 2011/2012 based in large measure on three wheeled bins rather than the current mix of bins, boxes and bags. This will increase the number of materials that can be recycled by all householders and reduce the costs of waste and recycling collections by more than £1m per year.

Funding for our schools comes via a Government Grant, the Dedicated Schools Grant, which is set to ensure that an individual school's funding will not fall by more than 1.5%. A review of central funding retained by the Council is underway aiming to delegate a bigger proportion to schools to allow head teachers and their Governing Bodies to have a greater say in school spending choices.

A review of the Council's home to school transport policy and arrangements will see subsidy removed and the introduction of charges for some denominational and post 16 transport provision.

During the year the new Lifestyle Concept will be tested at a number of our Leisure Centres, where working with the National Health Service (NHS) and General Practitioners, along with funding transferred from the NHS, there will be an aim to make better use of our facilities to improve the health of our communities.

Example Groups	Annual Charges £	
Pensioner Couple **Typical Household Facts:** Private pension with combined **net income of £21,000 per annum** Living in a **Band D** property	**Council Tax** **Fees & Charges** Swimming Car Parking (2 hour a week) Aqua Fit (2 sessions a week) Other spending on services (Bulky Waste, renting a DVD monthly) **Total Charges in 2010/2011** **Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase)** **Actual proposed increase in charges for 2011/12**	 **£1,774** **£85** **£6**

Service Impacts

Funding of **£1.2m** is being provided in the form of Disabled Facilities Grants, helping people to live in their own homes.

The Council has an ambitious five year investment plan for the development of Tatton Park. The vision is to improve the experience for visitors, provide new attractions and events and eliminate public subsidy.

Via the Lifestyle Concept facilities at our Leisure Centres will be developed to enable them to build confidence and independence with older and disabled people.

The Council is increasing the amount invested in its Reablement Services by £3.9m in 2011/2012, which will help to enable more individuals to remain in their own homes and retain their independence. This Council will continue to assess an individual's needs and those meeting the eligibility criteria will receive care free for up to six weeks.

Charges for social care and transport are subject to consultation.

Example Groups	Annual Charges £
Local Businesses Typical Facts Non Domestic Rates set by Government Supplementary Rates set by Cheshire East Liable to pay some Fees & Charges (for example licensing)	**Central Government** Inflation adjustment per September RPI (+4.6%) so rates bills will increase. **Cheshire East Council** No Supplementary Rates in 2011/2012 Some small increases in fees in-line with current inflation In 2011/2012, there will be **£10.9m** capital investment in Highways maintenance and new start capital improvements

Service Impacts

In a challenging economic climate, the Council has developed strong visions for the future of both Macclesfield and Crewe and is committed to providing strategic leadership on the major re-development of the towns.

The Council will contribute to the development of a new Local Enterprise Partnership for Cheshire and Warrington. This will be a strong, business-led partnership responsible for driving forward economic growth. There will also be a focus on promoting the area to new investors and visitors through a 'Marketing Cheshire' initiative, bringing together visitor economy support and place marketing.

The Planning Service has a three year programme for the preparation of the Local Development Framework; this will take forward strategies for regenerating our towns and will allocate sites for new housing and economic development, review town centre policies and develop the Council's Infrastructure Plan to support major new investment.

Example Groups	Service Impacts
Council Partners & Stakeholders For Example: Town & Parish Councils, PCT, Fire, Police, Schools, Local Area Partnerships	The Council is developing its Local Service Delivery agenda and is working with Town and Parish Councils and other local groups, exploring the potential for new arrangements in respect of the ownership, choice and provision of a range of facilities and activities. Reductions in funding to community and voluntary groups have been kept to a minimum wherever possible. Directorates have worked together to efficiently commission services from community and voluntary groups. We will make best use of the opportunities for services to be delivered by community and voluntary groups, and town and parish councils. Support to Local Area Partnerships (LAP) continues through the funding of the Partnerships team. LAP Managers will ensure co-ordinated support to neighbourhood groups, town and parish councils, voluntary organisations and other partners. They will ensure that services are joined up and able to address issues of local concern. £625,000 of reserves remains earmarked to support the local transfer and devolution of services. The LAP Reserves of £625,000 will support local groups, particularly town and parish councils, to run services in their local area. The Council will seek to reduce expenditure on its commissioned services with impacts on our partners. Within Children and Families reductions and efficiencies of £1.235m have already resulted in a reduced service provision for the Youth Services provided locally by Connexions.

Example Groups	Service Impacts
The Local Environment 	The Council is committed to reducing its energy consumption and will continue to develop strategies during 2011/2012 and over the next few years, to improve on the environmental impact of its activities and also help to minimise the adverse financial implications of any national carbon reduction-related incentive schemes. A review of the Council's role and presence in the freely available green spaces will be undertaken, aiming to reduce the overall cost of access and potentially deriving additional income. Review of Green Space policy deriving additional income of £0.45m. The Council has developed a Carbon Management Plan to reduce our carbon emissions by 25 per cent by 2015/2016, from its current baseline of 50,000 tonnes per year. Over the last year the Council has cut its emissions by over 1,000 tonnes, mainly through small technical solutions in its buildings.

6. Summary of Business Planning Process 2011/2012

197. Cheshire East Council launched the Business Planning Process at Cabinet in July 2010. The process provides a framework for setting the Budget and Corporate Plan with the aim of linking resource allocation with priorities and desired performance.

198. The key stages of this process are:

Date	Meeting	Purpose
July	Launch Process	Identify funding issues, provide framework for engagement and establish key milestones
August	Set targets Quarter 1 report to Cabinet	Formalise approach for service responses. Note ongoing budget pressures
September / October	Refinement of service responses	Challenge budget proposals
October / November	Comprehensive Spending Review and autumn engagement process on the key messages.	Analyse government proposals, update key stakeholders on local impact
October: 13th 22nd 28th	Manager Conferences Leading Improvement – 'Customer Service Excellence in Challenging Times'	Briefing on Business Planning Process and Comprehensive Spending Review (CSR).
21st	Policy Briefing Paper via e-mail to all Members	Update on CSR Headlines
21st	Opposition Leaders	Update on CSR Impact and Implications
22nd	Staff Newsletter	Briefing on Business Planning Process and CSR.
27th	Overview and Scrutiny Budget Consultation Group	Update on Business Planning Process and CSR.
29th	All Member Business Planning Briefing	Update on: - Business Planning

Date	Meeting	Purpose
		Process - CSR - Potential areas of savings.
November 2nd	Letter to all staff from the Chief Executive.	Provide information on the impact of the CSR and information regarding change of hours / contract / Voluntary Reduction Programme.
3rd	Senior Managers Meeting	Inform managers of Business Planning and CSR Impact and Implications
4th	Partnerships for Action in Cheshire East (PACE) Executive	Update on CSR Impact and Implications
15th	Quarter 2 report to Cabinet	Review ongoing budget pressures and mitigating action
25th	Consultation begins on changes to Adults charges:- 25th Nov – Nantwich 30th Nov – Sandbach 1st Dec – Middlewich 6th Jan – Crewe 7th Jan – Wilmslow 19th Jan – Macclesfield 21st Jan – Poynton 27th Jan - Knutsford	Forum to present and record feedback on proposals for changes in Adult Services. Results to be collated and reported back to Cabinet.
December 1st	Human Resources Newsletter 'Fit for the Future'	Launch of Newsletter detailing review to be undertaken to move all employees to one new standard set of terms and conditions within 12 months.
1st	Consultation begins on changes to Transport in Adults, Community, Health and Wellbeing Services: 1st Dec – Middlewich (1 and 2) 21st Jan - Knutsford	Forum to present and record feedback on proposals for changes in transport provision. Results to be collated and reported back to Cabinet.
7th	Liberal Democrat Group	Comprehensive Spending Review Impact and Implications
7th	Facilitated meetings begin at Day Care Centres: 7th Dec – Hollins View	Forum to present and record feedback on proposals for changes in Adult Services.

Date	Meeting	Purpose
	13th Dec – Peatfields 13th Dec – Cheyne Hall 7th Jan – Mount View 11th Jan – Redesmere Centre 13th Jan – Carter House 17th Jan – Hilary Centre 19th Jan – Mayfield Centre 24th Jan – Stanley Centre 24th Jan – Macon House 25th Jan – Salinae House	Results to be collated and reported back to Cabinet.
8th	Senior Managers Meeting	Briefing on Corporate Plan and Service Planning
13th	Provisional Financial Settlement	Government announcement on Grant Funding to Local Government
January 13th	Briefing for Directors and Scrutiny Budget Consultation Group	Update Group on impact of Finance Settlement
18th	Briefing for all Members	Engagement on Pre Budget Report
19th	Issue Pre Budget Report	Publicise Pre Budget report to Press & Public. Comments invited via website
20th 21st 25th 26th 27th	Partners / Third Sector Staffing Committee / Trade Unions Schools' Forum Business Town and Parish Councils	Engagement on Pre Budget Report NNDR and regeneration work. Local Service Delivery and Planning
February 14th	Cabinet agree Budget and Corporate Plan	
24th	Council agree Budget and Corporate Plan	

The Budget Report will also be available on the Cheshire East website.

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Annexes to Budget Report 2011 / 2012

Our People, Our Place

Annex 1 - A Profile of the Authority

1. The Unitary Council of Cheshire East serves the area previously served by Cheshire County Council and the borough councils of Congleton, Crewe and Nantwich and Macclesfield. In addition to 'Cheshire West and Chester' on the west, Cheshire East is bounded by the Manchester conurbation to the north and east, and Newcastle-under-Lyme to the south and High Peak and Staffordshire Moorlands to the east.

Geography of the Area

2. The mix of topography, soils and land use in Cheshire East presents an area of contrasting character, ranging from the highland and lowland rural areas to the more densely-populated areas in the north east of the authority. The boundary is part of the Peak District National Park which rises significantly higher than the rest of the council area.

3. Cheshire East is characterised by wonderful countryside facilities such as Tegg's Nose Country Park, The Cloud and the Gritstone Trail as well as splendid historic towns and major national visitor attractions such as Tatton Park, castles built of the distinctive local sandstone, the Lyceum Theatre and the Heritage Trail.

4. The main rivers of Cheshire East are the Bollin and the Dane which flow into the Mersey. The River Weaver flows from its source in Peckforton to the union with Manchester Ship Canal. A number of canal systems (The Trent and Mersey, Shropshire Union and Macclesfield canals) form significant features of Cheshire East.

5. The Weaver Valley Regional Park builds on these assets, particularly the market towns, rivers, canals and the salt industry heritage of mid-Cheshire. It runs through central Cheshire, from Runcorn (the mouth of the River Weaver) in the north to Audlem in the south. The Sandstone Trail runs from Frodsham to Whitchurch.

6. There are excellent rail links both with Manchester and other parts of the country through the main West Coast routes from London through Crewe and Macclesfield to the north. The M6 is the main north-south road route, but important east-west links are established by the M56. Other main trunk roads running through Cheshire East are the A556 from Knutsford to Bowden which connects people to Manchester and the A500 linking Nantwich and Crewe to Derby.

Cheshire East and its Citizens

7. Cheshire East has an area of 116,638 hectares. The population is 362,700 (2009), making it the 3rd largest in the North West and 12th largest Authority in England. Principal concentrations of population are in the towns of Macclesfield (50,040), Crewe (50,320), Wilmslow (30,870) and Congleton (26,520). Other main towns within Cheshire East are Sandbach (17,820), Poynton (14,200), Nantwich (14,440), Middlewich (13,800), Knutsford (12,580) and Alsager (12,230).

8. Cheshire East has a diverse rural / urban profile. The area is classed as significantly rural, with more than half the population living in rural or rural market town areas. The other eight towns, although urban, have outskirts which contain areas classified as more rural than urban.

9. The population in Cheshire East has steadily increased over the past seventeen years, from 340,500 in 1991 to 362,700 in 2009. This increase in the total population is mainly due to migration into the area. The age structure of Cheshire East is slightly older than that of England & Wales. In 2008, 6% of Cheshire East's residents were aged under 5, 12% were aged 5 to 14 and 18% were aged 65 or more. The age structure of the population in Cheshire East has changed since 1991. The number of older people (aged 65+) has increased by 20% from around 54,200 in 1991 to 66,500 in 2008. The increase is greater in Congleton (34%) than Crewe & Nantwich (22%) or Macclesfield (17%).

10. The number of children (aged 0-15) in 2008 has fallen slightly (by 900) compared to 1991 to 61,900; however, whilst numbers have increased by 7% in Crewe & Nantwich they have decreased by 4% in Congleton and 6% in Macclesfield. It is forecast that by 2027 there will be around 5% fewer children living in Cheshire East than there were in 2007 whilst the number of people aged 85 or above will have doubled within the same period.

11. Cheshire East has a strong local economy which contributes 5% of the North West region's total population and 7% to regional output. Average household income is above the national average. However it is not immune from the national economic recession and unemployment has been rising rapidly. The population aged 16-64 is expected to fall by 4% between 2007 and 2027, so limiting the capacity to expand the labour supply.

12. Residents also enjoy better health than elsewhere in the region and nationally. For example, life expectancy is above the national average and incidence of smoking cigarettes is lower.

13. Educational attainment among school pupils in terms of achieving 5 or more GCSE (General Certificate of Secondary Education) grades at A*-C grade is above the national average. Cheshire East schools generally perform well; children get off to a good start with a large percentage of childcare establishments, nursery education and primary schools judged to be better than similar areas and better than standards found nationally. There is very little inadequate provision, but the proportion of secondary schools and school sixth forms that are judged to be good or better is below that found in similar areas and the national figure. Attainment levels at Key Stage 2 in primary schools places the Borough in the top 5 Local Authorities in the country for educational performance at this level. Children's Services in Cheshire East continue to 'perform well' as rated by OFSTED in its annual performance rating.

14. The crime rate in Cheshire East is one of the lowest in the country and residents are less concerned about anti-social behaviour than elsewhere. However, there is significant anxiety about victimisation.

15. The South Cheshire housing market contains the two towns of Crewe and Nantwich and a number of rural villages. Crewe is identified as being a key regional town and a gateway to the North West. It has both housing and employment ties crossing regional boundaries into the North Staffordshire and Potteries areas, and it is to this area more than Manchester that this housing area looks.

16. In the Communities of Cheshire survey 2008, the majority (93%) were satisfied with their home as a place to live and 85% were satisfied with their local area. But while the residents of Cheshire East generally enjoy good quality of life there are significant inequalities, with some areas experiencing poorer health, educational attainment and economic well-being than elsewhere. There are 14 Lower Super Output Areas among the 20% most deprived in England, according to the national measure 'Index of Multiple Deprivation'. These contain 6% of the population of the borough.

Annex 2 – Grant Funding Position 2011/2012

1. The structure of grant funding to local authorities is changing and is still under review. This annex provides information on the Specific Grants highlighted by the Secretary of State for Communities, the Rt Hon Eric Pickles MP, as well as a comprehensive list of grants for Cheshire East Council extracted from the Grants Register.

2. The table below provides further information on Specific Grants contained within a letter to all councils, in October 2010, from the Secretary of State for Communities.

Grant	Information
Dedicated Schools Grant	*Existing grant.* Ringfenced grant to support expenditure on education. Grant is received by the Council who allocate funding to schools in accordance with local agreements. For 2011/2012 several grants are being transferred into DSG, however reductions will also be made to reflect schools converting to Academy status.
Early Intervention Grant	*Pooling of existing money*. For early intervention and preventative services. This is a new streamlined grant to provide greater flexibility to target grants on local needs; to take a whole-family approach; and to use the money to encourage diversity of provision and establish payment by results.
Learning Disabilities and Health Reform	*Pooling of existing money and new grant.* The Learning Disabilities and Health Reform grant reflects the transfer of responsibility for funding and commissioning of services for adults with learning disabilities from the NHS to local authorities. The grant includes social care revenue, reported and agreed between PCTs and councils, which supported adults with learning disabilities, who previously lived in the long stay hospitals. It also includes former campus residents who have moved to community accommodation.
New Homes Bonus	*New Grant for 2011/2012.* To reward council's for increasing supply in domestic properties. Consultation is in progress for this grant so no estimate is included in this Pre-Budget Report.
Council Tax Freeze Grant	*New Grant for 2011/2012.* Payable to Councils that agree to freeze Council Tax at 2010/2011 levels (see section below for Cheshire East proposals in this area).
Housing & Council Tax Benefit Administration Grant	*Existing Grant.* Provided to Council's that administer local Housing & Council Tax benefits on behalf of the Department for Work & Pensions. Cheshire East, as a Unitary Authority deliver this function and grant payment is based on caseload.
Private Finance Initiative Grant	Annual grant to be received on an annuity basis from the Homes and Communities Agency for a period of 25 years

	from 2009, towards the cost of our Round 3 Extra Care Housing scheme. This is a joint scheme with Cheshire West and Chester, with 3 sites in Cheshire East being part of the scheme, namely, Crewe, Handforth and Middlewich.
Preventing Homelessness Grant	*Existing Grant:* used to prevent homelessness.
Public Health Grant	*New Grant:* To start in 2013. Will be ringfenced for health spending only.

3. The table overleaf is extracted from the Cheshire East Council Grants Register, confirming the latest estimates on Government Grant Funding.

Table 17: This information is extracted from the Council Grants Register

	See Note	Adjusted 2010/2011 £m	2011/2012 £m	Actual Change £m	%
Formula					
Revenue Support Grant		8.1	16.6	8.5	
National Non Domestic Rates		55.4	53.7	-1.7	
Total Formula Grant		**63.5**	**70.3**	**6.8**	
Value of Specific Grants Rolled in to Formula Grant from April 2011	1	18.6	0.0	-18.6	
Gross Impact of Restructuring Local Authority Formula Grant		**82.1**	**70.3**	**-11.8**	**-14.4%**
Specific					
Ringfenced					
Dedicated Schools Grant	**1, 7**	**231.3**	**229.6**	**-1.7**	
Non Ringfenced					
Area Based Grant	2	0.0	0.0	0.0	
Early Intervention Grant	1	13.3	11.8	-1.5	
Learning Disabilities & Health Reform	1	1.6	4.0	2.4	
New Homes Bonus				0.0	
Council Tax Freeze Grant			4.4	4.4	
Housing & Council Tax Benefit Administration Grant		2.5	2.2	-0.3	
Council Tax Benefit		20.4	20.4	0.0	
Housing Benefit		75.1	75.1	0.0	
NNDR Admin Grant		0.6	0.6	0.0	
Private Finance Initiative Grant		0.0	0.0	0.0	
Preventing Homelessness Grant		0.1	0.3	0.2	
NHS Funding	3	0	3.9	3.9	
Sixth Form funding not yet announced		18.4	18.4	0.0	
Other Funding not yet announced	4	2.4	2.2	-0.2	
Awaiting further information	4	0.7	0.3	-0.4	
Grants claimed retrospectively	4	0.4	0.4	0.0	
Lead Local Flood Authorities		0.0	0.1	0.1	
Cheshire & Warrington Improvement and Efficiency Commission	5	0.2	0.0	-0.2	
Grants ending in 2010-11	4	3.5	0.0	-3.5	
Total Non Ringfenced		139.2	144.2	5.0	**3.6%**
Total Specific Grants		**370.5**	**373.8**	**3.3**	**0.9%**
Total Government Grant Funding		**452.6**	**444.1**	**-8.5**	**-1.9%**

Notes

1 The Appendix shows the breakdown of grants rolling into Formula Grant, DSG, Early Intervention grant and Learning Disabilities & Health Reform grant.

2 Grants forming part of Area Based Grant in 2010/2011 have been rolled into Formula Grant, Early Intervention Grant, Learning Disability and Health Reform Grant or have been abolished. A table tracking ABG is shown in the Appendix.

3 Spending against NHS Funding grant is to be negotiated with NHS.

4 Detailed breakdowns of these grants is available .

5 Grant in 2011/12 of £30,000.

6 The above grants information is being constantly updated, as further details are received on the 2011/12 grant settlement.

7 The DSG figure includes £17.1m of funding which will go to Academies. The full figure is shown here for comparison with the previous year.

Source: CLG

4. The following grants have been mainstreamed, so that they are now payable as part of the Dedicated Schools Grant:

    - School Standards Grant
    - Schools Standards Grant (Personalisation)
    - School Development Grant (includes School Development Grant (SDG) Main, Post-Leadership Incentive Grant (LIG) Deprivation and Transition, City Learning Centers, Specialist Schools and High Performing Specialist Schools). It does not include the amount previously paid through Area Based Grant (ABG)
    - School Lunch Grant
    - Ethnic Minority Achievement (EMAG)
    - 1-2-1 Tuition
    - Extended Schools – Sustainability
    - Extended Schools - Subsidy
    - Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)
    - Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)
    - Diploma Formula Grant
    - London Pay Addition Grant

Annex 3 - Balancing the Three Year Budget Position

Introduction

1. A comprehensive Business Planning Process was followed for the 2010/2011 Budget Setting process which resulted in a balanced position for the medium term (2010-2013). The 2011/2012 position was balanced after savings of £9.6m were programmed to be included in the budget.

Development of the Revenue Budget

2. There were several key stages in the development of the three year budget position 2011 - 2014.

Initial Estimates and July Cabinet Report

3. During the early part of 2010/2011 work began to assess the revised financial scenario facing Cheshire East Council. The high level steer at that time was to anticipate reductions of 25% over a four year period. Applying this reduction to the funding received from Central Government resulted in the need to make additional savings of £11.4m in 2011/2012 and £32.5m over the three year period. These targets were included in the Business Planning Report taken to Cabinet in July 2010 which marked the start of the Business Planning Process.

Challenge

4. In August an 'Efficiency Group' comprising members of the Corporate Management Team and Cabinet was formed to manage the process. Their initial task was to review and comment on the emerging options within each Directorate and cross directorate initiatives.

5. Initial responses were produced in early September and challenged by the Efficiency Group.

The Comprehensive Spending Review

6. The Comprehensive Spending Review (CSR) was announced on 20th October 2010. This set out more details of the savings the public sector needed to make. The announcements were interpreted and the following changes were made to the planning assumptions for 2011/2012:
   - Formula Grant: 11.6% reduction.
   - Specific and Area Based Grants: 7.25% reduction.

7. These changes increased the funding gap by £5.8m from £11.4m to £17.2m in 2011/2012.

8. Given the significant level of uncertainty over the level of funding available to the Council and concerns about the impact of underlying growth pressures being experienced in the current year that were not reflected in service budgets, Cabinet decided to adopt targets of **£30m** in 2011/2012 and £50m over the three year period.

Provisional Finance Settlement

9. The provisional local government finance settlement was released on 13th December 2010. The announcements included the removal of the majority of ringfencing in terms of use of grants.

10. The impact of the settlement and current year pressures demonstrated the Council's planning assumptions and process to generate saving options were fully justified to arrive at a balanced position.

The Pre Budget Report

11. The steps identified in the Pre Budget Report balanced the scenario for 2011/2012.

Final Settlement and the Budget Report

12. The final local government finance settlement report was released on 31 January 2011. It will be debated in the House of Commons on 9th February. Any change to the figures will be reported to Cabinet and Council.

13. The announcements made a small increase in the formula grant figures of £40,000 due to the upper limit on reduction of grant being reduced by 0.1%.

14. This change together with some refinement of service budgets and policy options have led to the Budget Report position.

15. The changes to policy options were:
    - Additional Corporate Improvement savings of £74,000.
    - Costs of contributing to the Macclesfield 750th Anniversary of £30,000.

16. In addition two significant adjustments have been processed :
    - The budget figures and grants for Council Tax Benefit and Housing Benefit have been increased by £9.5m to reflect current activity levels.
    - The Grounds Maintenance Service has been transferred from Health and Wellbeing to Places resulting in a budget transfer of £2.8m between the two areas.

Summary of Changes to Balance the Financial Scenario

17. This section will identify how the Council moved from the initial scenario position reported in July to the balanced Budget Report stage using the five measures of:

    - Measure 1 – Challenge Funding Assumptions,
    - Measure 2 – Increase Council Tax,
    - Measure 3 – Use General Reserves,
    - Measure 4 – Reduce Expenditure and
    - Measure 5 – Increase Income

18. In broad terms the amount available for services improved by £16.2m and that enabled the required level of savings to be reduced by £16.2m.

Measure 1 – Challenge Funding Assumptions

19. The July Cabinet report set out a number of key planning assumptions including: the repayment of reserves, inflation levels, and Capital Financing estimates. These assumptions were severely challenged to maximise resources available to the front line services.

- **Inflation** ~ the central contingency has been reduced from £3.8m to £1.9m. Where inflation is known services have adjusted for this pressure. A change of **-£1.9m.**
- **Capital Financing** ~ this provides for the necessary payment of Capital and interest. Following Capital Programme Challenge the figure was reduced from £15m to £13.9m. An improvement of **-£1.1m.**
- **Grants** ~ the original estimate of reductions was refined to reflect the figures actually released as part of the final settlement announcements. New grants for Council Tax freeze and NHS funding transfers reduced this impact to **-£8.5m**.
- **Severance costs** ~ the provision for severance costs was reduced to reflect a realistic profile of the costs. A change of **-£2.9m.**
- **Corporate Budget** ~ the base budget was reviewed and the Corporate budget of **£0.2m** was removed.

Overall the funding available to services was increased by £14.6m following the challenge and updating of funding assumptions.

Measure 2 – Increase Council Tax

20. **Council Tax** – several amendments were made.

- **Council Tax Increase ~** The Coalition Government offered funding over four years in return for a freeze in Council Tax in 2011/2012. Therefore Council Tax will remain the same and the Authority will benefit from this time limited 'freeze' funding of £4.4m. This has been included in measure 1 above.

- **Council Tax Base ~** the original assumption was an increase of 0.3% (£0.5m). This has been revised due to the impact of:
    - the review of single person discount,
    - the decision to reduce the discount on second homes to 10%
    - the decision to completely remove the discount on long term empty properties

Overall the result of these changes increased the tax base by 1.19% equating to a £1.6m reduction in the funding gap.

Measure 3 – Use General Reserves

21. The Council's Reserves Strategy uses risk assessment to inform the prudent level of reserves. This complies with the requirement to maintain adequate reserves (see the Borough Treasurer's comments on page 3).

22. The current financial position includes a contribution to reserves to ensure the Authority maintains a risk assessed minimum level following re-payment of transitional costs from the re-organisation process. The Reserves Strategy including a revised Risk Assessment will be included in the full Budget Report.

Overall there has been no change to the planned contribution to reserves.

23. Following the action taken in respect of measures 1 to 3 the level of savings the Council needed to make has reduced from the original savings target of £21m (being £9.6m roll forward plus £11.4m new savings) to £4.8m. This was mitigated by actions taken under measures four and five.

Measure 4 – Reduce Expenditure & Measure 5 – Increase Income

24. Service proposals were received from each directorate and challenged to deliver the following final estimates.

- **People - Children and Families Services:**
    - Growth of £5.7m offset by savings of £5.6m to give a net position of £0.1m growth.

- **People - Adults, Community, Health and Wellbeing:**
    - Growth of £20.8m offset by savings of £10.7m to give a net position of £10.1m.

- **Places:**
    - Savings of £3.9m.

- **Performance and Capacity:**
    - Savings of £4.7m.

- **Cross Directorate Issues**
    - Savings of £6.4m.

- **Cheshire East Total**
    - Growth of £26.5m offset by savings of £31.3m to give a net position of **£4.8m savings.**

Development of the 2011/2012 Capital Programme

25. The Capital Strategy was approved by Cabinet on 20th September 2010. The strategy sets out the process for the development of the Capital Programme and the main criteria for the evaluation of proposed new schemes.

26. In September 2010 services were required to submit headline business cases to identify the scale of the 2011/2012 draft capital programme. Only those schemes meeting the criteria of essential maintenance, replacement or invest to save progressed to the next stage given the level of available funding.

27. The capital schemes have been considered by the Efficiency Group and discussed in the Challenge Group sessions to ensure the links with the revenue budget setting process.

28. Initial forecasts were used for available capital grant funding based on previous years allocations but with expected reductions. The announcement of specific capital grants in December 2010 revealed a significant reduction in available funding for the 2011/2012 capital programme; this has particularly affected schools, highways and housing strategy. As well as a reduction in capital grants the government is no longer providing any new Supported Borrowing allocations in 2011/2012 and 2012/2013.

29. The forecast for future capital receipts has remained at a prudent level for 2011/2012 due to the property market remaining stagnant. The Council has implemented a Disposals Policy as part of the Asset Management Plan, where property assets which are not meeting the Council's objectives will be subject to asset challenge and a process of rationalisation and disposal for surplus / under-performing property will be adopted. The Council's Capital Receipts Policy will ensure that receipts are used in the most beneficial way to support corporate priorities and strategic objectives of the Council and all receipts will be pooled centrally.

30. Given the reductions in available funding detailed above the Council has undertaken prudential borrowing to fund £16m of new starts in 2011/2012. The Council is conscious of the impact of repayment costs on the revenue budget and has only considered schemes where capital investment is required to secure longer term revenue savings and repayment costs are affordable.

Annex 4 – Minimum Revenue Provision Statement 2011/2012

Introduction

1. Under 2003 Regulations[1], local authorities are required to charge to their revenue account for each year a Minimum Revenue Provision (MRP) to account for the cost of their debt in that financial year.

2. Debt is created where capital expenditure has been financed by borrowing or other credit arrangements (e.g. finance leases); it may be self-financed or Government-supported. Supported Capital Expenditure means expenditure taken into account by Government in the calculation of the Revenue Support Grant due to the authority.

3. Prior to its amendment by the 2008 Regulations[2], the method authorities were required to follow in calculating MRP was prescribed. For the financial year 2007/2008 and subsequent years, the detailed calculation has been replaced with a requirement that local authorities calculate an amount of MRP which they consider to be "prudent".

4. At the same time the Secretary of State issued guidance[3] on the duty to make a prudent provision and local authorities are legally obliged to "have regard" to this guidance.

5. Authorities are required to prepare an annual statement of their policy on making MRP for submission to their Full Council. The aim is to give elected Members the opportunity to scrutinise the proposed use of freedoms conferred by the arrangements, following a shift in emphasis from regulations to guidance.

Meaning of "Prudent Provision"

6. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The Secretary of State considers that the methods of making prudent provision include the options set out below.

7. For capital expenditure incurred before 1 April 2008 and incurred on or after that date if it forms part of Government-Supported Capital Expenditure:

   Option 1: Regulatory Method *- MRP is equal to the amount determined in accordance with the 2003 Regulations (as amended), as if they had not been revoked by the 2008 Regulations*

   This calculation would include any technical adjustments, as statutorily required.

   Option 2: CFR Method *- MRP is equal to 4% of the Capital Financing Requirement (CFR), as derived from the balance sheet at the end of the preceding financial year*

[1] Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 2003/3146, as amended]
[2] Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414]
[3] Guidance on Minimum Revenue Provision, issued by the Secretary of State for Communities and Local Government, under Section 21(1A) of the Local Government Act 2003, 28 February 2008

This produces a similar MRP charge to Option 1, but is technically simpler.

Option 3: Asset Life Method *- MRP is determined by reference to the life of the asset, by equal instalment method or annuity method*

MRP should commence in the financial year following the one in which expenditure was incurred, or the year following the one in which the asset becomes operational.

Option 4: Depreciation Method *- MRP is to be equal to the provision required in accordance with depreciation accounting*

8. For capital expenditure incurred on or after 1 April 2008 and which does not form part of Government-Supported Capital Expenditure, only *Options 3* and *4* are considered prudent under the guidance issued by the Secretary of State.

9. The move to International Financial Reporting Standards (IFRS) means that private finance initiative (PFI) schemes and operating leases may be brought on balance sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing and the CFR will increase which will lead to an increase in the MRP charge to revenue. To ensure that the impact on the revenue account is neutral MRP for these items will match the principal repayment embedded within the PFI or lease agreement.

10. The Council is party to one PFI contract in respect of Extra Care Housing, this was recognised on the balance sheet in 2009/10.

Finance Leases

11. In the case of finance leases, the MRP is equal to the amount that goes to write down the Balance Sheet liability; thus *Option 3* will apply in a modified form.

Policy Statement

The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2011/2012 and subsequent years.

12. The Council will apply Option 2 (CFR Method) in respect of supported capital expenditure and Option 3 (Asset Life Method) in respect of unsupported capital expenditure.

13. Other approaches may be developed, but they will be fully consistent with the statutory duty to make prudent revenue provision. These may relate to large, complex or novel schemes. Legal advisors and external auditors will be consulted if significant departures from the guidance are proposed and any alternative approaches developed will be incorporated in future annual policy statements, for approval by Council prior to application.

Annex 5 – Prudential Borrowing Indicators

Background:

1. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008, and issued a revised Code in November 2009.

Net Borrowing and the Capital Financing Requirement:

2. This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

3. The Borough Treasurer & Head of Assets reports that the authority had no difficulty meeting this requirement in 2010/2011, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure:

4. This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

No. 1	Capital Expenditure	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Total	**103**	**90**	**77**	**27**	**22**

5. Capital expenditure will be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital receipts	24	21	16	3	1
Government Grants	52	40	35	15	15
External Contributions	1	5	1	0	0
Revenue contributions	4	2	1	0	0
Supported borrowing	16	17	4	1	0
Unsupported borrowing	6	5	20	8	6
Total	**103**	**90**	**77**	**27**	**22**

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement.

Ratio of Financing Costs to Net Revenue Stream:

6. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 37 of the Prudential Code.

7. The ratio is based on costs net of investment income.

No.	Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
2	**Total**	**5.64**	**4.91**	**5.59**	**6.11**	**6.28**

Capital Financing Requirement:

8. The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure**.

No.	Capital Financing Requirement	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
3	**Total CFR**	**184**	**206**	**221**	**217**	**212**

*** in line with CIPFA's guidance, any investments or other items not falling within the classification of fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.*

Actual External Debt:

9. This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No.	Actual External Debt as at 31/03/2010	£m
4	Borrowing	135
	Other Long-term Liabilities	23
	Total	**157**

Incremental Impact of Capital Investment Decisions:

10. This is an indicator of affordability that shows the impact of capital investment decisions on the Council. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

No. 5	Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
	Increase in Band D Council Tax	3.27	2.33	8.77	2.83

Authorised Limit and Operational Boundary for External Debt:

11. The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

12. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

13. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

14. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

No. 6	Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	195	197	213	208	204
	Other Long-term Liabilities		23	22	22	21
	Total	**195**	**220**	**235**	**230**	**225**

15. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

16. The Borough Treasurer & head of Assets has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council.

No. 7	Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	185	187	203	198	194
	Other Long-term Liabilities		23	22	22	21
	Total	**185**	**210**	**225**	**220**	**215**

Adoption of the CIPFA Treasury Management Code:

17. This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8 Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 25 February 2010

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

18. These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

19. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

		2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
No. 9	**Upper Limit for Fixed Interest Rate Exposure**	100	100	100	100	100
No. 10	**Upper Limit for Variable Interest Rate Exposure**	100	100	100	100	100

20. The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements, as set out in the Council's treasury management strategy.

Maturity Structure of Fixed Rate borrowing:

21. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

22. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No. 11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	0	25%
	12 months and within 24 months	0	25%
	24 months and within 5 years	0	35%
	5 years and within 10 years	0	50%
	10 years and within 20 years	0	100%
	20 years and within 30 years	0	100%
	30 years and within 40 years	0	100%
	40 years and within 50 years	0	100%
	50 years and above	0	100%

Upper Limit for total principal sums invested over 364 days:

23. The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No. 12	Upper Limit for total principal sums invested over 364 days	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
		40	**40**	**40**	**40**	**40**

Note: Original approved limit expressed as a % of total investments. Revised and future estimates stated as maximum value.

Annex 6 - Service Budget and Capital Details

Cheshire East Council

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rchgs £000	Gross Income £000	Net Budget £000
Our People	240,544	249,010	489,554	(25,601)	(60,658)	(86,259)	403,295
Our Place	36,178	65,308	101,486	(20,958)	(24,388)	(45,346)	56,140
Supporting Service Delivery	34,778	123,065	157,843	(9,549)	(5,916)	(15,465)	142,378
Total Budget	**311,500**	**437,383**	**748,883**	**(56,108)**	**(90,962)**	**(147,070)**	**601,813**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Our People	10,180	
Our Place	(3,872)	
Supporting Service Delivery	(4,664)	
Cross Directorate Proposals		
Borough Treasurer & Head of Assets	(2,880)	
Human Resources & Organisational Development	(3,594)	
Provisional Financial Impact of 2011/2012 Policy Proposals		**(4,830)**
Total Proposed Budget 2011/2012		**596,983**
Funded by :		
Formula Grant	-70,335	
Specific Grants	-373,754	
Sub total Government Grant Funding		-444,089
Local Taxation		-178,679
Less		
Investment & Borrowing	13,916	
Management of Reserves	5,114	
Other Economic Factors	6,755	
		25,785
Funding Available		**(596,983)**

Cheshire East Council - Three Year Position

Services Provided :	2011/2012 Net Budget £000	2012/2013 Net Budget £000	2013/2014 Net Budget £000
Our People	403,295	410,871	404,221
Our Place	56,140	51,908	48,910
Supporting Service Delivery	142,378	136,792	137,033
Total Budget	**601,813**	**599,571**	**590,164**

Key Policy Proposals for 2011/2012 Budget

	£000	£000	£000	£000	£000	£000
Our People	10,180		(7,334)		(2,081)	
Our Place	(3,872)		(3,085)		(1,445)	
Supporting Service Delivery	(4,664)		(1,498)		(1,425)	
Additional Savings to be found through Directorate Challenge			(500)		(3,983)	
Cross Directorate Proposals						
Borough Treasurer & Head of Assets	(2,880)		(600)		(600)	
Human Resources & Organisational Development	(3,594)		(1,658)		-	
Provisional Financial Impact of 2011/2012 Policy Proposals		**(4,830)**		**(14,675)**		**(9,534)**
Total Proposed Budget 2011/2012		**596,983**		**584,896**		**580,630**
Funded by :						
Formula Grant	(70,335)		(63,197)		(62,692)	
Specific Grants	(373,754)		(372,533)		(370,176)	
Sub total Government Grant Funding		(444,089)		(435,730)		(432,868)
Local Taxation		(178,679)		(179,215)		(179,753)
Less						
Investment & Borrowing	13,916		15,217		15,641	
Management of Reserves	5,114		6,063		7,874	
Other Economic Factors	6,755		8,769		8,476	
		25,785		30,049		31,991
Funding Available		**(596,983)**		**(584,896)**		**(580,630)**
Gap/(surplus)		**-**		**-**		**-**

Capital Programme 2011/12 - 2013/14

	2011-12 £000	2012-13 £000	2013-14 £000	Total £000
Adults, Health & Wellbeing				
Committed schemes				
Adult Services	1,910	0	0	1,910
Health and Wellbeing	2,490	750	0	3,240
	4,400	**750**	**0**	**5,150**
New Starts				
Adult Services	200	0	0	200
Health and Wellbeing	735	0	0	735
	935	**0**	**0**	**935**
Total Capital Programme - Adults, Health & Wellbeing	**5,335**	**750**	**0**	**6,085**
Children & Families				
Committed schemes	14,299	2,414	0	16,713
New Starts	11,459	950	950	13,359
Total Capital Programme - Children & Families	**25,758**	**3,364**	**950**	**30,072**
Places				
Committed schemes				
Environmental Services	3,162	2,336	4,201	9,699
Safer & Stronger Communities	645	160	0	805
Planning & Policy	1,340	0	0	1,340
Regeneration	3,281	2,488	295	6,064
	8,428	**4,984**	**4,496**	**17,908**
New Starts				
Environmental Services	1,950	0	0	1,950
Safer & Stronger Communities	0	150	150	300
Planning & Policy	1,840	600	600	3,040
Regeneration	17,360	11,520	10,728	39,608
	21,150	**12,270**	**11,478**	**44,898**
Total Capital Programme - Places	**29,578**	**17,254**	**15,974**	**62,806**
Performance & Capacity				
Committed schemes				
Borough Treasurer & Head of Assets	7,240	1,095	1,094	9,429
Policy & Performance	1,005	0	0	1,005
	8,245	**1,095**	**1,094**	**10,434**
New Starts				
Borough Treasurer & Head of Assets	8,029	4,693	4,100	16,822
Policy & Performance	35	0	0	35
	8,064	**4,693**	**4,100**	**16,857**
Total Capital Programme - P & C	**16,309**	**5,788**	**5,194**	**27,291**
Total Committed schemes	35,372	9,243	5,590	50,205
Total New Starts	41,608	17,913	16,528	76,049
Total Capital Expenditure	**76,980**	**27,156**	**22,118**	**126,254**

Our People

Objective Analysis of Services provided in 2010/2011

Services	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Children and Families	186,047	132,488	318,534	(11,867)	0	(11,867)	**306,668**
Adults, Community, Health and Wellbeing	54,498	116,522	171,020	(28,414)	(45,978)	(74,392)	**96,628**
Total Budget	**240,544**	**249,010**	**489,555**	**(40,281)**	**(45,978)**	**(86,259)**	**403,296**

Key Policy Proposals for 2011/2012 Budget

	£000
Children and Families	123
Adults, Community, Health and Wellbeing	10,057
Provisional Financial Impact of 2011/2012 Policy Proposals	**10,180**
Total Proposed Budget 2011/2012	**413,476**

Children and Families
Director of Service - Lorraine Butcher

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income £000	Net Budget £000
Schools (ISB)	150,908	31,760	182,668		182,668
Integrated Delivery	19,079	27,993	47,072	(1,890)	45,182
Improvement and Achievement	11,786	69,069	80,855	(2,206)	78,649
School Catering	4,274	3,666	7,939	(7,771)	168
	186,047	**132,488**	**318,534**	**(11,867)**	**306,668**

Note: the above includes £200.642m DSG, shown overleaf

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Increased numbers of looked after children	4,000	
Investment in residential provision	780	
Realignment of transport budgets	989	
Sub total		5,769
Decreases in Net Budget		
Reductions to services in line with changes to grant funding levels	(2,500)	
Further efficiencies from commissioned services	(1,235)	
Reduce Children in Care Placements	(1,325)	
Review of Family Centres / Family Support	(430)	
Review Short Break Provision	(156)	
Sub total		(5,646)
Provisional Financial Impact of 2011/2012 Policy Proposals		**123**
Total Proposed Budget 2011/2012		**306,791**

Children and Families - Dedicated Schools Grant

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000
Schools ISB			
Primary	71,231	14,850	86,081
Secondary	60,829	13,099	73,928
Special	4,539	730	5,269
Total Schools ISB	**136,599**	**28,679**	**165,278**
Other Provision			
Sandbach School	3,370	739	4,109
Private Voluntary and Independent Nurseries	5,644	1,239	6,883
Total Other Schools	**9,014**	**1,978**	**10,992**
Total Central Spend	**10,236**	**14,136**	**24,372**
Final 2010/2011 DSG	**155,849**	**44,793**	**200,642**

Key Policy Proposals for 2011/2012 Budget

Increases in Net Budget		
Increased allocation of DSG	350	
Main streamed grants	28,627	
Increased costs associated with Pupil Premium	2,003	
Inflation Requirements	2,309	
Additional Special Educational Needs Requirements	1,500	
Withdrawal of Financial Management Standards in Schools	(99)	
Special Schools - phasing out of protection	72	
Special Schools - Shortfall in 2010/11 Funding	17	
Special Schools - Increase in Complex Needs Places	100	
Early Years additional entitlement	540	
Academies Schools Budget element of LA Central Spend Equivalent	180	
Grant Reductions in grant funding due to Academy conversions	17,067	
Sub total		52,666
Decreases in Net Budget		
New Pupil Premium Funding	(2,003)	
Contribution from centrally retained DSG budget	(2,000)	
Proposals to be determined by schools	(2,619)	
Reduction in allocations required due to Academy conversions	(17,067)	
Sub total		(23,689)
Total Proposed DSG		**229,619**

Note 1: the above figures are subject to review in the light of the latest pupil number figures which will impact on the anticipated DSG receivable.
Note 2: Three schools have converted to Academies during 2010/2011. For 2011/2012, the funding paid to the Council will be reduced by £17m, to reflect allocations which will be paid directly to Academies.

CHESHIRE EAST - CAPITAL PROGRAMME 2011-12

Capital Programme - Children & Families	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Children & Families					
Ongoing Schemes					
Devolved Formula Capital 07-08	5,169	5,103	66		
Devolved Formula Cap 08-09	5,131	4,404	727		
Devolved Formula Capital 09-10	5,693	3,658	1,220	815	
Devolved Formula Capital - In Advance	2,277	1,363	914		
Extended Schools 09/10	363	195	168		
Extended Schools 10/11	132	0	132		
14-19 diploma	1,000	450	550		
Contact Point / Further Dev of Children's Hub/ e-CAF	382	102	280		
Stapely Broad Lane PS - Replacement temp accomm	922	673	249		
Offley Primary School	888	878	10		
Electronic Social Care Records (ESCR)	350	250	100		
Schools - Access Initiative	1,251	150	1,101		
Targetted Capital Funding (TCF) 14 - 19 Diploma	2,671	0	2,671		
Devolved Formula Capital 10-11	3,493	674	1,220	1,599	
Harnessing Technology	244	143	101		
Schools Modernisation Programme	3,546	50	3,496		
Schools - Basic Need	1,202	408	794		
Land Block 10-11	67	3	64		
Land Drainage 10-11	63	31	32		
Feasibility 10-11	82	25	57		
VA Contributions 10-11	13	0	13		
Alsager H S Perf Arts Cent	1,134	700	334		
Total Ongoing Schemes	**36,073**	**19,259**	**14,299**	**2,414**	**0**
New Starts 2011-12					
Basic Need	1,300		1,300		
Capital Maintenance Allocation	5,700		5,700		
Devolved Formula Capital 2011-12	1,009		1,009		
Residential Development Programme	1,150		1,150		
Short Break Re Provision	700		700		
Pupil Referral Unit	1,500		1,500		
Specialist Special Needs Provision	2,000		100	950	950
Total New Starts 2011-12	**13,359**	**0**	**11,459**	**950**	**950**
Total Children & Families Programme	**49,432**	**19,259**	**25,758**	**3,364**	**950**

Adults, Community, Health and Wellbeing
Director of Service - Phil Lloyd

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Adults	41,607	107,362	148,970	(18,643)	(45,534)	(64,177)	84,793
Health and Wellbeing	12,890	9,160	22,050	(9,771)	(444)	(10,215)	11,835
Total Budget	**54,498**	**116,522**	**171,020**	**(28,414)**	**(45,978)**	**(74,392)**	**96,628**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget:		
Impact of Increasing population and complex packages of care	11,800	
Health and Wellbeing Building Based Review	849	
Care4CE Trading Company Options Appraisal (temporary)	200	
Valuing People Now - Interim Transfer into Learning Disabilities Pool	4,021	
NHS Reablement Monies - Section 256 Agreement	3,906	
		20,776
Decreases in Net Budget		
Maximise Income (increased / new charges) - subject to consultation in Adults	(990)	
Further Ongoing Care4CE Efficiencies	(1,080)	
Procurement and Expenditure Savings - Adults Services	(1,352)	
Staffing Reductions across the Directorate	(1,025)	
Review of Green Spaces	(225)	
Review Building Based Services / Provider Services	(1,150)	
Transport Reductions - subject to consultation in Adults	(800)	
Health and Wellbeing Building Based Review	(774)	
Lifestyle Concept - Reductions in Expenditure / New Income	(1,023)	
External Care Cost Reductions through Individual Social Worker Budgets	(800)	
Further Departmental Savings / Social Care Redesign Phase 2 (to be allocated)	(1,500)	
		(10,719)
Provisional Financial Impact of 2011/2012 Policy Proposals		**10,057**
Total Proposed Budget 2011/2012		**106,685**

CHESHIRE EAST - CAPITAL PROGRAMME 2011-12

Capital Programme - Adults, Health & Well-being	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Adults, Community and Health & Wellbeing					
Adults					
Ongoing Schemes					
CAF Phs 2 Demonstrator	2,235	1,235	1,000		
Social Care IT Infrastructure	95	20	75		
Modernising ICT Delivery	638	563	75		
Enabling Model of Social Care	58	10	48		
Extra Care Housing	2,907	2,358	549		
Community Services Flexible and Mobile working	650	537	113		
Adults Protect into Paris	50	0	50		
Total Ongoing Schemes	**6,633**	**4,722**	**1,910**	**0**	**0**
New Starts 2011-12					
Business Systems for Transformation	200		200		
Total New Starts 2011/12	**200**	**0**	**200**	**0**	**0**
Total Adults	**6,833**	**4,722**	**2,110**	**0**	**0**
Health & Wellbeing					
Ongoing Schemes					
Sandbach United Football complex	2,200	1,224	1,008		
Badger Relocation	115	68	47		
Nantwich Pool Enhancements (part-funding)	1,385	0	1,035	350	
Radio Frequency ID (RFID)	1,200	400	400	400	
Total Ongoing Schemes	**4,900**	**1,692**	**2,490**	**750**	**0**
New Starts 2011-12					
Re-location of Library Services	285		285		
Refurbishment of Oakley Centre	250		250		
Leisure Centre ICT Membership System	200		200		
Total New Starts 2011/12	**735**	**0**	**735**	**0**	**0**
Total Health & Well-being	**5,635**	**1,692**	**3,225**	**750**	**0**
Total Adults, Community and H&W Programme	**12,468**	**6,414**	**5,335**	**750**	**0**

Places
Strategic Director - John Nicholson

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Environmental Services	16,199	36,862	**53,061**	(4,605)	(10,201)	**(14,806)**	**38,255**
Safer & Stronger Communities	5,005	3,393	**8,399**	(7,159)	(76)	**(7,235)**	**1,164**
Planning & Housing	6,532	1,655	**8,187**	(4,097)	(68)	**(4,165)**	**4,021**
Regeneration	8,442	23,398	**31,840**	(5,096)	(14,043)	**(19,140)**	**12,701**
Total Budget	**36,178**	**65,308**	**101,487**	**(20,958)**	**(24,388)**	**(45,346)**	**56,141**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Environmental Services	(733)	
Safer & Stronger Communities	(922)	
Planning & Housing	(1,022)	
Regeneration	(1,195)	
Financial Impact of 2011/2012 Policy Proposals		(3,872)
Total Proposed Budget 2011/2012		**52,269**

Environmental Services
Head of Service - Phil Sherratt

Objective Analysis of Services provided in 2010/2011

	Employees	Other Expenditure	Gross Expenditure	Income Fees&Chgs	Income Rechgs	Gross Income	Net Budget
	£000	£000	£000	£000	£000	£000	£000
Services Provided :							
Waste & Recycling	7,117	23,006	**30,123**	(983)	(5,610)	**(6,593)**	**23,530**
Highways Operations	3,527	8,776	**12,303**	(230)	(2,606)	**(2,836)**	**9,467**
Streetscape & Bereavement	5,555	5,080	**10,635**	(3,392)	(1,985)	**(5,377)**	**5,258**
	16,199	**36,862**	**53,061**	**(4,605)**	**(10,201)**	**(14,806)**	**38,255**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Waste & Recycling:		
Waste disposal - increased running costs	214	
Transport - Total Transport Project - fleet review	55	
Underlying running cost pressures - pay budget & external income	206	
Highways Operations:		
Structure review	80	
Highways Maintenance - exceptional inflation	302	
Underlying running cost pressures - pay budget & recharge to capital	300	
Streetscape & Bereavement:		
Review/impact of former highways works team	135	
Underlying running cost pressures - pay budget & external income	220	
Sub-total		1,512
Decreases in Net Budget:		
Waste & Recycling:		
Waste Collection & Recycling - new waste collection and recycling service	(726)	
Waste Collection & Recycling - Review of charges	(59)	
Highways Operations:		
Street Lighting former districts - reduction of 2010/2011 one off growth	(100)	
Highways Re-procurement - review of term contract arrangements	(500)	
Streetscape & Bereavement:		
Bereavement services - new prices to improve overall recovery of costs	(390)	
Markets - review of charges	(200)	
Grounds Maintenance - structure & running costs review	(260)	
Review of Britain in Bloom grants	(10)	
Sub-total		(2,245)
Financial Impact of 2011/2012 Policy Proposals		**(733)**
Total Proposed Budget 2011/2012		**37,522**

Safer & Stronger Communities
Head of Service - Peter Hartwell

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Community Safety	1,160	1,032	**2,192**	(124)	(76)	**(200)**	**1,991**
Regulatory Services	2,903	605	**3,509**	(1,134)	-	**(1,134)**	**2,375**
Parking	942	1,756	**2,698**	(5,901)	-	**(5,901)**	**(3,202)**
Total Budget	**5,005**	**3,393**	**8,399**	**(7,159)**	**(76)**	**(7,235)**	**1,164**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Regulatory Services:		
Reduction in pest control & CCTV income	55	
Sub-total		55
Decreases in Net Budget:		
Service:		
Community Safety:		
Review of structure	(150)	
Emergency Planning - extend joint working	(25)	
Review Community Safety Development (thematic work)	(62)	
Regulatory Services:		
Review of structures	(300)	
Review of charges	(34)	
Review Animal Health	(20)	
Car Parking:		
Revisions to Car Parking Income estimates	(289)	
Additional car park income - enforcement teams	(52)	
Residents car parking schemes	(35)	
Retender of cash collection contract	(10)	
Sub-total		(977)
Financial Impact of 2011/2012 Policy Proposals		**(922)**
Total Proposed Budget 2011/2012		**242**

Planning & Housing
Head of Service - Adrian Fisher

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Spatial Planning	786	202	**988**	-	-	**-**	**988**
Building Control	996	138	**1,134**	(1,413)	-	**(1,413)**	**(280)**
Development Management	3,246	813	**4,059**	(2,432)	(42)	**(2,474)**	**1,585**
Housing Strategy	1,504	502	**2,006**	(252)	(26)	**(278)**	**1,728**
Total Budget	**6,532**	**1,655**	**8,187**	**(4,097)**	**(68)**	**(4,165)**	**4,021**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Building Control:		
Impact of new Government regulations	75	
Sub-total		75
Decreases in Net Budget:		
Spatial Planning:		
Review of structure and reduction in running costs	(215)	
Development Management:		
Planning & Land Charges increased income	(225)	
Transformation project	(335)	
Review of contribution to Regional Flood Committee	(102)	
Housing Strategy:		
Reduction in running costs & additional income	(220)	
Sub-total		(1,097)
Financial Impact of 2011/2012 Policy Proposals		**(1,022)**
Total Proposed Budget 2011/2012		**2,999**

Regeneration
Head of Service - Caroline Simpson

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Strategic Highways & Transportation	4,640	19,389	**24,029**	(1,607)	(13,860)	**(15,467)**	**8,562**
Visitor Economy	2,309	1,838	**4,148**	(2,974)	-	**(2,974)**	**1,174**
Economic Development	1,233	1,471	**2,704**	(515)	-	**(515)**	**2,189**
Performance Improvement Unit	259	700	**960**	(0)	(184)	**(184)**	**776**
Total Budget	**8,442**	**23,398**	**31,840**	**(5,096)**	**(14,043)**	**(19,140)**	**12,701**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Strategic Highways & Transportation:		
Local Bus contracts - increased running costs	71	
Visitor Economy:		
Nantwich Food Festival pump priming	10	
Contribution to Macclesfield 750th Anniversary	30	
Economic Development:		
Sub Regional Economic Development Partnership Working	260	
Sub-total		371
Decreases in Net Budget:		
Strategic Highways & Transportation:		
Transport Transformation project	(225)	
New Road Safety partnership working arrangements	(543)	
Visitor Economy:		
Tatton Park - Invest to Save Project (Subsidy reduction)	(99)	
Reduction in running costs (marketing & promotion)	(40)	
Economic Development:		
Review of 3rd party contributions	(37)	
Carbon Reduction - reduction in running costs	(72)	
Reduction in former grant funded activities	(500)	
Business Support:		
Reduction in running costs	(50)	
		(1,566)
Financial Impact of 2011/2012 Policy Proposals		**(1,195)**
Total Proposed Budget 2011/2012		**11,506**

Capital Programme - Places	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Places					
Ongoing Schemes					
Environmental Services					
Development of land at Alderley Edge Cemetery	100	20		80	
Queens Park Restoration	6,605	6,105	500		
Crewe and Macc HWRCs	150	120	30		
Alderley Edge By-Pass Scheme Implementation	51,600	43,315	1,828	2,256	4,201
LTP - Bridge Maintenance - Minor Works	930	456	100		
De-Trunked Rds - A51 Landslip, Wardle	200	60	140		
Crematoria - Replacement cremators	450		450		
Replacement Bin Stock	36		36		
Cemetery road and path improvements	100	22	78		
Total Environmental Services	60,171	50,098	3,162	2,336	4,201
Planning & Policy					
Private Sector Assistance Initiative	1,495	995	500		
Choice Based Lettings	232	192	40		
Private Sector Housing Assistance Initiative	800	300	500		
Affordable Housing - Assisted Purchase Scheme	300		300		
Total Planning & Policy	2,827	1,487	1,340	0	0
Regeneration					
Parkgate	1,381	281	200	900	
LTP - Crewe Infrastructure Project	962	362	300	300	
Crewe Town Squares/ Shopping Facilities & Toilets	3,012	1,874	100	1,038	
Section 278 Agreements - (2008-09)	356	139	2		
Section 278's - 09-10 New Starts	68	64	4		
Non LTP s278s	56	16	40		
Town Centres Spatial Regeneration	845	50	250	250	295
Tatton - Development	240	55	185		
Poynton Revitalisation Scheme	3,500	1,300	2,200		
Total Regeneration	10,420	4,140	3,281	2,488	295
Safer & Stronger Communities					
CDRP - Building Safer Communities Fund	94	80	14		
Residents Parking Schemes	480	160	160	160	
Car Park Improvements	156	81	75		
CCTV /UTC Rationalisation	899	503	396		
Total Safer & Stronger Communities	1,629	824	645	160	0
Total Ongoing Schemes	**75,047**	**56,549**	**8,428**	**4,984**	**4,496**
New Starts 2011-12					
Environmental Services					
Materials Waste Transfer Facility	650		650		
Wheeled Bins for Comingled Waste	1,300		1,300		
Total Environmental Services	1,950	0	1,950	0	0
Planning & Policy					
Disabled Facilities for Cheshire East Residents	1,240		1,240		
Private Sector Assistance	900		300	300	300
Assisted Purchase Scheme	900		300	300	300
Total Planning & Policy	3,040	0	1,840	600	600
Regeneration					
Regeneration Business Support	700		300	200	200
LTP Major Schemes	1,000		1,000		
LTP Local Measures & Network Management	350		350		
LTP Road Safety	425		425		
LTP Accessibility	206		206		
LTP Strategic Delivery	250		250		
LTP Highways & Bridge Maintenance Projects	8,650		8,650		
Integrated Transport Block Funding	4,562			2,281	2,281
Highways Maintenance Block Funding	16,696			8,469	8,227
Tatton Park Investment	6,039		6,039		
Bridges Maintenance Programme	130		90	20	20
Vaudrey's Wharf Canal	600		50	550	
Total Regeneration	39,608	0	17,360	11,520	10,728
Safer & Stronger Communities					
Car Park Improvements	300		0	150	150
Total Safer & Stronger Communities	300	0	0	150	150
Total New Starts 2011-12	**44,898**	**0**	**21,150**	**12,270**	**11,478**
Total Places Schemes	**119,945**	**56,549**	**29,578**	**17,254**	**15,974**

PERFORMANCE AND CAPACITY

Objective Analysis of Services provided in 2010/2011

Services :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Borough Treasurer & Head of Assets	19,706	117,208	136,914	(8,342)	(4,530)	(12,872)	124,042
HR & Organisational Development	4,009	477	4,486	0	(1,354)	(1,354)	3,132
Borough Solicitor	3,944	3,308	7,252	(894)	(25)	(919)	6,333
Policy & Performance	6,673	2,045	8,717	(313)	(7)	(320)	8,397
Corporate Improvement	446	27	473	0	0	0	473
Total Directorate Budget	**34,778**	**123,065**	**157,842**	**(9,549)**	**(5,916)**	**(15,466)**	**142,377**

Key Policy Proposals for 2011/2012 Budget

	£000
Borough Treasurer & Head of Assets	(2,983)
HR & Organisational Development	123
Borough Solicitor	(495)
Policy & Performance	(1,235)
Corporate Improvement	(74)
Provisional Financial Impact of 2011/2012 Policy Proposals	**(4,664)**
Total Proposed Budget 2011/2012	**137,713**

Cross Directorate Proposals managed by Performance & Capacity

Decreases in Net Budget

Business Management Review	(750)
Shared Services – Improvement in Performance	(300)
Incremental Savings on energy	(80)
Flexible Mobile working / Information Management	(100)
Introduction of a programme of targeted procurement activity that will produce savings in a number of spend categories	(1,400)
Additional procurement savings to fund improvements in procurement practices	(250)
HR Salary Sacrifice Scheme / Reed contract review	(490)
Pay Harmonisation - subject to consultation	(2,400)
Savings from offer of Voluntary Redundancies	(600)
Unison budget transfer from services	(104)
	(6,474)

Borough Treasurer & Head of Assets
Head of Service - Lisa Quinn

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Building Maintenance	0	3,410	3,410	0	0	0	3,410
Farms Estate	98	382	480	(553)	0	(553)	(73)
Property Services	3,651	6,009	9,660	(2,221)	(17)	(2,238)	7,422
Facilities Management	2,233	1,063	3,296	(21)	(2,890)	(2,911)	385
ICT Strategy	1,479	1,470	2,949	(250)	0	(250)	2,699
ICT Shared Service	3,238	1,458	4,696	(1,104)	0	(1,104)	3,592
Revenues	1,427	488	1,915	(708)	0	(708)	1,207
Benefits	2,165	96,850	99,015	(759)	0	(759)	98,256
Finance	3,540	4,156	7,696	(331)	(1,379)	(1,710)	5,986
Finance Shared Service	957	120	1,077	(50)	(244)	(294)	783
CBS Supplies	522	1,759	2,281	(2,345)		(2,345)	(64)
Procurement	396	43	439	0	0	0	439
Total Budget	**19,706**	**117,208**	**136,914**	**(8,342)**	**(4,530)**	**(12,872)**	**124,042**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Street Lighting - Exceptional inflation	453	
3C Waste royalties	119	
Rental income	87	
Finance admin re HR Salary Sacrifice Scheme	14	
Improving Procurement practices - Growth, recovered from savings generated	250	
Sub total		923
Decreases in Net Budget		
Asset Management Staff Reductions / Facilities Management Efficiencies	(258)	
Asset Management - Provision for Risk Assessment & Essential Improvement (provision in 2010/2011 only)	(500)	
Asset Challenge	(2,000)	
Assets - Structure Reductions	(100)	
Street Lighting - Energy saving	(10)	
ICT Strategy savings / capitalisation	(615)	
ICT Efficiency Savings	(183)	
Finance Business Changes and Oracle Optimisation	(141)	
Finance - Optimisation of Revenue and Benefits and Insurance Saving	(99)	
Sub total		(3,906)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(2,983)**
Total Proposed Budget 2011/2012		**121,059**

Cross Directorate Proposals managed by Borough Treasurer & Head of Assets

Decreases in Net Budget		
Shared Services – Improvement in Performance	(300)	
Business Management Review	(750)	
Incremental Savings on energy	(80)	
Flexible Mobile working / Information Management	(100)	
Introduction of a programme of targeted procurement activity that	(1,400)	
Additional procurement savings to fund improvements in procurement practices	(250)	
		(2,880)

Human Resources and Organisational Development
Head of Service - Paul Bradshaw

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
HR Strategy and Policy	962	77	1,039	0	(145)	(145)	894
OHU Shared Service	268	65	333	0	(235)	(235)	98
Organisation & Workforce	529	187	716			0	716
HR Back Office Shared Service	1,214	63	1,277	0	(591)	(591)	686
HR Delivery	1,036	85	1,121	0	(383)	(383)	738
Total Budget	**4,009**	**477**	**4,486**	**0**	**(1,354)**	**(1,354)**	**3,132**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Build Organisational Capacity - Develop Workforce	41	
HR Salary Sacrifice Scheme administrator	13	
Unison posts funded from budget transfer	104	
Sub total		158
Decreases in Net Budget		
Employee Assistance Programme	(35)	
Sub total		(35)
Provisional Financial Impact of 2011/2012 Policy Proposals		**123**
Total Proposed Budget 2011/2012		**3,255**
Cross Directorate Proposals managed by HR & Organisational Development		
Decreases in Net Budget		
Employers' National Insurance savings from uptake of salary sacrifice schemes for bikes, computers and lease cars / Reduced agency costs under the Reed contract	(490)	
Pay Harmonisation - subject to consultation	(2,400)	
Savings from offer of Voluntary Redundancies	(600)	
Unison budget transfer from services	(104)	
		(3,594)

Borough Solicitor
Head of Service - Caroline Elwood

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Legal Services	1,650	265	1,915	(77)	(25)	(102)	1,813
Democratic & Registration Services	2,294	3,043	5,337	(817)		(817)	4,520
Total Budget	**3,944**	**3,308**	**7,252**	**(894)**	**(25)**	**(919)**	**6,333**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
No proposals		
Decreases in Net Budget		
Increase Schools Income & Recoverable Costs on Property Transactions etc	(20)	
Rationalisation in Democratic Services area	(80)	
Registration Service Income Generation / Civic Expenditure	(265)	
Remove Trainee Post and Further Reduction in Scrutiny Function	(30)	
Restructure Registration Services	(50)	
Schools Income from Admission Appeals	(50)	
Sub total		(495)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(495)**
Total Proposed Budget 2011/2012		**5,838**

Policy & Performance
Head of Service - Vivienne Quayle

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Customer Services	2,822	441	3,263	(184)	(7)	(191)	3,072
Planning & Performance	1,023	135	1,158	(62)	0	(62)	1,096
Audit & Compliance	935	68	1,003	0	0	0	1,003
Partnerships	943	1,140	2,083	0	0	0	2,083
Communications	950	261	1,211	(67)	0	(67)	1,144
Total Budget	**6,673**	**2,045**	**8,717**	**(312)**	**(7)**	**(320)**	**8,397**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Prudential Borrowing Charge	120	
Public Health Interim Role	150	
Sub total		270
Decreases in Net Budget		
Tourist Information Centres to become self funding	(45)	
Reducing Demand for Customer Services	(100)	
Review face to face access in Sandbach	(75)	
Targeted Efficiencies	(125)	
Transfer 6 Customer Service Outlets to Libraries	(240)	
Reduce Audit Resource	(200)	
Reduce Community Grants	(100)	
Reduce ABG Cohesion Grant	(50)	
Reduce Communications Spend	(150)	
Review Management Structure	(420)	
Sub total		(1,505)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(1,235)**
Total Proposed Budget 2011/2012		**7,162**

Corporate Improvement
Head of Service - Ceri Harrison

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Corporate Improvement	446	27	473	0	0		473
Total Budget	**446**	**27**	**473**		**0**	**0**	**473**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
No proposals		
Decreases in Net Budget		
Reductions in grant funding	(74)	
Sub total		(74)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(74)**
Total Proposed Budget 2011/2012		**399**

Capital Programme - Performance & Capacity	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Borough Treasurer & Assets					
ASSETS					
Ongoing Schemes					
Church Walls	60	20	40		
County Farms 2008-09	238	125	113		
Farms Estates Reorganisation & Reinvestment	1,410	77	1,333		
Muncipal buildings - Registration accommodation	200		200		
Office Accommodation Strategy	9,700	7,700	2,000		
Building Maintenance 2010-11	5,075	4,500	575		
Total Ongoing Schemes	**16,683**	**12,422**	**4,261**	**0**	**0**
New Starts 2011-12					
Corporate Landlord - Building Maintenance	15,345		6,845	4,500	4,000
Feasibility Studies (Various)	400		200	100	100
Total New Starts 2011-12	**15,745**		**7,045**	**4,600**	**4,100**
TOTAL ASSETS	**32,428**	**12,422**	**11,306**	**4,600**	**4,100**
ICT					
Ongoing schemes					
Government Connect	290	275	15		
ICT Security & Research	209	205	4		
Flexible & Mobile Working	1,175	365	270	270	270
Data Centre Macclesfield	495	488	7		
ICT Small Projects Block New scheme	153	148	5		
Information Management	1,409	706	703		
Essential Replacement 10-11	2,384	1,403	981		
IPT Harmonisation	725	556	169		
Oracle Optimisation	3,960	1,486	825	825	824
Total Ongoing Schemes	**10,800**	**5,632**	**2,979**	**1,095**	**1,094**
New Starts 2011-12					
Purchase and implementation/rollout of new WAN hardware	275		182	93	
ICT Rural Broadband Project - Phase 1	530		530		
ICT Security & Replacement Programme	272		272		
Total New Starts 2011-12	**1,077**		**984**	**93**	**0**
TOTAL ICT	**11,877**	**5,632**	**3,963**	**1,188**	**1,094**
Total Borough Treasurer & Assets Programme	**44,305**	**18,054**	**15,269**	**5,788**	**5,194**
Policy & Performance					
Ongoing Schemes					
Customer Relationship Management & Telephone System	1,455	635	820		
Customer Access	419	234	185		
Total On-going schemes	**1,874**	**869**	**1,005**	**0**	**0**
New Starts 2011-12					
Performance Management Extension System	**35**		35		
Total New Starts 2011-12	**35**	**0**	**35**	**0**	**0**
Total Policy & Performance	**1,909**	**869**	**1,040**	**0**	**0**
Total Capital Programme - Performance & Capacity	**46,214**	**18,923**	**16,309**	**5,788**	**5,194**

Annex 7 – Risk Analysis

The following information is extracted from the Cheshire East Corporate Risk Register:

Risk Description	Existing Controls & Evidence	Further Planned Actions
Financial Control : Risk that the Council fails to manage expenditure within budget and maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of corporate objectives.	• The Chief Financial Officer (CFO) is professionally qualified and reports directly to the Chief Executive. • The CFO is a member of the Corporate Management Team. • There is an experienced, dedicated Finance Team with a significant complement of professionally qualified and part qualified staff. • There are clearly defined financial roles, responsibilities and decision making processes, set out in the Council's Constitution, Finance & Contract Procedure Rules and local Schemes of Delegation. • Standard templates for Member level decisions require financial implications and risks to be clearly set out. • Fully integrated financial management system (Oracle), with comprehensive system access and security controls. • Well developed suite of financial reporting tools providing scheduled and ad-hoc reports for management and monitoring purposes. • Robust medium term financial planning linked to service performance and corporate objectives, as part of the corporate Business Planning Process. • Reserves Strategy incorporating specific analysis of financial risks, forward forecasting and assessment of the adequacy of general balances. • Quarterly financial updates, incorporating variance analysis and spending projections at service level and overall assessment of impact on balances. • On-going review by Internal and External Audit teams, of the adequacy and effectiveness of financial and management controls.	• Review on-going impact of current spending projections as part of budget setting and forward financial planning. • Develop financial training programme to ensure clear understanding of roles and responsibilities and promote financial literacy at officer and Member level. • Identify key cost drivers for significant service activities and develop appropriate monitoring arrangements to allow for early identification of cost pressures. • Contribute to the development of the Business Management model and supporting back-office processes, with a view to improving transactional compliance and the accuracy, timeliness and completeness of financial information. • Implement Oracle Release 12 upgrade, including financial reporting enhancements. Support managers to make best use of on-line and self-serve reporting tools, including financial 'dashboards'. • Develop budget risk assessments to ensure resources are focussed on high risk budgets and issues. • Provide financial support to a range of transformation and improvement projects and initiatives with a view to securing long term financial sustainability. • Review service fees & charges and identify new income generation opportunities.

Annex 8 – Reserves Strategy

Reserves Strategy

2011-2014

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Executive Summary

Cheshire East Council will maintain reserves for two main purposes:

1. **to protect against risk, and;**

2. **to support investment**

The Reserves Strategy presents information about the requirements to maintain adequate financial reserves and provides statements on the types of reserves and current and predicted balances.

This strategy sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances for the period 2011 – 2014.

The report follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ *LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances.* Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Chief Finance Officer are set out in **Annex A**.

This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

Lisa Quinn

Borough Treasurer & Head of Assets
Section 151 Officer

Cheshire East Council

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual budgets the Council must consider the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

This represents the non-ringfenced balance of Council funds. There are two main purposes to general reserves: firstly to operate as a **working balance** to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing, and; secondly to provide a **contingency** to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

Increasing General Reserves

- *Planned repayment* as set-out in the budgeting process, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks
- Allocation of an *operating surplus* at the close of the financial year

Decreasing General Reserves

- *Planned draw-down* of reserves to create investment, and to counteract the possibility of over-taxing in any financial year
- Allocation of an *operating deficit* at the close of the financial year

Earmarked Reserves (see Section 3)

This provides a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves, and this strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Borough Treasurer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

3. There is now a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Chief Finance Officer will ensure that the Authority has put in place effective arrangements for internal audit of the

control environment and systems of internal control, as required by professional standards.

4. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.

5. **Table 18** (below) sets out the significant budget assumptions that are relevant when considering the adequacy of reserves that are in addition to the issue of cashflow:

Table 18: Holding adequate reserves will depend on a number of key factors

Budget Assumptions	Financial Standing & Management
The treatment of inflation and interest rates	The overall financial standing of the Authority (including: level of borrowing, debt outstanding, council tax collection rates)
Estimates of the level and timing of capital receipts	The Authority's track record in budget and financial management including the robustness of the medium term plans
The treatment of demand led pressures	The Authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings / productivity gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The Authority's virement and end of year procedures in relation to budget under / overspends at authority and departmental level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA ~ LAAP Bulletin 55, 2003

6. These factors can only be assessed properly at local level. A considerable degree of professional judgment is required. The Borough Treasurer may choose to express advice on the level of balances in cash and / or as percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the Authority for that particular year.

7. Advice will be set in the context of the Authority's Medium Term Financial Strategy and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.

8. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

9. Capital reserves will be maintained as part of the Capital Strategy monitoring and review. Such balances will inform decisions on borrowing and general management of the capital programme.

2. General Fund Reserves (Revenue)

Purpose

10. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
    - Emergencies;
    - In-year emerging issues;

11. Finance Procedure Rules allows the use of general reserves, with the following limitations:
    a. Estimates for unfunded use of reserves must be approved by Council

    b. Fully funded estimates may be approved as follows:
        - Up to £0.1m Chief Officers
        - £0.1m to £0.5m Chief Officers in consultation with Cabinet Member and Cabinet Member for Resources
        - £0.5m to £1m Cabinet
        - Over £1m Council

12. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenues budgets in the following financial year or a suitable payback period is agreed in advance.

13. In all cases the use of reserves should be approved by the Borough Treasurer.

Opening Balances

14. At 1st April 2011, Cheshire East Council is anticipated to hold general reserves of £6.7m. This balance is calculated from:

Amount of General Fund Balance generally available for new expenditure
(source: 2009/2010 Statement of Accounts)

adjusted for

The estimated impact of performance against the 2010/2011 Revenue Budget
(source: Quarter Three Review 2010-2011 – Financial Performance)

15. It is therefore important to note that there is scope for amendments. Financial performance in the final quarter may vary from the estimates in the Quarter Three Review, and figures are therefore still provisional at this stage.

Estimated Movement in Reserves (2010/2011 onwards)

16. **Table 19** (below) summarises the current estimated movements in general reserves from 2010 to 2013. This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.

17. In addition the level of reserves needed will be assessed each year according to the risks facing the Authority (see Risk Assessment below).

Table 19:
Reserves must increase in 2011/2012 to meet the 'Risk Assessed Minimum Level'

Detail	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Estimated Balance @ 1st April	**10.2**	**6.7**	**15.0**	**20.1**
Projected Increases in Reserves				
- Contingent Asset (VAT reclaim) net of fees	1.6	0.7		
- Business Finance Loan Repayments	0.3	0.2		
- Planned Contribution to Reserves	4.3	5.1	6.1	7.9
- Contribution from Earmarked Reserves		2.3		
Projected Use of Reserves				
- Transfer to Voluntary Redundancy Reserve	(1.5)			
- Estimated Impact of 2010/2011 Spending	(7.7)			
- Supplementary Revenues Estimates	(0.2)			
- Transitional Funding carried forward (P&C)	(0.3)			
- Repayment due to CWAC re location			-1.0	
Forecast General Reserves @ 31st March	**6.7**	**15.0**	**21.1**	**28.0**
Risk Assessed Minimum Level		14.7		
Un-Allocated Balance		**0.3**		

Source: Cheshire East Finance ~ February 2011

18. Up front costs, from transformation of services, have been met from general reserves, and by making a contribution from revenue income each year those reserves are being replaced.

19. The reserves position for 2011/2012, as detailed in **Table 19** (above), reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and to generate flexibility from balances to support further transformational and invest-to-save opportunities.

General Fund Reserves - Risk Assessment

20. Local Authorities have often adopted a broad principle that General Fund Reserves would be prudent if equivalent to 5% of the net revenue budget requirement. However, the risks facing each local area will vary, and in the case of Cheshire East, the impact of reorganisation combined with the economic climate and pressure on public services still presents the potential for significant emerging risk.

21. The minimum target level of reserves is therefore quantified by a detailed risk assessment. This approach allows the Council to take account of the circumstances around current structural changes and economic circumstances.

22. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume a level of risk. This reduces the possibility that the Council will be exposed to financial pressure and smoothes the impact on citizens.

23. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 20** (overleaf) shows the risk areas and the level of reserves the Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a % of the potential impact. The % is based on the likelihood of the risk actually achieving that total impact in any year.

24. It is possible that a number of events could happen in a single year. It is also possible that the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a % of gross expenditure.

25. Risks will be included and managed using the following basic principles:

    a. The risk may impact within the medium term

    b. Risks are potential one-off events

    c. The risk will have genuine financial consequences

    d. Mitigating actions will be in place to minimise the potential requirement for financial support

    e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates

    f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves

Table 20: A robust level of reserves is guided by an assessment of potential risks

Class of Risk	Effect on budget	Mitigating actions	Value of risk retained
Health & Safety			**£400,000**
Service Closures	Increased cost to repair risk of further breach	Robust risk assessments	
Loss of income	Substantial disruption to income	Robust disaster recovery	
Lost reputation	Cost of new advertising to regain confidence	Effective Communication Plans	
Effect on recruitment	Additional advertising costs to attract staff	Employment options on standby	
Natural Disaster (for example: Fire, Flood, Disease)			**£1,200,000**
Major loss of service	Premises not operational	Robust disaster recovery plan	
Epidemic	Poor public health, high staff sickness & absence costs	Raise awareness of safety measures and introduce robust emergent risk response plans	
Severe Weather	Additional staffing, transport and materials costs	Robust emergency plans	
Rising Insurance claims	Rising premiums or cost to insurance reserves and budget growth to cover premiums or self insurance costs	Good claims management	
Budget Pressures			**£6,700,000**
Higher than anticipated inflation arising in year	Increased costs from in-year inflation on contracts and services	Contract & Procurement management and robust remedial plans	
Proposals challenged by changing needs or priorities	Emerging issues related to increasing demand for services, reductions in grants or unachievable or updated income estimates	Robust remedial plans and monitoring of progress	
Opening balances vary from current predictions	Actual opening position may vary from Third Quarter Review estimates	Maintain focus on in-year mitigating activity	
Security breaches, Legal actions, Industrial relations and Market Failure			**£800,000**
Court Fines and mitigating costs related to prevention	Fine and one off costs could be determined by the courts	Robust service processes	
Data corruption	ICT service days to repair, loss of service	Embedded security policies and firewalls	
Disruption to service and/or costs of arbitration / tribunal / damages	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget	Emergency planning	
Strategic Reserve	Non-Budgeted Expenditure necessary for Emergency risk cover or potential further invest to save options		**£5,600,000**
		OVERALL RISKS	**£14,700,000**
		% of Net Revenue Budget	**6.0%**

Source: Cheshire East Finance Feb 2011

26. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to **£14.7m**.

27. It should be noted that these risks include significant sums relating to performance against the 2011/2012 Revenue Budget. This reflects the capacity of the organisation to achieve the proposed level of savings entirely against a backdrop of changing government settlements and demographic movement.

Adequacy of General Reserves

28. A duty of the Chief Finance Officer is to comment on the adequacy of financial reserves (**see Annex A**).

29. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Chief Finance Officer will use information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

30. The purpose of earmarked reserves is:
    a. To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure
    b. To set aside amounts for projects that extend beyond 1 year

31. Once Earmarked reserves have been established by Council it is the responsibility of Chief Officers, in consultation with the Borough Treasurer, to ensure balances are spent in line with their purpose.

32. **Table 21** (below) identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

Table 21: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance
Insurance reserves	Self-insurance is a mechanism used by a number of local authorities
Reserves of trading and business units	Surpluses arising from in-house trading may be retained, or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure
Reserves retained for service departmental use	Increasingly authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward
School Balances	These are unspent balances of budgets delegated to individual schools

Source: CIPFA ~ LAAP Bulletin 55, 2003

33. For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve
- how and when the reserve can be used
- procedures for the reserve's management and control
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy
- clear indication of payback periods and approach (if applicable)

34. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

35. The protocol for Cheshire East Council earmarked reserves is set out below. The Borough Treasurer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

36. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Borough Treasurer
- Supported by a business case
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention.
- Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level
- Be reviewed at least annually

37. Services may also carry forward balances in accordance with Financial Procedure Rules.

38. At 1st April 2011 it is anticipated that the balances on existing earmarked reserves held by Cheshire East Council will be **£6.789m**. **Table 22** (overleaf) shows the position on each earmarked reserve.

39. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that the Council's earmarked reserves are subject to annual review, at least as part of the budget-setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.

40. Earmarked Reserves have been reviewed in 2010/2011, and estimates made of the likely use of these reserves. During the 2011/2012 Financial Year, as part of the closure of accounts process (April–June 2011), earmarked balances which do not meet statutory or essential criteria will be returned to General Reserves. **Annex B** provides a list of those Earmarked Reserves where surplus balances are not expected to be used in 2011/2012 (also note Paragraph 41 below).

41. It is estimated that balances of approximately £2.3m, which are expected to be held in earmarked reserves at 31st March 2011, will be returned to General Reserves in 2011/2012. The figures for 'Available Balances for 2011/2012', in **Table 22** (overleaf), reflect the position after any transfers to General Reserves have been completed.

Table 22: Earmarked Reserves that are statutory or essential have been retained for 2011/2012

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
CHILDREN & FAMILIES				
Long Term Sickness	215	230	**445**	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks	129	133	**262**	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
ADULTS, COMMUNITY, HEALTH & WELLBEING				
Extra Care Housing (PFI)	892	300	**1,192**	Surplus grant set aside to meet future payments on the PFI contract
PLACES				
Landfill Allowance Trading Scheme	512	0	**512**	Carried forward unused allowances to offset future years landfill usage
Community Safety	110	-100	**10**	Balance for Community Safety Initiatives in 2011-12.
Building Control	505	-150	**355**	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	165	0	**165**	Ring-fenced surplus on Tatton Park trading account
Economic Development Projects	650	-308	**342**	Support for town centres and economic development initiatives
PERFORMANCE & CAPACITY				
Borough Treasurer				
Invest-to-Save Projects	2,000	-1702	**298**	Central reserve to support invest-to-save projects
Insurance Reserve	2,269	254	**2,523**	To settle insurance claims
Policy & Performance				
Enabling Local Delivery	625	0	**625**	Available to promote local delivery
Partnerships & Grants Support	127	-67	**60**	Funding issued to groups who meet the Council's criteria.
Totals	**8,199**	**-1,410**	**6,789**	

Source: Cheshire East Finance, February 2011

4. Capital Reserves

42. The purpose of capital reserves is to:
    a. Minimise risk from potential emergency spending requirements on assets
    b. Support investment in tangible and intangible assets
    c. Hold committed balances, where spending is restricted to capital schemes, to support cashflow and investment income

43. The capital reserves held by each former authority of Cheshire East have been reviewed and in the main the reserves contain the funding for committed capital schemes.

44. Departments have reviewed the current capital programme with a view to rationalising schemes where possible, and removing any which do not meet the aims and objectives of Cheshire East. Funding held in capital reserves can then be released to fund new capital schemes.

45. In considering the available funding for the capital programme, schemes will be cross referenced to Section 106 agreements and commuted sums and where possible funded from this source.

5. Conclusion

46. Overall the Council is establishing reserves that initially match, and then over time exceed, the minimum risk levels. This recognises local issues and allows the Borough Treasurer to comment favourably on the adequacy of reserves.

47. The establishment and maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of the Council's financial position.

48. The review of capital and earmarked reserves has been completed, and their rationalisation should simplify the presentation and understanding of the Council's reserves position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

CIPFA, Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves & Balances (2003)

General Fund Reserves ~ Risk Assessment Working Papers 2010

Cheshire East Borough Council - Final Accounts 2009/2010:

Cheshire East Council Budget 2010/2011

Quarter Three Review 2010-11 – Financial Performance

Cheshire East Council Budget 2011/2012

Annex A to Reserve Strategy

Protocol & Controls

The Existing Legislative/Regulatory Framework
Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are three significant safeguards in place that militate against local authorities over-committing themselves financially:

1. The balanced budget requirement
2. Chief Finance Officers' S114 powers
3. The External Auditor's responsibility to review and report on financial standing.

The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all the Authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. The Authority's full Council must meet within 21 days to consider the S114 notice and during that period the Authority is prohibited from entering into new agreements involving the incurring of expenditure.

While it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Finance Officer
It is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. There is no statutory minimum.

Local authorities, on the advice of their Chief Finance Officers, are required to make their own judgements on the level of reserves taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.

Good Governance
It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

- state which council bodies are empowered to establish reserves
- set out the responsibilities of the Chief Finance Officer and Councillor – or group of Councillors – responsible for finance
- specify the reporting arrangements

A New Reporting Framework
The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Finance Officer. To enable the Council to reach its decision, the Chief Finance Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the advice is not accepted this should be recorded formally in the minutes of the Council meeting.

CIPFA recommended that:
The budget report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure this should be accompanied by a statement from the Chief Finance Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the Authority's medium term financial strategy.

A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.

Annex B to the Reserves Strategy
Supporting Information

Earmarked Reserves in the table below, and identified previously in the Council's Reserves Strategy, are expected to be unavailable in the 2011/2012 Financial Year. Surplus balances will be returned to General Reserves.

Where there is a risk, that expenditure previously supported by Earmarked Reserves could occur, this is reflected in the General Fund Reserves – Risk Assessment.

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
CHILDREN & FAMILIES				
Fluctuation in School Days	223	-223	**0**	Closed – surplus returned to balances
LPSA 2	58	-58	**0**	Closed – surplus returned to balances
ADULTS, COMMUNITY, HEALTH & WELLBEING				
S117 Reserve	132	-132	**0**	Closed – surplus returned to balances
Countryside & Rangers	62	-62	**0**	Closed – surplus returned to balances
Health Improvement	37	-37	**0**	Closed – surplus returned to balances
Cumberland pitch renewal	79	-79	**0**	Closed – surplus returned to balances
Leisure Facilities Management	96	-96	**0**	Closed – surplus returned to balances
LPSA 2	117	-117	**0**	Closed – surplus returned to balances
PLACES				
Markets	154	-154	**0**	Closed – surplus returned to balances
Local Development Framework	291	-291	**0**	Closed – surplus returned to balances
Housing Strategy	170	-170	**0**	Closed – surplus returned to balances

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
People into Jobs	138	-138	**0**	Closed – surplus returned to balances
Climate Change	98	-98	**0**	Closed – surplus returned to balances
Disturbance Payments	81	-81	**0**	Closed – surplus returned to balances
Waste Management	36	-36	**0**	Closed – surplus returned to balances
On-Street Parking	41	-41	**0**	Surplus returned to balances
Crematoria	407	-407	**0**	To be returned to balances – now to be met from capital funds
Places - Strategic	90	-90	**0**	Surplus returned to Balances
Street Lighting	78	-78	**0**	Closed – surplus returned to balances
Recession Task Group	90	-90	**0**	Utilised in 2010-11 on Economic Recovery planned expenditure
Streetscape & Bereavement	51	-51	**0**	Applied in year to meet various Streetscape equipment costs.
Economic Development	114	-114	**0**	Transferred to Capital reserve
PERFORMANCE & CAPACITY				
Borough Treasurer				
Voluntary Redundancy	2,371	-2371	**0**	To meet severance and redundancy payments
Interest Free Loans	43	-43	**0**	Returned to General Reserves as debtor balances are paid
Deferred VR Payments	65	-65	**0**	To be paid in 2010-11
Buildings maintenance	210	-210	**0**	£145,000 Condition Survey-led repairs, £65,000 General
Environmental Warranties	39	-39	**0**	Surplus returned to balances
Industrial Estates	16	-16	**0**	Repairs / costs relating to Crewe industrial units
Local Authority Business Growth Incentive	625	-625	**0**	Surplus to requirements - to be returned to Balances

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
Crewe Business Park	25	-25	**0**	Repairs/ costs relating to maintenance of business park
Repairs/Renewals Fund	16	-16	**0**	Outstanding payment due in 2009-10
Benefits Appeals	200	-200	**0**	Reinstatement of reserve to meet potential appeal costs
LPSA 1 Reserve	29	-29	**0**	Surplus returned to balances
HR & OD				
Single Status / Pay Harmonisation	840	-840	**0**	Surplus returned to balances
Totals	**7,122**	**-7,122**	**0**	

Annex 9 – List of Abbreviations

This section provides details of the abbreviations used in the Budget Report in alphabetical order.

Term	Meaning	Term	Meaning
ABG	Area Based Grant – type of grant previously given to local authorities by Government.	e-CAF	Enabled Common Assessment Framework – an assessment of a child or young person, encompassing all areas of need.
CIPFA	Chartered Institute of Public Finance and Accountancy – the body that sets standards for public finance.	EIG	Early Intervention Grant – grant to be used locally to support families with difficulties to prevent escalation of problems.
CFR	Capital Financing Requirement – used in calculating Minimum Revenue Position	GUF	Guaranteed Unit of Funding – amount used to calculate DSG when combined with pupil numbers.
CPI	Consumer Price Index – a measure of inflation.	HR	Human Resources – department responsible for staffing matters.
CSR	Comprehensive Spending Review – the Government's announcements on future funding levels.	H&W	Health and Wellbeing – service responsible for leisure, library and cultural services.
DCLG	Department for Communities and Local Government – Government department responsible for supporting local government and communities.	ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
DfE	Department for Education – Government department responsible for education and Children's services	ISB	Individual School Budget – budget devolved to individual schools rather then used centrally.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.	LILTS	Local Independent Living Teams – teams working within the Adults, Community, Health and Wellbeing service to assist with each individual client's needs.

Term	Meaning	Term	Meaning
LTP	Local Transport Plan – the basis for bidding and receiving funding for highways and transport schemes.	P&C	Performance and Capacity – name of Cheshire East Council's 'back office' directorate including services such as legal and finance.
NHS	National Health Service – organisation responsible for health care.	RPI	Retail Price Index – main domestic measure of inflation in the UK.
NNDR	National Non Domestic Rates – contribution to local authority costs by businesses. Rate is set by central government.	RSG	Revenue Support Grant – an element of Formula Grant given to local authorities by central government.
PARIS	Electronic system used to record payments and receipts.	SEN	Special Educational Needs – children with SEN may require extra assistance to overcome learning disabilities or disabilities
PCT	Primary Care Trust – a local trust of the NHS which provides initial healthcare.	VAT	Value Added Tax – tax paid to HM Revenue and Customs on goods and services bought and sold.
PFI	Private Finance Initiative – scheme where public bodies pay for use of an asset constructed by the private sector.	VPN	Valuing People Now – initiative to improve health and wellbeing and ensure the NHS and local authorities work together.
PWLB	Public Work Loan Board – a government agency providing loans to public bodies for capital works.		

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 14 February 2011
Report of: Head of Policy & Performance
Subject/Title: Corporate Plan 2011-2013 (Year 3)
Portfolio Holder: Councillor David Brown

1.0 Report Summary

1.1 To present amendments to the Corporate Plan as part of its annual refresh in parallel with budget setting.

2.0 Decision Requested

2.1 To determine the updates to the Corporate Plan, noting that there may be need for further editorial amendments and updating following budget setting, and to recommend that it be adopted by Council on 24th February 2010.

3.0 Reasons for Recommendations

3.1 To enable the Corporate Plan to be adopted by Council

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 The Corporate Plan provides the framework for all policy development within the Council. It is important that the priorities, plans and ambitions set out within the Plan are translated into objectives and actions for delivery within departmental, service, team and individual performance plans.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 The Corporate Plan reflects the financial planning undertaken in the current budget setting process, thereby ensuring that the Council is able to deliver its priorities for action.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The Corporate Plan forms part of the Policy Framework and must be submitted to Council for adoption.

9.0 Risk Management

9.1 None

10.0 Background and Options

10.1 The Council adopted the Corporate Plan for 2010-2013 in July of last year. The intention is that, during the 3 year life of the Plan, it be refreshed annually to ensure it remains fit for purpose and up to date. The timing of the refresh is part of the Council's business planning cycle and is an important part of the budget setting process as it sets the overall strategic direction of the Council, against which the objectives, priorities, resources and actions of the Council can be aligned and performance managed.

10.2 The current Plan was agreed last year following an extensive process involving Cabinet, Scrutiny, Corporate Management Team and staff, and the business planning consultation exercise. The corporate objectives emerged as follows:

- To give the people of Cheshire East more choice and control about services and resources
- To grow and develop a sustainable Cheshire East
- To improve life opportunities and health for everybody in Cheshire East
- To enhance the Cheshire East environment
- Being and excellent Council and working with others – to deliver for Cheshire East

As well as detailing some of the actions the Council will take in delivering these objectives, the Plan sets out how the Council is organised, provides contextual information about Cheshire East and gives an overview of performance and financial information.

10.3 Over recent weeks and in tandem with the budget process, the Plan has been reviewed so as to ensure it remains up to date and fit for purpose. Service plans have also helped in better informing the refresh. As a result of this exercise, it is considered that the objectives do indeed remain fit for purpose in setting the Council's strategic direction. However, a number of changes are suggested. Firstly, to bring all information and statistics up to date. Secondly, more significant amendments are proposed to the following sections:

Welcome – has been refreshed to take account of the current financial situation and policy context
Children and Young People – has been updated to provide more contextual and up to date information

Working With our Partners – now reflects the establishment of the Local Enterprise Partnership and the need to create a new statutory Health & Well Being Board
Listening to You – has been refreshed with information from recent consultation activity
What we Want for the Future – the description of Corporate Objective 3 has been reworded to better reflect the Council's intentions
How we will Resource our Priorities – this section will need to be reworded to take account of the final budget
Organising to Deliver – more information has been given about risk management
Appendix – has been updated using information from the most recent Service Plans

A working draft of the Plan is attached with the proposed changes shown in colour. There may be need for further editorial amendments prior to the Plan being finalised for printing.

10.4 Cabinet is asked to agree the suggested changes and recommend the Plan's adoption to Council on 28th February. Once Council has agreed the recommended changes and the budget has been finalised, the Plan for 2011-13 will be produced in its final format and circulated to all Members of the Council and published on the Council's website.

10.5 All directorates are currently updating their service plans for 2011/12, having regard to the Corporate Plan. These plans set out the objectives, actions and performance measures for each service area, as well as actions for risk management and workforce development. Service plans will be completed by 31st March 2011.

11.0 Access to Information

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

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Corporate Plan
2011 / 2013

February 2011

Welcome from Wesley Fitzgerald, Leader and Erika Wenzel, Chief Executive
Welcome to our Corporate Plan for 2011 to 2013

The wording of this introduction is subject to finalisation of the budget for 2011/12

This is our Corporate Plan for the third year of Cheshire East Council, and sets out how we will achieve our vision of:

"*Working together to improve community life*"

Cheshire East Council has worked with partners and local communities to develop our Sustainable Community Strategy, "*Ambition for All*", which sets out seven priorities for action. In our Corporate Plan we identify what we, the Council, will do over the coming year to address these priorities.

There is no doubt that these are challenging times. We continue to strive for improvement in the quality and value of the services we provide, but within a context of reduced funding and growing demand. In Cheshire East the population is generally ageing, requiring more care, the demand for protection of our young people has also increased, and the weather has seriously affected the condition of our roads.

It is clear that we will have to do more with less. In setting our budget for 2011/12 we have had to respond to reductions in government grant, increasing cost pressures and reductions in ring fenced grants. Despite this cut, the Council has decided to increase funding in a number of areas including adult services, children in care, and roads maintenance. The Council has also decided to freeze council tax for next year.

Despite the challenges ahead, we must be ambitious in what we can achieve. This can be on a big scale, such as how we respond to changes in the delivery of health services or how we progress the localism agenda. It also means the improvements every team can make by continuing to put value for money and customer service at the heart of delivery.

We know that the wide range of services we deliver has a huge impact on a lot of people, and you have our commitment that we will be working closely with you to make sure that we are delivering first-class services at the right time and in the right place so that Cheshire East is a great place to live, work and visit.

Your Council, Your Services, Your Plan
Cheshire East Council Corporate Plan 2010-2013

Contents

1. Introduction
2. Who We Are and What We Want to Achieve
3. What Cheshire East is Like Now
4. Working With Our Partners
5. How We Are Performing
6. Listening to You
7. Transforming Our Services
8. What We Want for the Future
9. How We Will Resource Our Priorities
10. Organising to Deliver

Appendix 1

Corporate Objectives
Contacts and Further Information

Introduction

Cheshire East – the place

Cheshire East is the third largest unitary authority in the North West and has around 363,000 residents. Our neighbours include North Staffordshire, Manchester, Cheshire West & Chester, Stockport and Warrington. First impressions of Cheshire East are often of leafy lanes and wealthy households. Indeed as an area we host 5% of the North West workforce and 7.5% of North West businesses are based here. This can hide the reality that it is a diverse area with many differences in income, employment and health. Figures that really show this include the life expectancy across the area. In parts of Macclesfield the average life expectancy for a woman is 94, but in areas of Crewe it is 77 – a huge difference of 17 years. Household income also differs, ranging from £65,000 in parts of Macclesfield to £18,000 in parts of Crewe.

Cheshire East Council has a responsibility to ensure that all it's services meet these different needs and that the way services are delivered across the area are developed and shaped to ensure that all who need them benefit from them. Our plan sets out how we will do this, who will be involved and how we will know if we have improved services for local people.

The Corporate Plan in the community context

Whilst the Council has statutory obligations to fulfil, regional priorities to consider, and National initiatives to participate in, this plan is based on what our communities have told us they want and need. Through this community focused approach and working with our partners, we have developed a number of key targets and priorities. The Corporate Plan focuses specifically on what we as a council will do to improve your services and get better outcomes for local residents, businesses and visitors. It keeps a clear focus on what Cheshire East will deliver for local people and how we will play our part to create strong and prosperous communities.

Other local organisations, such as the Police, Fire and Rescue and the Primary Care Trusts, have their own Corporate Plans that relate to outcomes for Cheshire East people. In addition, many local organisations work together with us to develop joint strategies and improvement plans, for example the Children and Young People's Plan.

To turn our priorities into reality, we have developed departmental and service plans that provide fuller detail about how the Corporate Plan will be delivered.

Our staff play a vital role in the successful delivery of these priorities and they, along with other key partners, have been asked for their contribution to setting out how we as a council will work to improve local services.

We believe that excellent services can only be provided through fully engaged, satisfied and capable staff. We will work with staff to raise awareness of the priorities and to gain their input on outcomes and actions, including how services will contribute towards the achievement of the priorities. We will also consult with key partners.

The Corporate Plan will be updated each year to ensure that new priorities and objectives are included. This will mean that the Council will be able to respond to emerging issues and community views. Our Annual Performance Plan will clearly show how the Council performed against its priorities and how improvements for the future will be made.

This diagram shows how the long-term vision for Cheshire East, set out in Ambition for All the Sustainable Community Strategy (SCS), links to our Corporate Plan objectives, and then through to the specific strategies and action plans right down to team and individual objectives. Each member of staff and each service area should be able to identify how their work contributes to the achievement of the Council's corporate objectives and to the overall vision for Cheshire East in 2025.

DIAGRAM OF KEY STRATEGIES AND PLANS

Key Strategies and Plans
consists of:
Local Development Framework,
Local Transport Plan, Housing
Strategy, Economic Development
Strategy, Visitor Economy Strategy,
Carbon Management Strategy, Climate Change Adaptation Strategy,
Health Inequalities Strategy and Children
and Young People's Plan.

Who we are and what we want to achieve

Cheshire East Council provides services which are important to everyone in their daily lives. The Council maintains the roads, provides transport services, commissions school places and specialist support services for vulnerable children and their families, educates children, provides social care to elderly and vulnerable people, and looks after waste and recycling, to mention but a few.

We are proud of our local area and feel a strong sense of responsibility towards its care. The beautiful diversity of the countryside, the rich cultural heritage and the character of the towns of Cheshire East provide a wonderful environment within which to live. From the dramatic scenery of the Peak District in the east to the open farmland and green spaces around the towns, people are never far from an area of natural beauty.

Macclesfield and Crewe are our largest towns, with Wilmslow and Congleton also providing substantial town centres. Our smaller towns of Sandbach, Poynton, Nantwich, Middlewich, Knutsford and Alsager historically provided market centres for local people and continue to play an important role in local life. The strong communities that exist within these towns and in our rural areas provide Cheshire East with vibrancy and give people a sense of belonging.

The Council wants to focus on the things that matter most to local people. We aim to make Cheshire East a thriving and vibrant place where people can enjoy a good quality of life and good health. This includes being able to learn and develop their skills and put them to good use in our local communities and further afield, with opportunities for everyone to fulfil their potential. Our thriving community should provide everyone with greater wealth to share, aiming for greater equality amongst its members in a range of ways.

A flourishing business community is essential to sustaining this success. In addition, the Council aims to make our communities safer and stronger, and develop good local involvement in decision-making about local services, providing personal choice where appropriate. We want to see an appropriate mix of house types and tenures to support economic growth ranging from affordable housing to executive economic growth ranging from affordable housing to executive housing to ensure that people can reside close to their place of work. In short, we want: *'Cheshire East to be a great place to live, work, visit and enjoy.'*

As a council we work closely with a range of partner organisations to help us achieve our ambitions, within the private, public, community and voluntary sectors. We believe this is important to ensure people receive integrated services that are good value for money.

Cheshire East Council is governed and guided by 81 councillors, with a Conservative majority (82 with effect from the elections in May 2011). Together with talented and committed employees, our Council wants to deliver excellent services for, and with, the people of Cheshire East. This Corporate Plan sets out our ambitious plans for the next three years.

What Cheshire East is like now

Cheshire East is already a great place in a range of ways:

- Our communities are generally well-off, with most people reporting a good quality of life
- Our children tend to do well at school, with levels of achievement above the national average
- The crime rate is one of the lowest in the country
- Residents tend to enjoy better health than elsewhere in the region and nationally
- Our strong economy contributes a large amount to the North West's economic output, relative to our population size

We want to celebrate these good stories, while recognising that the Council still has much work to do. Cheshire East has a strong local economy with household income above the national average. However it is not immune from the national economic recession and unemployment has been rising. The population of working age is expected to fall over the next twenty years, so limiting the capacity to expand the labour supply.

Despite recent decreases in house prices, affordability remains a concern within Cheshire East. In terms of relative affordability, the borough is ranked the 6th least affordable district in the North West.

Cheshire East schools generally perform well; children get off to a good start with a large percentage of childcare establishments, nursery education and primary schools judged to be better than similar areas.

The population is older than the average for England. Most of these older citizens are active, engaged and make a large contribution to the community. A small but significant and growing proportion require health and social care support.

Cheshire East has a diverse rural/urban profile. The area is classed as significantly rural, with more than half the population living in rural or rural market town areas.

There are a number of people in the area who experience poorer quality of life in many respects, and they tend to be clustered within certain urban locations, many of which are in Crewe. The differences that exist between certain groups of our society presents a challenge for the Council – one that we aim to address in this Plan. The challenges are described within five themes

Health and Well Being

Cheshire East's population profile is ageing dramatically. We have a population that is slightly older in make-up than that of England and Wales as a whole

The number of people aged over 65 has increased by 20% since 1991, and a much greater increase is predicted for the coming years (a 59% increase by 2027). By contrast, the number of children in Cheshire East is decreasing, with a 4% decline predicted over the same time.

This ageing of our population will result in a smaller working population combined with an increasing population of older people, many of whom will be frail and dependent. Our social care services are rising to the challenge of redesigning services to deal with this change and through our housing service we are developing the housing options available to enable older residents to remain living independently within the home of their choice.

While overall health is good within Cheshire East, people have different experiences. Life expectancy varies from 73.4 years (for men in Alexandra Central and Valley) to 94.1 years (for women in Macclesfield Town and Tytherington). In particular, we need to improve the prevention and care of coronary heart disease, lung cancer, chronic lung conditions and alcohol-related liver cirrhosis.

Alcohol poses a significant health issue for Cheshire East, with levels of alcohol-specific hospital admissions for males, females and under-18's significantly worse than the England average. Hazardous and binge drinking rates are also significantly worse. With such a strong link existing between alcohol and liver disease, a range of cancers and anti-social behaviour, reducing alcohol consumption is a significant challenge for the next few years.

Finally, while teen conceptions in Cheshire East are the third lowest in the North West, there are parts of the area where there are particularly high rates.

With our partners and through the Children's Trust we have identified that around 10,000 children aged between 5 and 16 have some form of mental health disorder. We need to ensure that investment in this area meets actual need. If we identify this need early enough, it can prevent the need for more costly services and can also have an impact on the behaviour and aspiration of our children.

Children and young people

One of our most important responsibilities is to ensure that children in Cheshire East are protected from abuse and neglect.

It is a key challenge for us to ensure we respond well when children are referred to our services, completing assessments when appropriate and in a timely way, and providing good-quality care when needed. A challenge for us and partners is to understand the profile of the children, young people and their families that we are in contact with. A key objective for us is to develop joint locality working arrangements to ensure we can intervene early enough to make a difference to their lives and future demand on our services.

A key priority for us working with our partners is to address the rise in the number of children and young people experiencing emotional health and wellbeing issues.

Cheshire East's children generally tend to do well at school, and go on to Further/Higher Education, employment, or training. However, children who are 'cared for', tend to do significantly less well, in education and in other important areas. Another challenge is to ensure that children with special education needs, as well as children from a less advantaged background, have the opportunity to achieve at school.

The number of children coming into the care of the Council has increased over the last twelve months although over recent months that number has now begun to reduce. This plan gives a high priority to achieving our role as corporate parent. This places collective responsibility on us to achieve good parenting for all children in our care. It requires ownership and leadership at a senior level and includes all our elected members. We need to ensure that these children are healthy and safe, are able to achieve and can contribute to the community. Young people who have been in care face particular challenges when they leave. They may have missed opportunities and have little or no family support. We seek to provide the support a good parent would give on housing, education, training and employment. This can make the difference between achieving independence and requiring long-term help.

Every one of our schools runs a school council and just over 500 young people gained a Duke of Edinburgh award last year. We have a successful and well attended Youth Parliament where 12,643 voted in the UKYP, last year. There are lots of ways for our children, young people and their families to get involved, but we need to develop these methods even further to ensure that everyone feels part of the community and feel able to contribute to our plans.

Most children and young people in Cheshire East positively progress into adulthood, making the most of the opportunities available to them and achieving economic independence. We want to offer targeted information, advice and guidance (IAG) to those children and young people identified at risk of becoming vulnerable and those who are vulnerable to improve their outcomes. Offering personalised learning pathways, employment and training. To support this, we want to encourage greater awareness and activity in those numbers of apprenticeships available to target employment and training.

Economy, Transport & Housing

In order to reduce carbon emissions and levels of traffic on our roads, we will focus on localising and integrating our systems of public transport.

We will also encourage cycling and walking by developing infrastructure for these healthy and carbon-free methods of travel. With 79% of people travelling to work using their car, only 4% using public transport, and 14% walking or riding a bicycle, transport is an important area of work for the Council in the future.

The effects of the national and global economic recession have been felt strongly in Cheshire East. We have experienced a greater increase in unemployment than either the North West or the UK as a whole, with the number of claimants of Jobseeker's Allowance in Cheshire East rising by 118% between March 2009 and the same month in 2010.

Although the number of claimants has fallen from its 2009 peak, it is still more than 5,400. We need to do more to help our unemployed residents find work and safeguard the jobs of those already in employment. We also need to support key industries and service sectors in Cheshire East that show a commitment to sustainable and responsible business growth.

We will continue to work to make life experiences for people of Cheshire East the same no matter where they live. This covers aspects of life such as income, health, crime and unemployment. While we generally perform well in supporting people on this, pockets of deprivation exist mainly in the Crewe area, along with other areas including Handforth, Macclesfield and Congleton.

House prices in Cheshire East have not been affected by the economic recession as greatly as elsewhere in the North West. While they declined in 2008, this was at a lesser rate than for the region as a whole, and within the last year, house prices have begun to rise again, more quickly in Cheshire East than for the North West. With the average house costing £157,000 in Cheshire East (compared to £119,000 in the region overall), increasing the provision of affordable housing and making the best use of our existing housing stock is therefore a key issue for the Council.

The Localism Bill proposes a number of changes that will affect Cheshire East: proposals to reform social housing by introducing a more flexible local authority affordable rent tenancy, reforming the social housing allocation system a National Homeswap Scheme to encourage social tenant mobility and enabling local authorities to discharge homelessness duty into the private rented sector. The proposals set out a fundamental reform of social housing in England.

Environment and Climate Change

The relationship between climate change and carbon emissions (from electricity production, the use of gas and vehicle use) is now widely accepted, and the people of Cheshire East are concerned about this issue. Collectively we do not perform well in this area – the average person's domestic emissions of carbon dioxide being 2.8 tonnes per year, higher than both the North West and the UK.

There is a lot of work to be done in improving energy efficiency, encouraging the use of renewable sources of power, promoting smallscale electricity generation within local communities, and improving non-car transport options. This will not only assist us to reduce our carbon footprint, but also to improve our resilience for a lower-energy future in which less carbon-based fuels are available for power production.

In addition to working with residents and businesses to reduce carbon emissions, we have developed a carbon management plan in association with the Carbon Trust. This plan puts in place a 5 year strategy to reduce our carbon emissions by 25% by 2016.

Cheshire East residents are excellent at recycling domestic waste with rates of recycling as high as 50% with recent trends indicating residents continue to recycle more. There is a limit, however, to how much of our waste can be recycled, and the challenge for the future relates to reducing the amount of waste produced overall, for example by using less packaging and reducing food waste.

Another important environmental challenge is the ability for residents to produce their own food locally. Cheshire East is currently struggling to meet the demand for allotments, with substantial numbers of people on waiting lists. Providing people with space to grow their own food, and the development of local markets in the area will both be important as we rely less on internationally-traded, out-of-season-food.

Safer Communities

Our communities are relatively safe places to live, with significantly lower rates of crime than in the North-West or England and Wales.

While a relatively low proportion of people in Cheshire East perceive anti-social behaviour to be a problem, the main issue identified in this area relates to teenagers hanging around on the streets. Our young people have expressed their concerns over a lack of facilities, with 67% of respondents to the Young People's Leisure Survey 2008/09 stating that they do not feel there is enough for them to do where they live. Providing activities and informing young people of what is available is a key area of work for the Council.

Road safety is also an important issue. There were just over 1,800 people involved in road traffic accidents on our roads in 2009/10, which is more than in previous years. However, since 2008 the number of adults killed or seriously injured has steadily fallen. There is much to be done in improving the safety of our roads in a range of ways.

Recently reduced government funding in road safety has necessitated a radical rethink on road safety spending across the partnership areas. The Council and partners are therefore exploring new ways of working to determine a way forward for the future. Road safety remains a priority for all the partners and speed enforcement including the use of speed cameras, will still be part of our work.

Crime and nuisance against older and disabled citizens is a small but significant issue and one that the Council and its partners take seriously and for which a co-ordinated strategy is emerging.

Working with our Partners

Partners work together through the PACE (Partnerships for Action in Cheshire East) Local Strategic Partnership which aims to improve quality of life for residents, to support business and to enhance Cheshire East as a visitor destination.

Working in partnership enables more effective use of public money through a shared understanding of the needs and issues in Cheshire East and co-ordinated provision of services. This joint approach has never been more important than in the current economic climate where public funds are reducing but expectations on services rightly remain high.

The aims and ambitions of our Corporate Plan cannot become a reality without the support of our partners. They play a vital part in shaping, developing and, in many cases, helping us to deliver first-class local services. This partnership sets the vision and priorities for the area, ensuring that different initiatives and services support each other and work together across Cheshire East.

Major changes to the partnership landscape are being developed, namely the establishment of a Local Enterprise Partnership (LEP) for Cheshire and Warrington and the creation of a new statutory Health & Well Being Board for Cheshire East. The Council will work with its partners to ensure these new Partnerships are effective and fully supported. We will also need to assess how these new developments will impact on the PACE arrangements in place in Cheshire East and make any changes necessary.

There are also seven Local Area Partnerships (LAPs) covering the areas of Congleton, Crewe, Knutsford, Macclesfield, Nantwich, Poynton and Wilmslow. Their role is to improve services, ensure local people influence decision-making and to actively engage and empower communities. LAPs bring together a wider range of people from the statutory, voluntary and community sectors. By working together at a local level, they focus collective action on what really matters, delivering improved outcomes for local people and places.

During 2010 PACE developed the first Sustainable Community Strategy for Cheshire East, “Ambition for All”, which sets out a clear vision for the next 15 years which is:

“Cheshire East is a prosperous place where all people can achieve their potential, regardless of where they live. We have beautiful productive countryside, unique towns with individual character and a wealth of history and culture. The people of Cheshire East live active and healthy lives and get involved in making their communities safe and sustainable places to live”

All partners have a collective responsibility to deliver Ambition for All to overcome many of the challenges described earlier in this document. Ambition for All identifies seven priorities for immediate action which will enable us to achieve our vision. These are:

- Nurture strong communities
- Create conditions for business growth
- Unlock the potential of our towns
- Support our children and young people
- Ensure a sustainable future

- Prepare for an increasingly older population
- Drive out the causes of poor health

By bringing a range of public, private and voluntary partners together to plan programmes and services, prioritise needs and manage delivery, we are ensuring that important connections are made and services are properly integrated. We are also ensuring that we minimise duplication and are able to put our collective resources to best use.

Some key examples of what partnership working means in practice can be seen in the next section, where we discuss our performance.

How we are performing

Subject to final updates from Service Plans

It is important that we have a realistic view of how council services are being delivered; for instance what are doing well and want to continue to do well, and where we are not fully addressing particular challenges and need to do further work.

We are committed to ensuring that the Council does its job well, and responds to local people and the evidence we collect about the performance of our services. We are also committed to our performance plans and the current state of our performance being transparent and open to the public and other interested parties.

As a council, we are committed to improving and have gathered our own evidence so that we can look at our performance since April 2009 and make any necessary changes for improvement. From this we will know what is going well and what we need to improve. Some key examples are shown in the next section.

What's going well?

The following are just a few examples of our recent achievements:

- During our first year, we have made £25 million of savings that have been reinvested in priority areas across the Council, such as children's services.
- Improving parks and green spaces – the refurbishment of Queen's Park in Crewe is progressing well,with new bridges installed, a bandstand restored and lake works completed. This £6.5 million project is now set to transform the park, with a £2.78 million contribution from the Heritage Lottery Fund.
- Within their annual performance ratings, Ofsted have rated Cheshire East's Children's Services as performing well
- Improving schools – the majority of settings and institutions inspected by Ofsted are judged as good or better.
- Children's Homes – Inspection judgements were 'good' and one was judged as good with outstanding features. These two homes replaced facilities previously judged as 'inadequate'
- Adoption Services - The overall judgement was good with outstanding features.
- Reviewed membership and governance of Children's Trust arrangements to improve involvement and contribution of key agencies
- Successfully conducted a pilot of a scheme to provide 10 hours of free childcare per week to most disadvantaged two-year-olds.
- Supporting independence – our Services for Adults are using a new model for supporting people, in particular those who are elderly, to live independently in their homes, and providing support for carers. A new approach is being made to providing equipment, information, advice and support, including providing people with personal choice of the services they want.
- Reducing offending – the Safer Cheshire East Partnership has set up the Priority and other Prolific Offender (PPO) team, resulting in a massive reduction in offending rates. The team involves a number of partner agencies, reducing duplication and improving risk management.
- Tackling domestic abuse – the Cheshire Domestic Abuse Partnership has implemented a best-practice model to tackle domestic abuse, termed the Coordinated Community Response. This provides support for survivors increased

accountability for perpetrators and voluntary change programmes. Again, many partner organisations are involved.

- Transformation of Building Control Services – electronically-based systems now allow the customer to view drawings and submit applications online, as well as providing big efficiencies in departmental working.
- Supporting businesses and local people through the recession – we have supported town centres through dressing empty shop windows with vibrant displays; increased the take-up of benefits available from Government by £1.2m; and supported businesses through clinics and seminars on local procurement.
- Providing choice in housing – we have launched Cheshire Homechoice, a new choice-based lettings system that allows new and existing customers to apply for housing vacancies which are advertised widely across Cheshire East. This is a new way of allocating housing, avoiding the traditional waiting list approach.
- Improving community safety – our team of Community Wardens has achieved the Community Safety Accredited Person's Certificate from Cheshire Constabulary. This means that they are now accredited with a range of new powers to tackle crime and anti-social behaviour.
- The standards for social care in Cheshire East as measured by the Care Quality Commission, are among the highest in England
- The Council is the third best council in England for delivering personal budgets

Some key areas we need to improve on

- We need to improve our planning service to make it more efficient and customer-friendly. We are radically changing how we do business in this key area to ensure value for money and simplify our systems.
- We are working hard to harmonise the way in which we collect and manage household waste across Cheshire East to move away from three approaches inherited from the previous Councils into a simplified, cost-effective service.
- We will place more emphasis on the assessment of carers and provision of information, advice and support where this will help them to maintain their support for their loved one and achieve a good quality of life for themselves.
- We will place more emphasis on linking people with social care needs and their carers to resources and opportunities in their local communities, to support their ability to access the same resources and facilities as others.
- Improving our ability to respond earlier to the identified needs of vulnerable children, young people and their families.
- Address the health and wellbeing needs of our children and young people
- Improve outcomes for children cared for by the Local Authority.
- Continue to strengthen our arrangements for safeguarding children.
- Offer youth support targeted at our most vulnerable groups
- We will revise programmes to tackle the rising 16-18 NEET population. This is particularly important with our most vulnerable young people who require new approaches and initiatives using a wider range of providers.
- Making the best use of our existing housing stock, by bringing empty homes back into use

Listening to you

As we have said, fundamental to setting our priorities and improving our services is listening to you, acting on what you say, and regularly checking your feedback about outcomes.

We will work hard to improve our methods of communicating and consulting with local people and our partners. We are keen to ensure that everyone who lives or works in our community has a voice and is able to make their thoughts, aspirations and concerns heard.

Examples of key projects recently undertaken as a result of what the people of Cheshire East have told us include:

Housing Needs Survey
The former Councils within Cheshire East conducted a number of Housing Needs Surveys designed to understand the issues/concerns. These surveys received more than 7,500 responses and highlighted the need for affordable housing in many locations. The household survey identified that 9.4% of black & minority ethnic households were in some form of housing need which compares with 6% for Cheshire East. Affordability and the condition of the property were most likely to be cited as reasons for housing need.

The results from the survey are currently being used to help inform the Housing Strategy and future local area plans.

Quality of Life Survey
During the autumn of 2010 thousands of households across the Cheshire East area received a questionnaire asking for their views on what it is like to live in the local area. The survey asked residents for opinions about aspects of quality of life in their local area, including housing, health, local services and community safety. As this is the first Quality of Life Survey undertaken it will be important in planning future services. We also used the information to understand which services are most important to residents to help us decide how we can reduce our budget in light of cuts in funding from central government.

Issues and Options Consultation
The Council recently completed consultation on the Local Development Framework Issues and Options for the Core Strategy. The consultation included eight workshops with stakeholders such as Parish & Town Councils, the Cheshire East Citizens Panel, environmental groups, the business community, infrastructure providers, social housing providers and house builders.

The response to the consultation includes in excess of 1,000 comments, from around 500 people/organisations. This information will be used to inform the next stage of consultation which will involve work taking place with local communities to consider their future needs and the options for future development.

We do know that as a relatively new organisation, the task of consulting, listening, responding and checking is work in progress, We are committed to getting this right and the Local Area Partnerships that have been set up are vital in helping us with this task at a local level

Transforming our Services

Key to driving the improvement of our services and doing more with less will be our transformational approach to service delivery. Our Corporate Plan discusses how we will provide better value for money, focus on core services, and work well with partners. It also explores how we will ensure services are more responsive to individual and local needs, eradicate waste and inefficiency, and ultimately improve overall performance. We recognise the need to radically review our approach, in partnership with other organisations, to achieve these things.

Our plans as to how we can achieve this are laid out in our corporate Transformation Programme. Traditional approaches no longer meet user needs effectively, and demand for services is changing and rising rapidly which means significant financial challenges. It is clear to the Council that in rethinking our approach in these areas, much more can be done to achieve our priorities, often for less cost.

The current programme includes a major redesign of services for children, adults, health and wellbeing and transport, and a huge amount has been achieved so far. For example, in Adult Services we have achieved significant savings by eliminating duplicated efforts, and providing integrated services with health partners. We have already invested and made improvements in safeguarding, preventative and re-ablement services – keeping people safe, independent and well for as long as possible.

The Transformation Programme is dynamic and is reviewed regularly, taking into account our performance, local needs and views, budget constraints and national guidance. It plays a key role in helping to shape and deliver the objectives within this Corporate Plan and individual service plans, working within the Council's emerging financial scenario. For the future, we will focus on improving services at a local level and examining which services might be better delivered by other agencies and partners.

What we want for the future

We want to make Cheshire East a place that people choose to live in, work in and visit. We want it to be a place that people say good things about, which has a great range of things to do, is a great place to live, a place where people feel happy and successful with fantastic open spaces and that is run by an excellent council.

We are committed to making this happen and are carefully planning our priorities to make sure it does and have set ourselves rightly ambitious corporate objectives. These objectives will be the basis upon which departmental and service plans are written and will form a fundamental part of every day life for all staff working within the Council. We will make sure that everything that we do as a council contributes towards making Cheshire East 'the' place.

A summary of the objectives is set out in the following pages, the full objectives can be found in Appendix 1.

Corporate objective one:
To give the people of Cheshire East more choice and control around services and resources
We want all people in Cheshire East to have more choices and access locally to good information. We will develop new ways of working, be honest about what the Council can offer and help people when they want that help. We will draw upon people's experiences and ideas and help them to play a much bigger part in informing plans for future services. We will use technology to support us wherever possible such as in the development of the 'Empower' card that gives people control over their personal social care budget.

Corporate objective two:
To grow and develop a sustainable Cheshire East
We want to ensure that we provide the right environment for businesses to grow. We will provide business support, plan for the needs of future generations and provide employment and public services where people need them. We will work with our partners across the public sector to increase aspirations and realise the potential of all members of our community. We will provide transport solutions, support cultural projects and revitalise town centres. We will increase the number of visitors to Cheshire East through marketing our towns and major attractions.

Corporate objective three:
To improve life opportunities and health for everybody in Cheshire East
The opportunities offered by the integration of public health within the Council will enhance the Council's ability to improve the health of our residents. We will work with partners to ensure that the integration is effectively handles.

We will develop plans for the new lifestyle centres to bring together leisure, health and social care functions to provide a better service to our customers, more cost effectively and efficiently.

Corporate objective four:
To enhance the Cheshire East environment
We will provide clean and well-maintained streets, public spaces and protect our heritage, natural and recreational environment for the benefit of local communities. We will tackle the need for carbon reduction and deliver a sustainable solution to

waste across Cheshire East. We will continue to maintain and improve conditions for all road users, and in particular, focus on reducing the number of road traffic accidents.

Corporate objective five:
To be an excellent council and work with others – to deliver for Cheshire East
We will focus on core services that best meet the needs and aspirations of local people and communities. We will work to ensure that services and priorities are properly resourced and successfully managed within budget. As part of this, we will ensure that the overall increase in Council Tax does not exceed inflation and is below inflation where possible each year. We will work to deliver services fit for the 21st century.

Delivering the objectives will be a challenge but one we will rise to and achieve. We will be constantly looking at our performance and ensuring that we are always working towards our objectives and making changes and improvements to make them a reality. We know that we will have to make difficult decisions, but we will make them and be very clear about why we have made them and how they will contribute to our objectives. We will publish our service plans so that you can see in greater detail the daily work that we will be doing to move this forward, how this work contributes to our objectives and what difference we are making

How we will resource our priorities revenue budget 2010-2013

TO BE REVISED FOLLOWING BUDGET SETTING

Cheshire East Council spends over £700m a year on delivering services to local people. Approximately one quarter of this is funded through Council Tax, with the majority of funding coming from Central Government Grants. Since Local Government Reorganisation the Council has driven down the cost of Supporting Services putting greater emphasis on frontline spending. Recent published data showed that spending on Central Services at Cheshire East was in fact half that of the unitary authority average.

The Council operates a rolling three year Business Planning Process, which enables the Council to develop longer term plans which anticipate and respond to changes in funding levels and new demands. Figure 1 (right), shows where the Council allocates resources from all sources.

Current estimates predict that gross expenditure (excluding schools) will rise by only 2.5% (£12.7m) over the medium term up to 2013. Due to the level of savings being achieved this is actually less than estimated inflation for the same period. During the period, funding levels from government are also expected to decrease. This makes it increasingly important that the Council allocates its own resources to priority spending areas.

Although spending will increase overall the most positive impact will be realised in caring for children, caring for adults, on the road network and in housing. This will be funded through high levels of efficiency, particularly in Support Services, which allows the Council to divert resources towards key service priorities. Figure 2 (right) demonstrates the changes in local funding that the Council will make by 2012/2013. This reflects the impact of policy options to recognise and protect priority areas.

In social care provision there is a successful transformation programme underway to reduce costs and make the service sustainable. This explains the reduction in discretionary spending in that service.

DIAGRAMMATIC REPRESENTATION

Organising to deliver

Council Leadership and Cabinet
Cheshire East Council has appointed a Leader and a Cabinet to make strategic decisions for the organisation. Cabinet meets once a month, and their meetings are open to the public, with time being made available for members of the public to speak.

Each Cabinet member has their own area of responsibility, and act as champions for key issues. They work closely with managers to ensure we perform well as a council.

In addition to the Leader of the Council, Cabinet is made up of members with the following portfolio responsibilities:

• Safer and Stronger Communities•
• Health and Well-being
• Environmental Services
• Performance and Capacity
• Procurement, Assets and Shared Services
• Adult Services
• Children and Family Services
• Prosperity

Overview and Scrutiny Committees
We recognise how important it is that the administration of your services is challenged and suggestions made for their improvement. Our five Overview and Scrutiny Committees involve 58 council members and ensure that the Council is being run efficiently and effectively. Again, you are more than welcome to attend these meetings. The five committees are:

• Children and Families
• Environment and Prosperity
• Sustainable Communities
• Corporate
• Health and Adult Social Care.

Elected members
Cheshire East's 27 wards are represented by councillors (52 wards and 82 councillors as of May, 2011). The role of these elected members is to reflect the views, and pursue the interests, of the communities that they represent.

The full council meets six times per year, and is responsible for setting the overall policy directions and the budget. A range of committees look at issues including planning, licensing and school organisation.

Through these various council meetings, we make sure that the concerns and suggestions that councillors bring from their communities are properly considered and acted upon. These are public meetings and details are published on our website and anyone is welcome to attend. We also make sure that our councillors are properly supported in their work with their communities, providing tools and expertise to make a real difference to their area.

The full council appoints committees to deal with statutory decisions on planning, licensing and regulatory matters. There is also a Standards Committee which ensures the probity of our operations.

Managing the Council
Our Corporate Management Team is led by the Council's Chief Executive, and includes:

- Strategic Director, Places
- Director, Adults, Community, Health & Well Being
- Director, Children and Families
- Head of Human Resources and Organisational Development
- Head of Policy and Performance
- Head of Corporate Improvement
- Borough Treasurer and Head of Assets
- Borough Solicitor (Monitoring Officer)

This Team is responsible for ensuring that our corporate objectives are met and that the right priorities are set to make this happen. They listen to the feedback from partners, local people and communities, set the priorities and then allocate the tasks to colleagues across the Council. They work closely with Cabinet and provide information and advice where needed.

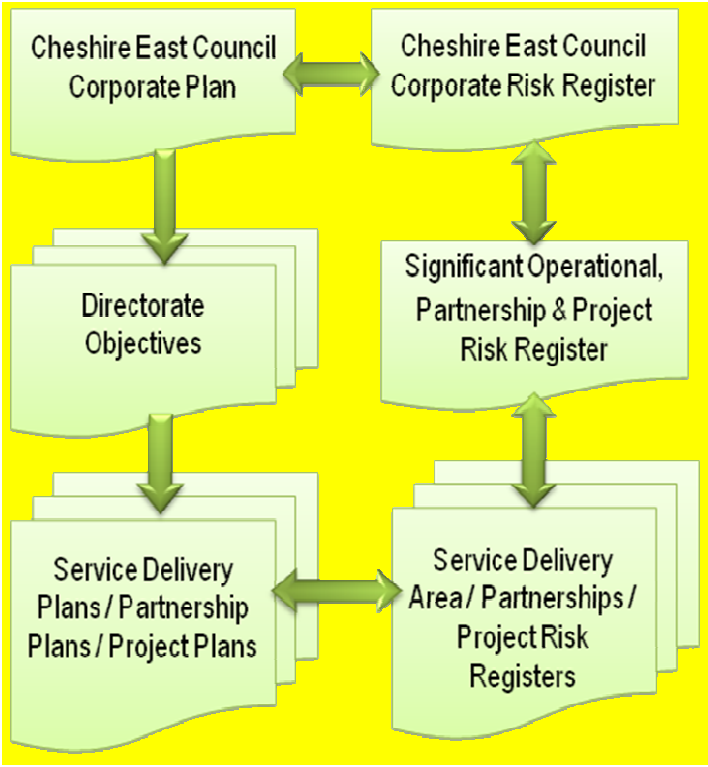
Managing our performance and risks
In order to deliver the improvements that we detail in this plan, we have robust performance monitoring and management arrangements in place. These involve the regular review of the Council's key priorities and projects, along with the setting of clear targets and actions for staff. This gives the strong evidence to demonstrate our improvements and to highlight areas that require attention.

In managing our risks, through using an effective risk management framework, we aim to add value by improving decision-making, planning and prioritisation. This contributes to a more efficient use of resources and optimises our performance and delivery.

Good management of our performance will involve setting clear objectives, developing robust service plans, reporting progress to Corporate Management Team and Cabinet and reviewing and updating our plans according to developments.

A risk is concerned with a threat or a possible future event which will adversely or beneficially affect our ability to achieve our objectives. By managing risks objectives are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised. We aim to ensure that the level of control activity is proportionate with the risk the Council faces and we will continue to review this as our internal and external environment changes.

The actions necessary to manage and mitigate our key strategic risks are embedded in the programme of activity set out in our delivery plans. By integrating risk management with the Council's strategic planning process we are able to monitor risks in achieving our objectives, determine which risks have the most significant impacts and prioritise resources accordingly. Identification of risks is both from a top-down strategic risk approach with the bottom up operational risks meeting in the middle.



Good management of our performance will involve setting clear objectives, developing robust service plans, reporting progress to Corporate Management Team and Cabinet and reviewing and updating our plans according to developments.

Working for Cheshire East

We want the Council to be at the heart of the community, a great place to work and an employer of choice. We want to continually raise our game and improve performance and efficiency to ensure the delivery of excellent services to the people in the community. To do this we need great people. We want high performing, customer focused, skilled, flexible and motivated employees who are proud to deliver excellent services.

As a service provider we embrace the philosophy “treat employees as you want your customers to be treated”, recognising the importance of engaging both staff and customers. We believe that the employee experience matters. To support this, a strategic three year workforce development plan “fit for the future” has been developed. This focuses on five key workforce priorities which directly support our corporate objectives and plan:

1. Developing the organization – effectively building workforce support for new structures and new ways of working to deliver customer focused and efficient services in partnership.

2. Developing leadership capability – building visionary and engaging leadership which makes the best use of both the political and managerial role, operating in a partnership context.

3. Developing workforce skills and capacity – with partners, developing employee's skills and knowledge in an innovative, high performance, multi-agency context.

4. Resourcing local government – with partners, taking action to address key future occupational skill shortages, promote jobs and careers, identify, develop and motivate talent and address diversity issues.

5. Pay and rewards – modernising pay systems to reflect new structures, new priorities and new ways of working and to reinforce high performance.

To measure our progress towards achieving these five priorities and ensure we build a culture of continuous learning and performance improvement, we are working towards retaining Investors in People which provides a best practice standard in people management and development.

Our values – ASPIRE
Our core values reflect our aspirations for both our culture and our standards for serving the people of Cheshire East and we strive to demonstrate these values in all that we do:

Action - take responsibility for making the right things happen
Support - work and learn together n order to succeed
People - put customer and community needs at the heart of what we do
Integrity - be open, honest and fair, expecting the same of others
Recognition - value all views, efforts and achievements
Excellence - strive to improve all that we do

Equality and inclusion
Cheshire East is committed to providing high-quality, customer focused services for all people living in, working in or visiting the area. Promoting fairness and providing equality and inclusion is one of our important values, and relates to:

• Accessing the Council's services
• Accessing employment opportunities with the Council, or with its contractors who supply goods or services to the Council
• Accessing voluntary work supported by the Council
• Developing policies and plans that impact upon communities and individuals.

We are determined to develop further our equality and inclusion agenda to provide quality customer services, meet our statutory responsibilities, and as part of the achievement of our corporate aims and objectives. Our aim is to deliver inclusion for all

Cheshire East Council
Corporate Plan 2010 – 2013

Appendix 1

Corporate Objective One

To give the people of Cheshire East more choice and control about services and resources

What do we want to achieve?
We will have a good understanding of the communities that make up Cheshire East and have mechanisms in place to enable us to listen to their views

We want all people in the borough to have more choices about the help they receive and greater control over the resources which are available to help them. To achieve this, we want to ensure that people have access locally to good information, advice and guidance about our services and those of others.

We want to be clear about the services local people and communities want from the Council and its partners. This will enable the Council to focus on cores services that best meet the needs and aspirations of local people and communities, along with whether those services can be best delivered deirectly or in partnership with other organisations including Town & Parish Councils. In this way, we will see the number and scope of services being delivered by partners increase.
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What will we do to achieve our ambition?
- Analyse the results of Community Survey to provide information about perceptions of local population
- Set up and deliver liaison processes through LAPs on roadworks
- Undertake equality impact assessments of services
- Provide effective support to carers in their carer role to ensure they have a life outside being a carer
- Develop a range of commissioning strategies to deliver best value services for the people of Cheshire East
- Redesign of childrens services to ensure needs in families and carers are identified early
- Target support to families and carers and improve the capacity of parents to care for their children
- Work with partners to deliver services at as local a level as possible
- Build on our success in offering personal budgets by making greater use of our prepayment card – the Empower Card – to give people more choice and control

How will we know if we have been successful?
- A steadily increasing number of people will be getting direct cash payments and making their own decisions about how to use the money to improve their lives
- The monitoring of our Access Points will show that an increased number of people are getting the information, advice and guidance which they need
- Informal carers will routinely and consistently be offered a separate assessment of their needs and that information will be used in the commissioning of services
- As an employer, the Council will have recruited a greater number of disabled people into its workforce
- Where local people want to take on the running of services and facilities, those services and facilities will have been passed into their hands.
- The provision of services will match need

As a result of this work, we want people to say:

"*There is easier access to a wider range of services which meet my needs and circumstances and deliver the outcomes I require"*

Corporate Objective Two

To grow and develop a sustainable Cheshire East

What do we want to achieve?

We want *to foster economic growth and regeneration* through providing the right environment for businesses to grow, We need to plan for the needs of future generations and provide employment, housing and public services where people need them.

We want to celebrate the distinctiveness of all our towns and villages and *provide attractive and sustainable environments* for all.

People want to feel *safe* where they live and we will work with our partners towards realising the potential of all our communities and ensuring they have *sustainable* futures.

We need to lead on the development of major strategic *infrastructure* to support the aspirations of the Sustainable Community Strategy and ensure we have strong transport and digital links across the borough

What will we do to achieve our ambition?

- Deliver a new Local Development Framework, Local Transport Plan, Economic Development Strategy, Housing Strategy and Visitor Economy Framework
- Contribute to the revitalisation of the communities of Cheshire East through investment in cultural & leisure sites, facilities and activities
- Work towards ensuring there is a sufficient, decent, accessible and appropriate supply of housing by maximising provision of affordable housing, making best use of existing stock and ensuring there is a mix of provision to meet the needs of a changing population
- Work with partners to reduce the incidence of crime and fear of crime, particularly by reducing Anti Social Behaviour by implementing a set of minimum standards and taking a pro-active stance to complaints of nuisance
- Deliver the schemes contained within the Highways Capital programme and work with others to bring about new infrastructure projects such as Crewe Green Link Road, Poynton By-pass and the Middlewich Eastern by-pass

How will we know if we have been successful?

- Our Local Development Framework and Local Transport Plan will reflect the priorities of the Sustainable Community Strategy and the needs of businesses and residents
- The economy of Cheshire East will continue to grow above the rate of growth across the North West
- Our market towns will thrive and prosper, supported by strong local partnership arrangements
- The Council will increase performance in key service areas whilst reducing costs such as development management and highways and transport
- The number of affordable homes available across the area will exceed current targets. The level of long term empty homes will decrease and provide an additional supply of housing in the Borough
- The value of the visitor economy to Cheshire East will exceed £700m per year
- The levels of young people who are positively engaged in education, employment and training is high and they report positively on the opportunities and experience
- People will report that they feel safer

As a result of this work, we want people to say:

"Cheshire East is a great place to live, where we can make real choices around housing, jobs and where to enjoy our leisure time, whilst feeling safe in our communities"

Corporate Objective Three

To improve life opportunities and health for everybody in Cheshire East

What do we want to achieve?

We want people in Cheshire East to make more *healthy lifestyle* choices and ensure they have the support and information to enable them to do so.

We want to see higher aspirations on the part of children, young people and their families about what they can achieve in their lives.

We want to see some *narrowing of the gap* which currently exists in both opportunities and health between those who are most successful in Cheshire East and those who are most challenged in their lives

As the older population in Cheshire East continues to grow, we need to ensure services are provided appropriately so that people can enjoy full and active lives for as long as possible, retaining their independence in a home of their choice.

What will we do to achieve our ambition?

- Seek to increase the numbers participating in health and well-being activities, particularly those from priority communities and will offer a comprehensive Lifestyle programme across Cheshire East targeting those who need it most
- Establish a corporate approach to health improvement and reducing health inequalities with a particular focus on alcohol harm reduction
- Seek to raise standards and narrow the gaps in learning outcomes and ensure that young people develop the appropriate skills to enable them to enter adulthood and the world of work
- Develop and implement a Health & Well Being Strategy specifically for children and young people
- Develop strategies that address the demands of the ageing population such as the Dementia Strategy and the Ageing Well Strategy
- Develop a housing strategy to ensure that residents have the ability to access decent and appropriate housing by reducing the level of non decent homes across the authority, continuing to invest in Disabled Facilities Grant to aid independent living and provide specialist housing solutions to enable those with support needs to sustain their homes
- Work with partners to ensure effective integration of public health functions into the Council

How will we know if we have been successful?

- We will have seen, within the whole clientele of those using leisure and cultural services, a shift in the balance between the general public and those specifically referred, either by themselves or by others in order to address particular health and well-being challenges. In particular people will use Personal Budgets to access these services
- The implementation of a whole system plan for reducing the harm caused by alcohol abuse will have helped more people to reduce their drinking to safe levels and will have consequently reduced the calls upon the NHS and other services which arise from alcohol harm
- Schools which are not doing well or which are just coasting will have improved their performance, so that all become either good or outstanding
- A greater proportion of our school leavers are engaged in work, training or further education of some sort
- A significant reduction has been made in the most extreme of the health equalities, and, in particular, for older people more of their remaining years are healthy years
- Progress will have been made in putting in place a comprehensive pattern of specialist provision for people with dementia and their carers
- The Children Trust will have shifted the whole system for children and families, so that interventions are made much earlier, when problems become apparent.

- Children who are cared for by the Council will achieve far better at school, and a much greater proportion of them will progress from school into worthwhile, paid employment.

As a result of this work, we want people to say:

"*I feel happier, healthier and more successful than before"*

Corporate Objective Four

To enhance the Cheshire East environment

What do we want to achieve?

We believe in taking a responsible approach to enhancing and nurturing our environment. We will provide clean and well maintained streets, public spaces and protect our heritage, natural and recreational environment for the benefit of local communities.

We will seek to ensure our services are good value for money for the residents and council tax payers of the borough and are both efficient and effective.

We will continue to develop an approach for sustainable waste management and will seek opportunities to improve existing practices.

The built environment is important to local people and communities and we will seek improvements whenever possible.

We will tackle the effects of climate change through a comprehensive approach to managing our carbon emissions and by implementing an adaptation strategy.

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What will we do to achieve our ambition?

- Develop and implement a Waste Management Strategy for Cheshire East and optimise and implement revised waste collection rounds
- Deliver an effective streetworks service and management of the highway asset which will include making our roads safer
- Centralise waste and recycling operations as part of our Rationalisation Project
- Deliver the Total Transport transformation programme
- Procure a garden waste contract for Cheshire East and a dry recyclables processing contract
- Investigate the potential of implementing a kerbside food waste collection service
- Achieve improved standards of green space design, management and maintenance
- Seek to improve the public realm and promote environmental sustainability wherever possible.
- Tackle fuel poverty through improved information and advice to enable our residents to improve the energy efficiency of their homes

How will we know if we have been successful?

- Customer satisfaction in key areas such as street cleansing and waste management will have increased and the services will be operating more efficiently
- Highway condition will be maintained on main routes despite recent winter damage and expected reduced investment from Government
- Casualties from road accidents will continue to fall in areas where targeted support has been provided
- Carbon emissions from the Council will have reduced and the Council will be respected as a leading example across the Borough on carbon management and climate change adaptations
- The residents of Cheshire East will feel safer in their local communities.
- Improvement in SAP rating within domestic properties across the authority

As a result of this work, we want people to say:

"We have a fantastic environment across Cheshire East. Public spaces and recreational areas are well maintained and our heritage and natural environment is protected and nurtured by the Council"

Corporate Objective Five

Being an excellent Council and working with others – to deliver for Cheshire East

What do we want to achieve?

We want our customers to find it easy to access our services and be satisfied with the timeliness of our response. Sufficient information should be provided in a variety of mediums to ensure people can find out what they need to know.

Key to what we can achieve will be the challenging financial situation. We will therefore carefully and strategically plan so that our services and priorities are properly resourced and successfully managed within budget and deliver value for money.

So that we can deliver services fit for the 21st Century, we will develop a multi-skilled workforce, which is flexible, competent and capable and is supported by effective processes

We recognise that many other organisations are key to the future success of Cheshire East and we will work with them to develop approaches to service delivery and joint working arrangements

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What will we do to achieve our ambition?

- Shift the profile of customer contact to access channels that are more convenient to the customer and more cost effective for the Council
- Develop more responsive customer services through the use and analysis of customer insight data
- Seek opportunities to share service access points with other partners
- Develop an Asset Management Plan
- Identify efficiencies across services and ensure resources are aligned to priorities
- Develop an excellent workforce by developing the skills for improvement
- Implement a Monitoring & Performance System for the Council
- Develop an ICT Strategy and establish a fully functioning shared service
- Continue to develop Partnerships for Action in Cheshire East (PACE), particularly through the Local Area Partnerships and the implementation of area plans

How will we know if we have been successful?

- Our local people and communities will say that the Council provides excellent services and uses its resources well in doing so
- Council Tax rises will be at or below inflation
- The people of Cheshire East will provide positive feedback about the Council and its performance
- We will deliver value for money services within budget each year
- Employee satisfaction and engagement levels will increase each time we hold an employee survey
- We will have increased the number and scope of council services delivered with or by our partners /local communities each year.

As a result of this work, we want people to say:

"The Council is very well managed and uses its resources effectively in supporting the key changes and improvements we want to see in Cheshire East"

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Borough Treasurer and Head of Assets
Subject/Title:	Treasury Management Strategy and MRP Statement 2011/12
Portfolio Holder:	Councillor Wesley Fitzgerald

1.0 Report Summary

1.1 To present the Treasury Management Strategy for 2011/12 to 2013/14 including the prudential indicators and limits required under Part 1of the Local Government Act 2003 and the Annual Investment Strategy 2010/11 and Annual Policy Statement on Minimum Revenue Provision (MRP) for the redemption of debt 2011/12.

1.2 Treasury Management is defined as:-

The management of the Council's investment and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2.0 Decision Requested

2.1 Cabinet is requested to recommend to Council the approval of the Treasury Management Strategy and the MRP Statement for 2011/12. The Strategy includes the Department for Communities and Local Government (DCLG) reporting requirements in accordance with the Local Government Investments Guidance under Section 15(1)(a) of the Local Government Act 2003 (Appendix A).

3.0 Reasons for Recommendations

3.1 The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2011/12. The Strategy for 2011/12 reflects the views on interest rates of leading market forecasts provided by Arlingclose, the Council's advisor on treasury matters. It also includes the Prudential Indicators relating to Treasury Management.

3.2 The CIPFA Code of Practice on Treasury Management, when adopted by a local authority, gives it the status of 'a code of practice made or approved by or under enactment' and hence proper practices under the provision of the Local Government and Housing Act 1989.

4 Wards Affected

4.1 Not applicable

5.0 Local Ward Members

5.1 Not applicable

6.0 Policy Implications including – Carbon Reduction
- Health

6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 Effective Treasury Management provides support towards the achievement of service priorities, it allows the Council to invest in capital projects without any limit as long as it can demonstrate that its capital expenditure plans are affordable, external borrowing is prudent and sustainable and treasury decisions are taken in accordance with good practice.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 It is a requirement of the CIPFA Code of Practice for Treasury Management in The Public Sector, that Council receives an Annual Report on its Treasury Strategy, that Council sets Prudential Indicators for the next three years and approves an Annual Investment Strategy and an Annual MRP Policy Statement. There are stringent legislative requirements in place which dictate the way that a local authority deals with financial administration.

9.0 Risk Management

9.1 The steps outlined in this report will significantly mitigate the main legal and financial risk to the council's financial management:

a. That council borrowing will comply with the Treasury Management Strategy

10.0 Background and Options

10.1 The Local Government and Public Involvement in Health Act 2007 places a requirement of all councils to approve a policy on how the amount provided in respect of the repayment of debt is calculated prior to the start of the financial year concerned. The Policy for the year 2011/12 is contained in Appendix A. It links closely with the Council's Capital Strategy 2011/12, which sets out the approach to capital investment and disposals over the next three years.

10.2 The Treasury Management Strategy takes into account future borrowing requirements, based on the Council's three year capital spending plans, projected cash flow requirements and money market opportunities. The aim is to maintain control over borrowing activities, with particular regard for longer term affordability; but also to allow sufficient flexibility to respond to changes in the capital and money markets as they arise. The budgeted provision for the repayment of debt in the year 2011/12 has been broadly calculated as 4% of the estimated outstanding debt at the end of the year 2010/11 with a small number of exceptions. This is based on the assumption that debt will generally be repaid over 25 years. Exceptionally, where assets are to be funded from unsupported borrowing, debt repayments are profiled over the estimated life of the specific asset in question.

10.3 The amount provided for debt repayment is below the amount of capital expenditure being funded from borrowing in each of the next few years. As a consequence the amount of debt outstanding is increasing each year. As the level of outstanding debt increases the amount that needs to be provided for the repayment of debt in future years also increases. In order to reduce the amount of increasing debt year on year the Council may either use capital receipts as an alternative to borrowing or repay the debt more quickly.

10.4 The forecast for future capital receipts has remained at a prudent level for 2011-12 and therefore receipts of £5m will be made available to fund new schemes within the 2011/12 programme. The Council has implemented a Disposals Policy as part of the Asset Management Plan, where property assets which are not meeting the Council's objectives will be subject to asset challenge and a process of rationalisation and disposal for surplus/under-performing property will be adopted. The Council's Capital Receipts Policy will ensure that receipts are used in the most beneficial way to support corporate priorities and strategic objectives of the Council and all receipts will be pooled centrally.

10.5 The announcement of specific capital grants in December 2010 revealed a significant reduction in available funding for the 2011-12 capital programme; this has particularly affected schools, highways and housing strategy. As well as a reduction in capital grants the government is no longer providing any new Supported Borrowing allocations in 2011/12 and 2012/13.

10.6 Given the reductions in available funding the Council has undertaken prudential borrowing to fund £16m of new starts in 2011-12. The Council is conscious of the impact of repayment costs on the revenue budget and has only considered schemes where capital investment is required to secure long term revenue savings and repayment costs are affordable.

10.7 The Council has received a capitalisation direction from the Secretary of State enabling up to £675,329 of statutory redundancy payments to be treated as capital expenditure. This will provide flexibility for wider capitalisation opportunities beyond the funding of the capital programme.

10.8 **Capital Financing Budget 2011-12**

	£m
Repayment of outstanding debt	9.4
Interest on long term loans	6.1
Contribution from services towards the cost of borrowing	(0.8)
Total Debt Repayment	**14.7**
Less Interest receivable on cash balances	(0.8)
Net Capital Financing Budget	**13.9**

10.9 The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 4.9%). This provides a degree of certainty to the

capital financing budget. The rate of interest payable on the £24 million of new long term loans that it is planned to raise during the year 2011/12 is budgeted to be 5.4%. Currently long term interest rates are around 5.4%. However, within the Treasury Management Strategy, the Council will use internal balances where possible to reduce the costs in the short term of external borrowing.

10.10 The Council currently has debt outstanding of £135.5m. In 2010/11 the opportunity was taken to restructure £50m of debt by replacing a number of loans with an average interest rate of 4.22% with a new loan at a rate of 2.35%. This will generate savings over the next ten years of £4.47m of which £0.6m will be achieved in 2010/2011 and £0.8m in 2011/2012.

10.11 The rate of interest to be earned on the Council's cash balances that are temporarily invested pending their being used (estimated at £70 million) is budgeted to be 1.15%.

10.12 Cheshire East inherited investments made by the former Cheshire County Council with Heritable Bank, which went into administration in October 2008. Any expected losses associated with this were accounted for by Cheshire County Council in their accounts in 2008/2009. As at 31st March 2010 the balance sheet included investments with Heritable Bank of £2.13m of which £0.7m is expected to be repaid to Cheshire East BC by 31st March 2011. The remainder is expected to be received in instalments ending in September 2012.

11.0 *Access to Information*

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

Name:	Lisa Quinn
Designation:	Borough Treasurer and Head of Assets
Tel No:	01270 686628
Email:	lisa.quinn@cheshireeast.gov.uk

Appendices:

Appendix A – Treasury Management Strategy Statement & Investment Strategy 2011/12-2013/14

APPENDIX A

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

Contents

1. **Background**
2. **Balance Sheet and Treasury Position**
3. **Outlook for Interest Rates**
4. **Borrowing and Rescheduling Strategy**
5. **Investment Policy and Strategy**
6. **Balanced Budget Requirement**
7. **2011/12 MRP Statement**
8. **Reporting on the Treasury Outturn**
9. **Other Items**

Appendices

A. Prudential Indicators

B. Interest Rate Outlook

C. Specified Investments for use by the Council

D. Non- Specified Investments for use by the Council

1. Background

1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

1.2 CIPFA has defined Treasury Management as:
"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal & Regulatory Risk

1.4 The strategy also takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the Prudential Indicators (Annex A) and the outlook for interest rates (Annex B).

1.5 The purpose of this Treasury Management Strategy Statement is to approve:

- Treasury Management Strategy for 2011-12 (Borrowing - Section 4, Debt Rescheduling - Section 5, Investments - Section 6)
- Prudential Indicators – Annex A (NB - PI No. 6 - The Authorised Limit is a statutory limit)
- Use of Specified and Non-Specified Investments – Annexes C & D

2. Balance Sheet and Treasury Position

2.1 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with Balances and Reserves are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are set out below:

	31/03/2011 Estimate £m	31/03/2012 Estimate £m	31/03/2013 Estimate £m	31/03/2014 Estimate £m
Capital Financing Requirement	206.4	220.7	217.4	211.6
Less: Existing Profile of Borrowing and Other Long Term Liabilities	-155.1	-149.6	-144.1	-138.6
Cumulative Maximum External Borrowing Requirement	51.3	71.1	73.3	73.0
Balances & Reserves	-36.7	-36.2	-37.0	-36.4
Cumulative Net Borrowing Requirement/ (Investments)	**14.6**	**34.9**	**36.3**	**36.6**

2.2 The Council's level of physical debt and investments is linked to these components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.

2.3 As the CFR represents the level of borrowing for capital purposes and revenue expenditure cannot be financed from borrowing, net physical external borrowing should not exceed the CFR other than for short term cash flow requirements. It is permissible under the Prudential Code to borrow in advance of need up to the level of the estimated CFR over the term of the Prudential Indicators. Where this takes place the cash will form part of its invested sums until the related capital expenditure is incurred. This being the case net borrowing should not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years other than in the short term due to cash flow requirements.

2.4 The projected analysis of actual borrowings and investments as at 31st March 2011 is:

	31 Mar 11 Estimate £m	%
External Borrowing:		
Fixed Rate – PWLB	(115.4)	75
Fixed Rate – Market	(17.0)	11
Variable Rate – PWLB	-	-
Variable Rate – Market	-	-
Total External Borrowing	(132.4)	86
IFRS Long Term Liabilities:		
- PFI	(21.2)	14
- Operating Leases	-	-
Total Gross External Debt	**(153.6)**	**100**
Investments:		

Managed in-house - Short-term monies (Deposits/ monies on call /MMFs) - Long-term investments *(maturities over 12 months)* *Managed externally* - By Fund Managers - Pooled Funds *(Investec)*	 53.0 - - 20.0	 73 - - 27
Total Investments	**73.0**	**100**
(Net Borrowing Position)/ Net Investment position	**80.6**	-

2.5 The estimate for interest payments in 2011/12 is £6.1m and for interest receipts is £0.8m.

3. Outlook for Interest Rates

3.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Annex B. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

4. Borrowing and Rescheduling Strategy

4.1 The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR) – see Annex A. The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the Revenue budget each year.

4.2 Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce an increased requirement to charge MRP in the Revenue Account.

4.3 Physical external borrowing may be greater or less than the CFR, but in accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

4.4 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:

- PWLB loans
- Borrowing from other local authorities
- Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
- Borrowing from the Money Markets
- Local authority stock issues
- Local authority bills
- Structured finance

4.5 Notwithstanding the issuance of Circular 147 on 20th October 2010 following the CSR announcement which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:

- Variable rate borrowing

- Medium-term Equal Instalments of Principal (EIP) or Annuity Loans
- Long-term Maturity loans, where affordable

4.6 Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.

4.7 PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt.

4.8 The Council has three loans totalling £17m which are LOBO loans (Lender's Options Borrower's Option) of which two loans totalling £12m are currently in their call period. In the event that the lender exercises the option to change the rate or terms of these loans, the Council will consider the terms being provided and also repayment of the loans without penalty. The Council may utilise cash resources for repayment or may consider replacing the loans by borrowing from the PWLB.

4.9 The rationale for rescheduling would be one or more of the following:

- Savings in interest costs with minimal risk
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
- Amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.

5. Investment Policy and Strategy

5.1 Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

5.2 To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

5.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Annexes C and D. The Borough Treasurer and Head of Assets under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators.

5.4 Changes to investment strategy for 2011/12 include:

- AAA-rated Variable Net Asset Value (VNAV) Money Market Funds
- T-Bills

- Local Authority Bills
- Term deposits in Sweden
- Maximum duration for new deposits 2 years

Investments managed in-house

5.5 The Council's shorter term cash flow investments are made with reference to the outlook for the UK Bank Rate and money market rates.

5.6 In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.).

5.7 The Council selects countries and the institutions within them (see Annex C) for the counterparty list after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
- Credit Default Swaps (where quoted)
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms/potential support from a well-resourced parent institution
- Share Prices (where quoted)
- Macro-economic indicators
- Corporate developments, news and articles , market sentiment.

5.8 The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.

5.9 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.

5.10 To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 1 to 2-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Annex D) and in accordance with the Prudential Indicator for sums invested over 364 days (see Annex A). The longer-term investments will be likely to include:

- Term Deposits with counterparties rated at least A+ (or equivalent)
- Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.

Investments managed externally

<u>Funds managed on a segregated basis</u>

5.11 The Council's funds are also managed on a discretionary basis by Investec. The fund's remit allows the managers scope to add value through the use of investments contained in Annex D and within the parameters and guidelines set for the Council's fund. Performance is monitored and measured against the benchmark set for the fund, prevailing economic conditions and investment opportunities. External investment managers are contractually required to comply with the Investment Strategy.

5.12 The fund manager's expectation on the range of returns is based on their economic outlook and their forecasts for gilt/bond yields and money market rates. This fund is no longer deemed suitable

for the low interest environment and all funds are being recalled with the fund likely to be wound up on 31st March 2011.

Collective Investment Schemes (Pooled Funds):

5.13 The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.

5.14 Investments in pooled funds will be undertaken with advice from Arlingclose. The Council is planning to invest in a Pooled Fund with Investec who are currently demonstrating good performance. The performance and continued suitability of these funds in meeting the Council's investment objectives are regularly monitored.

6. Balanced Budget Requirement

6.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

7. 2011/12 MRP Statement

7.1 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

7.2 The four MRP options available are:

Option 1: Regulatory Method

MRP is equal to the amount determined in accordance with the 2003 Regulations (as amended), as if they had not been revoked by the 2008 Regulations

Option 2: CFR Method

MRP is equal to 4% of the Capital Financing Requirement (CFR), as derived from the balance sheet at the end of the preceding financial year

Option 3: Asset Life Method

MRP is determined by reference to the life of the asset, by equal instalment method or annuity method

Option 4: Depreciation Method

MRP is to be equal to the provision required in accordance with depreciation accounting

NB This does not preclude other prudent methods.

7.3 MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

7.4 The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

7.5 The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.

8. Reporting on the Treasury Outturn

8.1 The Borough Treasurer & Head of Assets will report to the Cabinet on treasury management activity / performance as follows:
(a) Quarterly against the strategy approved for the year.
(b) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.
(c) The Cabinet will be responsible for the oversight of performance on treasury management activity and practices.

8.2 An update on Treasury Management Investments and key activity will be reported to Corporate Management Team and Cabinet members on a weekly basis.

9. Other items

Training

9.1 CIPFA's Code of Practice requires the Borough Treasurer & Head of Assets to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

9.2 Treasury management staff will have regular access to training opportunities to ensure they are fully up to date with developments. This will be delivered by a combination of workshops provided by Arlingclose and CIPFA technical updates.

9.3 Treasury management training for those members charged with governance will also be arranged during the 2011/12 financial year.

Investment Consultants

9.4 The CLG's Guidance on local government investments recommend that the Investment Strategy should state:

- Whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment and

- How the quality of any such service is controlled.

9.5 Cheshire East BC has appointed Arlingclose Ltd to advise on investments following a joint tender exercise carried out with Cheshire West and Chester Council. The Council expects to be kept regularly informed on any changes in opinion on potential counterparties with immediate notification of potential problems with any counterparties. A regular review is carried out by Arlingclose on all aspects of Cheshire East's investment activities.

ANNEX A

PRUDENTIAL INDICATORS 2011/12 TO 2013/14

1 Background:

1.1 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Net Borrowing and the Capital Financing Requirement:

2.1 This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

2.2 The Borough Treasurer & Head of Assets reports that the authority had no difficulty meeting this requirement in 2010/11, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

No. 1	Capital Expenditure	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Total	**103**	**90**	**77**	**27**	**22**

3.2 Capital expenditure will be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital receipts	24	21	16	3	1
Government grants	52	40	35	15	15
External contributions	1	5	1	0	0
Revenue contributions	4	2	1	0	0
Supported borrowing	16	17	4	1	0
Unsupported borrowing	6	5	20	8	6
Total	**103**	**90**	**77**	**27**	**22**

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement.

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 37 of the Prudential Code.

4.2 The ratio is based on costs net of investment income.

No. 2	Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate
	Total	**5.64**	**4.91**	**5.59**	**6.11**	**6.28**

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure**.

No. 3	Capital Financing Requirement	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m	*
	Total CFR	**184**	**206**	**221**	**217**	**212**	

** in line with CIPFA's guidance, any investments or other items not falling within the classification of fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.*

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No. 4	Actual External Debt as at 31/03/2010	£m
	Borrowing	135
	Other Long-term Liabilities	23
	Total	**157**

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

No. 5	Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
	Increase in Band D Council Tax	3.27	2.33	8.77	2.83

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

No. 6	Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	195	197	213	208	204
	Other Long-term Liabilities		23	22	22	21
	Total	**195**	**220**	**235**	**230**	**225**

8.3 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.4 The Borough Treasurer & head of Assets has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council.

No. 7	Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	185	187	203	198	194
	Other Long-term Liabilities		23	22	22	21
	Total	**185**	**210**	**225**	**220**	**215**

9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8	Adoption of the CIPFA Code of Practice in Treasury Management
	The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 25 February 2010

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

		2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
No. 9	**Upper Limit for Fixed Interest Rate Exposure**	100	100	100	100	100
No. 10	**Upper Limit for Variable Interest Rate Exposure**	100	100	100	100	100

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No. 11	**Maturity structure of fixed rate borrowing**	**Existing level as at 11/01/11 %**	**Lower Limit %**	**Upper Limit %**
	under 12 months	2%	0	25%
	12 months and within 24 months	4%	0	25%
	24 months and within 5 years	15%	0	35%
	5 years and within 10 years	20%	0	50%
	10 years and within 20 years	7%	0	100%
	20 years and within 30 years	14%	0	100%
	30 years and within 40 years	15%	0	100%
	40 years and within 50 years	23%	0	100%
	50 years and above	0%	0	100%

12. Upper Limit for total principal sums invested over 364 days:

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No. 12	**Upper Limit for total principal sums invested over 364 days**	**2010/11 Approved %**	**2010/11 Revised %**	**2011/12 Estimate %**	**2012/13 Estimate %**	**2013/14 Estimate %**
		40	40	40	40	40

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ANNEX B

Arlingclose's Economic and Interest Rate Forecast

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Official Bank Rate											
Upside risk	-	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**0.50**	**0.50**	**0.50**	**0.75**	**1.00**	**1.25**	**1.50**	**2.00**	**2.50**	**2.75**	**2.75**
Downside risk	-	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
1-yr LIBID											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**1.50**	**1.75**	**2.00**	**2.25**	**2.50**	**2.75**	**3.00**	**3.25**	**3.50**	**3.50**	**3.50**
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
5-yr gilt											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**2.00**	**2.25**	**2.75**	**3.25**	**3.50**	**3.75**	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
10-yr gilt											
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central case	**3.50**	**3.75**	**3.75**	**4.00**	**4.25**	**4.50**	**4.75**	**4.75**	**4.75**	**4.75**	**4.75**
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
20-yr gilt											
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Central case	**4.25**	**4.50**	**4.75**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
50-yr gilt											
Upside risk	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**4.25**	**4.25**	**4.50**	**4.75**	**4.75**	**4.75**	**4.75**	**4.50**	**4.50**	**4.50**	**4.50**
Downside risk	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

- The recovery in growth is likely to be slow, uneven and more "Square root" than "V" shaped.
- The initial reaction to the Comprehensive Spending Review (CSR) is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

Underlying assumptions:

- The framework and targets announced in the CSR to reduce the budget deficit and government debt are as announced in June and focuses on how the cuts are to be distributed. The next fiscal milestone will be the Office Of Budget Responsibility's assessment of the CSR's implications for growth, employment and inflation.
- The minutes of the Monetary Policy Committee's December meeting suggested a movement away from further Quantitative Easing. Despite Money Supply being weak and growth prospects remaining subdued the MPC have gravitated towards increasing rates in the new year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in January as VAT, Utilities and Rail Fares are increased.
- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.
- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.
- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore future trend rates of growth, despite Q3's fairly strong performance.

- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

ANNEX C

Specified Investments

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the "high" credit quality as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland or Northern Ireland or a parish or community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

"Specified" Investments identified for the Council's use are:

- Deposits in the DMO's Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- Treasury Bills (T-Bills)
- Local Authority Bills (LA Bills)
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

1. ** Investments in these instruments will be on advice from the Council's treasury advisor.*
2. *The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term/long-term ratings assigned by Moody's, Standard & Poor's and Fitch (where assigned):

Long-term minimum: A1 (Moody's) or A+ (S&P) or A+(Fitch)
Short-term minimum: P-1 (Moody's) or A-1 (S&P) or F1 (Fitch).

In addition the Council will also make use of short term call accounts with the Councils current bankers, the Co-operative Bank, whose ratings are lower than the above minimum criteria.

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

Instrument	Country	Counterparty	Maximum Limit of Investments %/£m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK	Bank of Scotland/Lloyds TSB	25% up to £20m
Term Deposits/Call Accounts	UK	Barclays	25% up to £20m
Term Deposits/Call Accounts	UK	Clydesdale (inc Yorkshire Bank)	25% up to £20m
Call Accounts	UK	Co-Operative Bank	25% up to £10m
Term Deposits/Call Accounts	UK	HSBC	25% up to £20m
Term Deposits/Call Accounts	UK	National Westminster Bank (note – part of RBS group)	25% up to £20m
Term Deposits/Call Accounts	UK	Nationwide Building Society	25% up to £20m
Term Deposits/Call Accounts	UK	Royal Bank of Scotland	25% up to £20m
Term Deposits/Call Accounts	UK	Santander (UK)	25% up to £20m
Term Deposits/Call Accounts	UK	Standard Chartered Bank	25% up to £20m
Term Deposits/Call Accounts	Australia	Australia and NZ Banking Group	15% up to £15m
Term Deposits/Call Accounts	Australia	Commonwealth Bank of Australia	15% up to £15m
Term Deposits/Call Accounts	Australia	National Australia Bank Ltd	15% up to £15m
Term Deposits/Call Accounts	Australia	Westpac Banking Corp	15% up to £15m
Term Deposits/Call Accounts	Canada	Bank of Montreal	15% up to £15m
Term Deposits/Call Accounts	Canada	Bank of Nova Scotia	15% up to £15m
Term Deposits/Call Accounts	Canada	Canadian Imperial Bank of Commerce	15% up to £15m
Term Deposits/Call Accounts	Canada	Royal Bank of Canada	15% up to £15m
Term Deposits/Call Accounts	Canada	Toronto-Dominion Bank	15% up to £15m
Term Deposits/Call Accounts	Finland	Nordea Bank Finland	15% up to £15m
Term Deposits/Call Accounts	France	BNP Paribas	15% up to £15m
Term Deposits/Call Accounts	France	Credit Agricole CIB	15% up to £15m
Term Deposits/Call Accounts	France	Credit Agricole SA	15% up to £15m

Term Deposits/Call Accounts	Germany	Deutsche Bank AG	15% up to £15m
Term Deposits/Call Accounts	Netherlands	ING Bank NV	15% up to £15m
Term Deposits/Call Accounts	Netherlands	Rabobank	15% up to £15m
Term Deposits/Call Accounts	Sweden	Svenska Handelsbanken	15% up to £15m
Term Deposits/Call Accounts	Switzerland	Credit Suisse	15% up to £15m
Term Deposits/Call Accounts	US	JP Morgan Chase Bank	15% up to £15m
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
LA-Bills	UK	Other UK Local Authorities	No limit
Bonds issued by multilateral development banks	EU	For Example: European Investment Bank/Council of Europe	25% up to £20m
AAA rated Money Market Funds	UK/Ireland/ Luxembourg	CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value)	25% up to £20m per fund Limit of 50% in all funds
Other MMFs and CIS	UK/Ireland/ Luxembourg	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	25% up to £20m

Note: If the credit rating of any of the above institutions falls below the minimum criteria then no further investments will be made with that institution until their credit ratings increase to at least the minimum criteria. Similarly if institutions whose credit ratings are currently below the minimum criteria and, therefore, not listed above have their credit ratings re-assessed so that they meet the minimum criteria then they may be considered suitable for investment (limits for UK institutions set at 25% up to £20m and non-UK institutions set at 15% up to £15m).

The above limits will also apply to banking groups where institutions are part of the same group (i.e where two or more named institutions are part of the same group of companies then the limit applies to the aggregate of investments with all institutions within the group).

A limit of 40% of total investments to apply to investments in non-UK banks at any one time with a limit of 25% of total investments in any one non-UK country.

Where practical any investments in Money Market Funds should be spread between at least two funds.

NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.

ANNEX D

Non-Specified Investments

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Use by fund managers	Maximum maturity	Max % of portfolio	Capital expenditure?
▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies	✓ ✓	✓	5 yrs	25% in aggregate	No
Gilts and bonds ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments	✓ (on advice from treasury advisor)	✓	10 years	75% in aggregate	No
Money Market Funds and Collective Investment Schemes but which are not credit rated	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	No
Government guaranteed bonds and debt instruments issued by corporate bodies	✓	✓	10 years	25%	**Yes**
Non-guaranteed bonds and debt instruments issued by corporate bodies	✓	✓	10 years	25%	**Yes**
Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	**Yes**

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

CHESHIRE EAST COUNCIL
REPORT TO CABINET

Date of meeting: **14 February 2011**
Report of: **Head of Policy & Performance**
Title: **Risk Management Update Report**
Portfolio Holder: **Councillor David Brown**

1.0 Report Summary

1.1 Dealing with risk is very much a management activity but there is clear responsibility and accountability for Cabinet in the operation of the Council business which directly involves issues of risk management. This report provides Cabinet with an oversight of the effectiveness of risk management processes and enables Cabinet Members to seek assurance about the effectiveness of control arrangements as Portfolio Holders. Attached within the report is a summary of the management of the key corporate risks so that Cabinet may satisfy itself that the risks are being adequately managed.

2.0 Decision Requested

2.1 Cabinet is requested to note the Key Corporate Risks provided in ***Appendix A.*** Cabinet will receive an annual risk report providing progress on all identified key risks. In addition, Portfolio Holders will be updated regularly on the management of risks relating to their individual area via the Risk Owners.

3.0 Reasons for Recommendations

3.1 In order to seek assurance on the effectiveness of the Council's risk management arrangements, Cabinet needs to establish how key risks are identified, what the key risks are and how they are evaluated, managed and reviewed.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 N/A

6.0 Policy Implications including - Carbon reduction - Health

6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As well as the need to protect the Council's ability to achieve its strategic aims, and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

9.0 Risk Management

9.1 This report relates to overall risk management.

10.0 Background and Options

10.1 It is considered good practice to include an update to Cabinet periodically on progress against key risks. This monitoring should summarise general direction of travel in order to

clearly demonstrate progress being made on specific risk items. If all is well then no discussion may be required; if all is not well then it is easy to identify the issues to pursue.

10.2 As part of the Council's risk management framework, risks are reviewed by the Corporate Risk Management Group and the effectiveness of the risk management framework is reviewed by the Audit and Governance Committee. The Corporate Risk Register is reviewed and discussed in detail by the Corporate Risk Management Group. It is not necessary for Cabinet to know about every risk but rather to know what the key risks are, whose job it is to deal with them and that they are being actively managed.

10.3 Attached at ***Appendix A*** is a summary of the Council's Key Corporate Risks and the net risk rating for each risk, (showing where we are at now), it is intended that this summary be reported periodically to Cabinet. The direction of travel for each risk has been shown as stable for each risk in this report but in future reports this will provide tracking of the direction of travel of risks, with a commentary for any risks that change. This can then be utilised as a tool to ensure that any risks not being managed to an acceptable level are monitored, reported on and escalated as required.

10.4 The assessment methodology used to score the risks is attached at ***Appendix B*** to this report for information.

11.0 Access to Information

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

Name: Vivienne Quayle
Designation: Head of Policy & Performance
Tel No: 01270 686859
Email: vivienne.quayle@cheshireeast.gov.uk

Key Corporate Risks Summary – January 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel
KCR1	**Service Delivery Prioritisation:** Risk that poor management of service prioritisation causes ineffective and inefficient delivery of services such that we fail to achieve our key priorities and corporate objectives.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	12 High	↔
KCR2	**Financial Control:** Risk that the Council fails to manage expenditure within budget and maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of corporate objectives.	Lisa Quinn, Borough Treasurer	Cllr Wesley Fitzgerald	12 High	↔
KCR3	**Community Safety:** Risk that ineffective management of community safety causes poor perception and poor provision of safety, leading to an increase in anti-social behaviour and impacting on our ability to enhance the Cheshire East environment and improve opportunities for all.	John Nicolson, Strategic Director Places	Cllr Rachel Bailey	6 Medium	↔
KCR4	**Vulnerable Children:** Failure to recognise and act accordingly to safeguard and mitigate the risks of significant harm to children, resulting in an inability to ensure better outcomes in life and possible death.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	12 High	↔
KCR5	**Vulnerable Adults:** Failure to recognise and act accordingly to safeguard and mitigate the risks to vulnerable adults, resulting in an inability to ensure better outcomes in life for the most vulnerable , undermining the reputation of the Council and possibly resulting in significant legal and financial consequences.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services	Cllr Roland Domleo	8 Medium	↔
KCR6	**Equality Gap:** Risk that we fail to accurately recognise community needs and/or address those needs by taking the most appropriate action to close the equality gap across Cheshire East, thus preventing us from improving life opportunities and health for all.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services / Lorraine Butcher, Director of Children & Families	Cllr Roland Domleo / Cllr Hilda Gaddum / Cllr David Brown	9 Medium	↔

Key Corporate Risks Summary – January 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel
KCR7	**Partnerships:** Risk that we fail to effectively engage with partners (third parties/private sector/voluntary sector) and/or lack the ability to fund partnerships, resulting in lack of service delivery affecting service users, poor reputation, and damage to future engagement opportunities and our ability to be an excellent council, working with others to deliver for Cheshire East.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	6 Medium	↔
KCR8	**Health Partnerships:** Risk that we fail to integrate with Health partners, resulting in fewer opportunities to maximise health benefits and reduced efficiency gains, and affecting our ability to meet our corporate objectives to work with others to improve health.	Urvashi Bramwell, Planning & Performance Manager / Phil Lloyd, Director of Adult, Community Health & Wellbeing Services	Cllr Andrew Knowles	12 High	↔
KCR9	**Education:** Risk that we fail to manage and maintain effective educational provision resulting in poor educational standards and affecting our ability to improve life opportunities.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	On Hold	↔
KCR10	**Workforce:** Risk that we fail to retain and motivate an effective and engaged workforce, such that the staffing infrastructure fails to support the Council in being excellent and achieving the corporate objectives.	Paul Bradshaw, Head of HR & Organisational Development	Cllr Peter Mason	9 Medium	↔
KCR11	**Opportunities:** Risk that we fail to position the Authority to maximise opportunity, resulting in an inability to build up potential, capability and resource to respond to future needs and a sustainable Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	9 Medium	↔
KCR12	**Long-Term Planning:** Risk that we fail to plan effectively for long term success, threatening the future viability and sustainability of Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	9 Medium	↔

Key Corporate Risks Summary – January 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel
KCR13	**Transformation:** Risk that we fail to manage the scale of change of transformation projects to effectively and efficiently shape our services, deliver essential benefits, resulting in a possible loss of continual improvement and a possible inability to deliver our key corporate objectives.	Ceri Harrison, Head of Corporate Improvement	Cllr Wesley Fitzgerald	12 High	↔
KCR14	**Information, Research & Business Intelligence:** Risk that we fail to invest in / make effective use of information / business intelligence, which leads to poor decision making, and undermines our ability to effectively and efficiently deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	12 High	↔
KCR15	**Reputation:** Risk that consideration is not given and management action is not taken, to effectively maintain the reputation of the Council, leading to a loss of public confidence, threatening the stability of the Council and our ability to deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	12 High	↔
KCR16	**External Environment:** That development and changes as a result of government policy and reviews, such as the comprehensive spending review and the abolition of some quangos, compromise the Council's ability to deliver its key strategic aims.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	12 High	↔

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Scoring Chart for Risk

Appendix B

Scoring chart for IMPACT

	Factor	Score	Effect on Corporate Objectives	Effect on Service/Project	Embarrassment/ Reputation	Personal Safety	Financial Implications
THREATS	**Critical**	**4**	Critical impact on corporate objectives and performance and could seriously affect reputation. Long term damage that may be difficult to restore with high costs.	**Service** - Major loss of several important areas. Disruption 5+ Days **Project** - Complete failure or extreme delay (3 months or more)	Adverse and persistent national media coverage Adverse central government response	Death	> £1m **Or** >£5m for **corporate risks**
	Major	**3**	Major impact on corporate objectives and performance, could be expensive to recover from and would adversely affect reputation in the medium to long term.	**Service** - Complete loss of an important area. Major effect to services in one or more areas for a period of weeks Disruption 3-5 Days **Project** - Significant impact on project or expected benefits fail/ major delay (2-3 months)	Adverse local publicity of a major and persistent nature Adverse publicity in professional/municipa l press arena	Major injury	Between £1m and £500,000
	Significant	**2**	Significant impact on corporate objectives, performance and quality, could have medium term effect and be potentially expensive to recover from.	**Service** - Major effect on an important area or adverse effect on one or more areas for a period of weeks Disruption 2-3 Days **Project** - Adverse effect on project/ significant slippage (3 weeks–2 months)	Adverse local publicity /local public opinion aware	Severe injury	Between £500,000 and £100,000
	Minor	**1**	Minor impact on the corporate objectives and performance, could cause slight delays in achievement. However if action is not taken, then such risks may have a more significant cumulative effect.	**Service** - Brief disruption of important area Significant effect to non-crucial service area Disruption 1Day **Project** - Minimal impact to project/ slight delay less than 2 weeks	Complaint from individual/small group	Minor injury or discomfort	Less than £100,000
OPPORTUNITIES	**Exceptional**	**4**	Result in major increase in ability to achieve one or more strategic objectives	Major improvement to service, generally or across a broad range	Positive national press National award or recognition by national government	Major improvement in health, welfare & safety	Producing more than £50,000
	Significant	**3**	Impact on some aspects of the achievement of one or more strategic objectives	Major improvement to service or significant improvement to critical service area	Recognition of successful initiative Sustained recognition and support from local press	Significant improvement in health, welfare & safety	Producing up to £50,000

Scoring Chart for Risk

Appendix B

Scoring Chart for LIKELIHOOD

Factor	Score	THREATS - Description	Indicators	OPPORTUNITIES (Favourable Outcome) - Description	Indicators
Very likely	**4**	**>75%** chance of occurrence	Regular occurrence Frequently encountered - daily/weekly/monthly	**>75%** chance of occurrence or achieved in one year.	Clear opportunity, can be relied on with reasonable certainty to be achieved in the short term.
Likely	**3**	**40% - 75%** chance of occurrence	Within next 1-2 yrs Occasionally encountered (few times a year)	**40% to 75%** chance of occurrence. Reasonable prospects of favourable results in one year.	May be achievable but requires careful management. Opportunities that arise over and above the plan.
Unlikely	**2**	**10% - 40%** chance of occurrence	Only likely to happen 3 or more years	**<40%** chance of occurrence or some chance of favourable outcome in the medium term.	Possible opportunity which has yet to be fully investigated by management.
Very unlikely	**1**	**<10%** chance of occurrence	Rarely/never before	**<10%** chance of occurrence	Has happened rarely/never before

Risk Matrix – Likelihood and Impact

Likelihood				
Very Likely **4**	LOW	MEDIUM	HIGH	HIGH
Likely **3**	LOW	MEDIUM	MEDIUM	HIGH
Unlikely **2**	LOW	LOW	MEDIUM	MEDIUM
Very Unlikely **1**	LOW	LOW	LOW	LOW
Impact	Minor **1**	Significant **2**	Serious **3**	Major **4**

THE RISK MATRIX (With Scores)

4	8	12	16
3	6	9	12
2	4	6	8
1	2	3	4

CHESHIRE EAST COUNCIL

REPORT TO: CABINET BRIEFING

Date of Meeting: 14 February 2011
Report of: Strategic Director - Places
Subject/Title: Strategic Housing Audit Commission Inspection
Portfolio Holder: Councillor Macrae

1.0 Report Summary

1.1 Cheshire East was inspected on its approach to housing by the Audit Commission in October 2010. This report summarises the outcome of the inspection, highlighting the strengths, areas for improvement and recommendations which were put forward by the Audit Commission. The Council achieved a score of 'Fair' for its service quality (no other Authority has achieved better than this) with 'Promising' prospects for improvement.

2.0 Decision Requested

2.1 To note the contents of the report.

2.2 That the Strategic Director Places be requested to draw up an action plan to address the areas for improvement highlighted by the Audit Commission.

2.3 Authorise the Strategic Director Places to take all necessary actions to implement and deliver the action plan.

3.0 Reasons for Recommendations

3.1 To progress the recommendations suggested by the Audit Commission.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications including – Carbon reduction
- Health

6.1 Housing is fundamental to the well being and prosperity of the Borough. There are direct connections between the quality of the housing stock and

health, educational attainment, carbon reduction and care for older people. Providing sufficient housing is essential to maintain economic growth and vitality – and access to housing is a key issue in rural areas. A strong strategic housing service will enable other service areas to deliver their priorities.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 No financial implications

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 Inspections are carried out by the Audit Commission using powers under Section 10 of the Local Government Act 1999 which allows it to carry out inspections of any of the functions of a best value authority.

9.0 Risk Management

9.1 Our approach to Strategic Housing is fundamental to achieving our priorities within "Ambition for All" our community strategy. In particular, the priorities of: Nurturing strong communities; supporting children and young people; ensuring a sustainable future; and driving out the causes of poor health. Our Corporate Plan supports delivery of these priorities and having an effective approach to housing is a core element of the Council's ambitions.

9.2 Whilst the coalition government have taken the decision to abolish the Audit Commission there remains a requirement to manage performance effectively and to ensure we offer value for money to our residents. National Indicators will be replaced with a single core data requirement and we will continue to be assessed by the Audit Commission to give a "value for money " opinion for at least the next two years. The improvements identified, when implemented, will support both the achievement of our community aspirations, our approach to providing value for money and our commitment to continuous improvement.

10.0 Background and Options

10.1 In 2010 the Audit Commission released their new key lines of enquiry (KLOEs) for the assessment of the strategic approach to housing within a local authority. The new KLOE was designed in order to challenge local authorities to ensure that they, along with their partners and other stakeholders, have the ability to address the housing needs and challenges within its area, and that they are working together to shape and deliver their housing vision.

10.2 The new KLOE focused on three specific areas:

- Vision and strategic approach.

- Capacity to deliver.
- Improving housing outcomes for the local community.

10.3 In October 2010, the Audit Commission undertook a Strategic Housing Inspection on the services provided by Cheshire East. The assessment was carried out over a week and involved interviews with internal staff and external partners and stakeholders. The judgement was assessed on two levels, the first being how the service is performing now and the second is the improvement prospects of the service.

10.4 A full report was published by the Audit Commission on the 6th January 2011 which stated that Cheshire East Council provides a "fair" strategic housing service that has promising prospects for improvement.

10.5 The Audit Commission found a number of strengths within the authority which enabled them to award the rating of "fair". These included:

- Ambitions for housing that support the Council's vision for sustainable growth.
- Housing Priorities that are shared with partners, reflecting a generally strong partnership culture.
- Unitary status has brought benefits, including joined up working, efficiency savings and improved sub-regional working.
- Positive leadership that promotes the housing vision and tackles opposition to strategic objectives.
- An effective approach in preventing homelessness and reducing the use of temporary accommodation.
- The quality of housing related support, including support for homeless households and those at risk of homelessness.
- Easy to use choice based lettings scheme.
- Good understanding of costs and services at the service level that have led to efficiency saving.
- A reasonable understanding of markets, conditions and needs including diverse housing need.
- Commitment to the needs of Gypsies and Travellers.

10.6 Some areas for improvement were also highlighted by the Audit Commission and included:

- A lack of clarity for developers about some planning policies and weak, but improving, performance in planning;
- Rural housing need is currently not being fully met;
- Strategies are developing and are not yet based on an evaluation of up-to-date research;
- The approach to equality and diversity is recent and the use of equality impact assessments is weak; and
- The approach to improving private sector housing and returning empty homes to use which is currently in its infancy.

10.7 The Audit Commission assessed the authority as having promising prospects for improvements based on the following assessment:

- The Council is developing a strong research base to inform the emerging local housing vision;
- The strategic housing service has highly motivated staff who benefit from strong leadership;
- Reviews are used effectively to improve service delivery;
- Plans are linked to performance and risk monitoring;
- Investment in ICT is planned to improve services to customers, increase staff capacity and allow easier monitoring of performance and value for money;
- Customer feedback is used to improve services;
- The strategic approach to procurement is robust and has helped the service expand capacity;
- There is a strong track record in delivering new housing and improving emphasis on all types of affordable and intermediate housing; and
- Improvements to the planning service will make policies clearer and make it more effective in supporting strategic priorities.

10.8 It was felt that there are some barriers to improvement which include:

- A lack of focus on ensuring that strategic housing services are delivering intended outcomes; and
- Costs and performance are not routinely compared with similar or high performing councils.

10.9 Overall the inspection was positive, as indicated by the press release issued by the Audit Commission on the 6th January which read, ***"Cheshire East Council is steering housing strategy in the right direction"*** Riza Yassin, Audit Commission Lead Housing Inspector in the North, said: '*Cheshire East Council has come a long way in the past year. It is building a better understanding of housing needs and influencing what happens to improve the overall housing situation. Further work is needed to make sure that improvements to existing housing are encouraged and that the Council is reaching all sections of its community.'*

10.10 A number of recommendations have been made by the Audit Commission which they feel will benefit both local people and the organisation. The recommendations are as follows:

1. Improve the strategic approach to housing by:

- Ensuring that the vision, objectives and actions are closely integrated with local and sub-regional health authority objectives;
- Ensuring that opportunities exist for community groups, all partners and stakeholders to be effectively engaged at all stages in developing, determining and delivering strategic housing objectives;
- Improving consistency through articulating strategic approaches to improving:
  - private house conditions;

  - affordability in rural housing;
  - the sustainability of new and existing housing;
  - the approach to under-occupation; and
  - ensuring the diverse housing and support needs of local communities are identified and met;
- Implementing a robust approach to Equality Impact Assessments; and
- Developing effective mechanisms to share housing intelligence with partners.

2. Improve outcomes from strategic housing services by:

- Improving the capacity of the planning service to provide a consistent, transparent service;
- Remodelling the adaptations service to provide a faster more consistent service;
- Coordinating the work of partners in improving sustainability and developing successful schemes; and
- Improving the coordination of initiatives to improve private sector housing and financial inclusion.

3. Develop the capacity to improve services by:

- Ensuring that plans and strategies have measurable targets and outcomes, and that projects and schemes are routinely evaluated to measure their impact;
- Improving routine monitoring of performance and costs through planned implementation of new ICT support;
- Improving corporate support and information for value for money to free up managers to make informed decisions;
- Improving benchmarking to ensure a comprehensive assessment of performance and value for money; and
- Using learning to further improve strategic housing services.

10.11 It is recommended by the Audit Commission that the authority takes action to address all areas for improvement identified within the report. It is therefore proposed that each recommendation will be assessed and an action plan will then be formulated. The actions will be incorporated into the Planning and Housing and Strategic Housing Service plans for 2011/12.

10.12 The new Key Lines of Enquiry are considered to be the harder test and have been designed to challenge authorities. When considering Cheshire East's position it is appropriate to compare it against that of other authorities recently inspected. The table below is the Audit Commissions inspection programme for Strategic Housing inspections in 2010/11 and details scores, where available. The table demonstrates that Cheshire East after only a short period of time is performing in line with other authorities across the country and it is also apparent that no other authority has achieved higher than a score of "fair" and only one authority has achieved excellent prospects for improvement.

2010/11 inspection programme

Central

Month on site	Housing authority report	Service quality	Improvement prospects
May 2010	Telford - Strategic housing services	Fair	Promising
May 2010	Herefordshire - Strategic housing services	Fair	Promising
May 2010	Uttlesford - Strategy housing services re-inspection	Fair	Promising
May 2010	Maldon - Strategic housing services re-inspection	Fair	Promising
July 2010	Norfolk - Strategic housing services		
September 2010	West Lindsey - Strategic housing services reinspection	Fair	Promising
November 2010	South Cambridgeshire - Strategic housing services	Not available	

London

Month on site	Housing authority report	Service quality	Improvement prospects
September 2010	Barking & Dagenham - Strategic housing services	Fair	Promising

North

Month on site	Housing authority report	Service quality	Improvement prospects
May 2010	Northumberland - Strategic housing services	Fair	Promising
May 2010	North Tyneside - Strategic housing services	Fair	Promising
September 2010	Knowsley - Strategic housing services	Fair	Promising
September 2010	Liverpool - Strategic housing services	Fair	Promising
October 2010	Cheshire East - Strategic housing services	Fair	Promising
October 2010	Durham - Strategic housing services	Not available	

South

Month on site	Housing authority report	Service quality	Improvement prospects
September 2010	Teignbridge - Strategic housing services	Fair	Excellent

11.0 Overview of Year One and Term One Issues

11.1 -

12.0 *Access to Information*

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

O:\East\Housing\
Audit Commission\Fin

Name: Karen Carsberg
Designation: Strategic Housing Manager
Tel No: 01270 686654
Email: Karen.carsberg@cheshireeast.gov.uk

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Borough Treasurer and Head of Assets
Subject/Title:	Benefits Service Inspection
Portfolio Holder:	Cllr Brown

1.0 Report Summary

1.1 Cheshire East was inspected on its Benefits Service by the Audit Commission in August 2010. This report summarises the outcome of the inspection, identified by the Audit Commission. The Council achieved a score of 'Fair' for its service quality with 'promising' prospects for improvement.

2.0 Decision Requested

2.1 To note the contents of the report

2.2 That the Borough Treasurer and Head of Assets monitor the action plan to address the areas of improvement highlighted by the Audit Commission.

3.0 Wards Affected

4.1 All wards

5.0 Local Ward Members

5.1 All Ward Members

6.0 Policy Implications including – Carbon reduction - Health

6.1 Housing and Council Tax Benefits are fundamental in supporting the Council's priorities, ensuring the residents of the borough receive all the Benefits they are entitled to, reducing poverty, supporting people into work and assisting in the provision of suitable and affordable housing.

Nurture strong communities	• Take up work – reduce poverty & encourage social inclusion • Encourage self-delivery through web site and promote local offices • Promote & encourage direct payments (responsibility for own financial affairs) • Maximise Discretionary Housing Payment expenditure
Create conditions for business growth	• Support people In and Out of Work • Promote Housing Benefit/Council Tax Benefit as In-work Benefits • Support Landlords - highlight Safeguard Policy, encourage & support renting to benefit customers, working closely with Housing Options Team • Prompt assessments of benefits (new & changes) • Look at ways to help & support claimants starting self-employment • Support and develop staff • Work with Economic Development • Pay invoices on time
Support our young people	• Work with advice services and promote awareness of LHA rates • Close working with Care Leavers Service • Maximise income for disadvantaged households to reduce/eliminate child poverty
Plan for the needs of future generations	• Work with Customer Services to plan support and information available • Use of data to identify potential recipients • Raise awareness with young people and carers
Prepare for an increasingly older population	• Promote home visits & surgeries • Close working with Pension Service & other agencies • Closer working with Adult Social Care Assessment Teams
Drive out the sources of poor health	• Reduce poverty & maximise income • Ensure the claim process reduces unnecessary stress • Work with partners and clear signposting to services

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 No financial implications

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The inspection has been carried out by the Audit Commission under section 10 of the Local Government Act 1999, and issued under section 13 of the Act.

9.0 Risk Management

9.1 Whilst the coalition government have taken the decision to abolish the Audit Commission there remains a requirement to manage performance effectively and to ensure we offer value for money to our residents. National Indicators will be replaced with a single core data requirement. We will continue to be assessed by the Audit Commission to give a "value for money " opinion for at least the next two years. The improvements identified, when implemented, will support the achievement of our community aspirations, our approach to providing value for money and our commitment to continuous improvement.

10.0 Background and Options

10.1 In 2010 the Audit Commission released its revised key lines of enquiry (KLOEs) for the assessment of Benefits Services and their delivery of Housing Benefit (HB) and Council Tax Benefit (CTB). These relate to three of the Audit Commission's five strategic objectives to:

- challenge public bodies to deliver better value for money
- promote high standards of governance and accountability
- encourage continual improvement in public services so they meet the changing needs of diverse communities and provide fair access for all

10.2 English councils spent £20.9 billion on HB and CTB payments in 2009/10. Other than an important issue for councils in terms of spending large amounts of public money, the services make a valuable contribution to many other important outcomes for local people. Inefficient benefit services can lead to people losing their homes. Well run services help to meet other important national priorities around reducing child poverty and improving independence for older people. Quick and accurate benefit payments give people confidence to take

up work, in the knowledge that they will not face long delays in payment if the work ceases.

10.3 The revised KLOEs focused on the following areas:

1. What has the service aimed to achieve?
2. Is the service meeting the needs of the community and/or users?
3. Is the service delivering value for money?
4. What is the track record for delivering improvement?
5. How well does the service manage performance?
6. Does the service have the capacity to improve?

10.4 The first area is for contextual information, with the second and third areas informing the first judgement with the last three areas informing the second judgement.

10.5 The inspection was undertaken by the Audit Commission in August 2010. It was carried out over a week and involved interviews with internal staff from many departments and external partners and stakeholders.

10.6 The report was published on 28th October 2010 by the Audit Commission, which stated that Cheshire East Council provides a "fair" service with promising prospects for improvement.

10.7 A number of strengths were found to support the "fair" rating. These included:

- Most claims are dealt with in a reasonable time
- Good customer access through customer service centres and libraries
- Good relationships with internal & external stakeholders
- Successful benefit take-up with efforts targeted to help those most in need
- Sound arrangements in place for supporting customers who do not speak English
- Customers get help to access benefits e.g. home visits, follow up calls, fast-track claim service
- Effective arrangements for deterring, detecting and investigating fraud

10.8 Some areas for improvement were highlighted by the Audit Commission. These included:

- Some customers are facing unreasonable delays
- Access to services for some customers is poor (delays getting through on the phone and queue times not available for all offices)
- Quality and consistency of advice and support by frontline staff varies
- Current claim form hinders some customers
- Customers have limited information about the level of service they can expect
- Overpayment recovery is weak

10.9 The Audit Commission assessed the authority as having promising prospects for improvements based on the following assessment:

- The merger of three different services has led to improvements in a fairly short timescale
- Staff development is progressing well and there is an effective programme of training and evaluation
- There is good leadership and support by other departments and investment in ICT developments
- Performance in the service is monitored effectively
- Sickness absence is lower than the Council average
- Sound arrangements are in place for the switch to a single benefit processing system

10.10 Some of the barriers to the improvement included:

- corporate scrutiny of the service is not effective
- existing ICT systems are a barrier to short term progress
- arrangements for dealing with the backlog are not successful

10.11 The report included a number of recommendations suggested by the Audit Commission, to offer pointers for improvement to benefit local people and the Council. The recommendations are as follows:

1. Improve the level of service experienced by customers

- Ensure frontline staff are skilled and knowledgeable
- Review current working practices to improve quality and consistency
- Implement effective plan to clear the backlog
- Improve the level of service to telephone callers

2. Use customers' needs and views to inform design and delivery of the Service

- Develop the use of demographic data
- Review the design of the claim form
- Develop specific customer service standards in consultation with customers

3. Strengthen the performance management arrangements of the Service

- Reporting performance to customers and partners
- Monitoring the level of service provided to customers that visit and telephone the service

4. Improve the management and recovery of overpaid benefit

- Introduce consistent overpayment recovery practices
- Develop a clear view of the age profile of debts and focus activities where they will have the greatest success of recovery
- Ensure that once new ICT systems are in place the improvement plan is effectively managed

5. Strengthen the corporate support for the Service
- Setting in place an effective challenge by councillors through scrutiny
- Ensure the plans to eradicate the backlog are robust and appropriate funding is in place

10.12 The Audit Commission recommends that the Council takes action to address the areas of improvement within the report, and prepare an action plan to address the recommendations. It is therefore proposed that each recommendation will be assessed and an action plan will then be formulated. The actions will be incorporated into the Borough Treasurer and Head of Assets Service plans for 2011/12.

10.12 The new KLOEs are considered to be the harder test and have been designed to challenge Councils. All of the Benefits Services for the Unitary Councils created in 2009 are being inspected during 2010/11. The table below summarises the results published so far for comparison.

Benefits Service	Service Quality	Improvement Prospects
Central Bedfordshire Council	Poor	Poor
Cheshire East Council	***Fair***	***Promising***
Cheshire West & Chester Council	Fair	Excellent
Durham Council	Fair	Promising
Northumberland Council	Fair	Promising
Shropshire Council	Fair	Promising

11.0 Access to Information – full Audit Commission Inspection Report

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Audit Commission Ins

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

Name: Liz Rimmer
Designation: Benefits Manager
Tel No: 01270 371448
Email: Liz.Rimmer@cheshireeast.gov.uk

CHESHIRE EAST COUNCIL
REPORT TO: CABINET

Date of Meeting:	14 February 2011
Report of:	Head of Policy and Performance
Subject/Title:	2010/11 Quarter Three Performance Report
Portfolio Holder:	Cllr. David Brown

1.0 Report Summary

1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report gives summary and detailed information about its performance during the first nine months of 2010/11.

1.2 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. The report reflects a developing framework to embed performance management culture throughout the organisation.

2.0 Decision Requested

2.1 To note successes achieved during the first nine months of 2010/11 and consider issues raised in relation to underperformance against targets and how these will be addressed.

3.0 Reasons for Recommendations

3.1 The Council is committed to high standards of achievement and continuing improvement. Performance information plays a vital role in ensuring that the Council celebrates its achievements, understands its performance in key areas and addresses issues of underperformance. The Council and partners have identified a series of improvement measures to support outcomes for local people as outlined in the priorities and objectives of the Sustainable Community Strategy.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications including – Carbon Reduction, Health

6.1 Performance management supports delivery of all key Council policies including carbon reduction and health.

7.0 Financial Implications 2010/11 and beyond (Authorised by the Borough Treasurer)

7.1 The Council's financial resources are aligned to its priorities and used to deliver priority outcomes for local communities. Monitoring performance helps ensure that resources are used effectively and that business planning and financial decision making are made in the context of performance.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 Although the Council will no longer be required to report to Government on its performance against measures in the National Indicator Set, monitoring and reporting on performance is essential if decision-making and the public are to be assured of adequate progress against declared plans and targets.

9.0 Risk Management

9.1 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East. The Policy & Performance team are working to further align the relationship between performance management and risk as part of the 2011/12 service planning process.

10.0 Access to Information

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

Name: Vivienne Quayle
Designation: Head of Policy and Performance
Tel No: 01270 685859
Email: vivienne.quayle@cheshireeast.gov.uk

2010/11 Quarter Three Performance Report – 14th February 2011
Head of Policy & Performance

1.0 QUARTER THREE PERFORMANCE UPDATE

1.0.1 This section provides a high level summary of the key performance headlines at the end of the third quarter of 2010/11.

1.0.2 During the third quarter of 2010/11, the Performance & Partnerships Team have centrally monitored 232 measures, comprising the National Indicator Set, supporting part-indicators, and key retained local (former Best Value) performance measures.

Performance assessments (red; amber; green) have been made wherever possible based on in-year data trends and direction of travel. Performance assessment rankings for quarter three are:

Performance Assessment	Number
Green	12
Amber	8
Red	16
Not Applicable (data lagged)	11
Data Not Reported (where an update would be expected)	3
Total	**50**

Detailed data can be found in background papers, and key headlines are reported for each service area in Section 2.0 of this report.

1.1 Performance & Monitoring System

During the third quarter, the Performance & Partnerships Team have integrated a new electronic Monitoring and Performance System (MAPS) across services.

The system has been pre-populated with a five percent tolerance against the targets set by service areas, meaning that the system assigns a 'red' assessment to performance data 5% (or more) short of the target, an 'amber' assessment to data within 5% of the target, and a 'green' assessment to data performing on or above target.

The Team will work with service areas to further develop measure-specific tolerances to support individual targets for 2011/12.

1.2 Service Planning Process 2011/12

The service planning process for 2011/12 was outlined to Senior Management in December, with supporting workshops scheduled in the New Year to support and enable officers to complete service plans for the year ahead by

the end of March 2011. Workshops will encompass the roll-out of the process, measure-setting, risk management and workforce development.

To strengthen the link between the Council's Corporate Plan and individual service objectives, for 2011/12, each 'Directorate' will develop a series of 'Directorate Objectives'. Once 'Directorate Objectives' have been agreed, services will then review and agree the 'Service Objectives' and measures which will support their delivery.

Once agreed and adopted, service plans and their supporting measures will inform the performance reporting process in 2011/12 to ensure the Council further improves the 'Golden Thread' between its high-level corporate objectives and operational measures. These structures will then be uploaded into the MAPS to support the 2011/12 performance reporting process.

1.3 Single Data List

Following on from the October announcement regarding the end of the statutory obligation to report on the National Indicator Set, Communities and Local Government made available a first draft of the Single Data List in December. The Single Data List outlines all statutory data which central government proposes to receive from local government with effect from April 2011.

The Partnerships and Performance Team will work with colleagues across the service areas to collate a corporate response to the consultation on the Single Data List, due for submission in February 2011, and will ensure that finalised data is captured, where appropriate, within the Service Planning process for 2011/12.

1.4 Member Challenge Sessions

As part of the quarter two performance reporting process, a cycle of Performance Challenge sessions were introduced to discuss performance against 2010/11 corporate, service and delivery plans. The sessions took the form of individual quarterly discussions between each Portfolio Holder, the Performance and Capacity Portfolio Holder, the Policy & Performance Manager and the relevant Director/Head of Service. The process enabled the Council to further improve focus on corporate performance improvement as part of the quarterly performance reporting cycle.

The inaugural meetings were used as an opportunity to review existing measures (derived from the National Indicator Set) supporting the 2010/11 service plans, the most recent performance data and commentary, and provide an opportunity for any emerging performance issues to be raised and escalated where appropriate.

The key message derived from quarter two meetings was a need for more local data to support the decision-making process at a local level. The Performance and Partnerships team will engage with partners to ensure that additional data is sought where available and integrated into the new Monitoring and Performance System.

1.5 Quality of Life Survey

In quarter three, Cheshire East undertook a Quality of Life (QOL) Survey, providing an opportunity to engage with our communities following the removal of the statutory need to conduct a Place Survey. The response window closed in December 2010, and finalised results will be available from the end of January 2011.

2.0 PERFORMANCE SUMMARY BY SERVICE AREA

2.1 Children & Families

2.1.1 Actions in place to enable improved performance and efficiency

- Working with partners, Children & Families held three events in November to determine future plans and priorities for partnership working. These priorities will form the basis for a new Children and Young People's Plan running from 2011 to 2014. Nearly 200 key staff and partners, including children and young people, attended at least one of the events. Each event demonstrated a partnership approach to developing future priorities and plans across Children's Services based on need.

2.1.2 Assessment and Inspections

- The recently received annual assessment of Children's Services, derived from the overall performance profile of the quality of services, has judged Cheshire East as 'performing well'. The majority of services, settings and institutions inspected by Ofsted are 'good' or better.
- Three inspections have taken place in our two Childrens' Homes – Broad Street and Claremont Ave. All three judgements were 'good' with the last inspection in Broad Street being judged as good with outstanding features. These two homes replaced facilities previously judged as 'inadequate'.
- The Ofsted inspection of adoption services took place in December 2010. The overall judgement was good with outstanding features. This was the first full inspection for Cheshire East and was a positive outcome for the new service.

2.1.3 Redesigning services to ensure needs are identified early

- **Initial assessment of children's social care signed off by managers within 10 days** (NI 59) – as at November 2010, we were not reaching our target of 81% and performance stood at 68%.
- **Percentage of referrals to children's social care going on to initial assessments** (NI 68) has slightly increased from Q2, but is still considerably short of our target of 85%. To address these shortfalls in performance, changes to structures and in particular the development of the new Children's Assessment Team (CAT) on the 15 December, will help to improve this situation at Q4 reporting. This approach will also improve the appropriate handling of incoming contacts that do not require children's Social Care involvement. The new CAT team has a significant role in promoting the appropriate use of the Common Assessment Framework (CAF) and single agency responses.
- **Duration on the child protection register (2+ years)** (NI 64) – it is positive to report that the Q3 data of 2.6% is significantly below the target of 10% for 2009-10. The purpose of this indicator is to ensure that changes within the

family to protect children are working toward specified outcomes within appropriate timescales, so that children with plans are not left at risk to drift. Ideally this indicator needs to be considered in conjunction with the numbers of children who are subject to plans for a second or subsequent time to ensure that, in having a low figure against this indicator, children are not also being hastened through the safeguarding process before the changes have been fully implemented. The performance of 2.6% for Q3 is within the optimum band (below 10%) and within target.

The conference chairs closely monitor and track any child who has been subject of a plan for 18 months or more to ensure that the plan is active, services are being provided and that there is no drift. There is also a more formal route through to the Children In Need process to ensure that the child continues to remain at the centre of multi-agency work after they cease to become subject of a plan. The return for this quarter has continued the pattern from the last quarter, and is a reflection of a much more 'managed' and scrutinised system and is higher than the performance of our statistical neighbours.

- **Child Protection Cases reviewed in timescale** (NI 67) – the target for 2010-11 is 100%. Performance in Quarter 2 dropped to 88%, but by the end of Quarter 3, this rate had improved to 96%.

2.1.4 Raise standards and narrow gaps in learning outcomes

- **Reduction in number of primary schools judged as requiring special measures and improvement in time taken to come out of the category** (NI 89a) – the single school in this Ofsted category was removed from this category during Quarter 3. It is pleasing that this removal has been within an extremely short time, with the school receiving a good judgement overall.
- **Secondary School persistent absence rate** (NI 87) – this indicator relates to pupils who miss 64 sessions or more per year. The recently confirmed rate of 4.2% for 2009-10 compares very positively to the agreed target of 5.2%.
- **Achievement at level 4 or above in both English and Maths at Key Stage 2** (NI 73) – this is an annual return but the service now includes projected outturn so that there is the ability to influence final outturn at an earlier stage. The collected data from schools shows currently that the projected rate for this indicator is 82.8% compared to an outturn last year of 80%.

2.1.5 Ensure young people develop the appropriate skills to enter adulthood and the world of work

- **16 to 18 year olds who are not in education, employment or training (NEET)** (NI 117) – although there has been a fall in NEET from Quarter 2 to 3 of close to 1% to 5.9%, the overall trend within year is well above the target of 4.1% reflecting the continuing difficulties relating to employment opportunities.

2.2 Adult, Community Health & Wellbeing Services

2.2.1 Assessment and Inspections

- In the Care Quality Commission (CQC)'s Annual Performance Assessment report, Cheshire East Directorate for Adults, Community and Health & Well-being was assessed as 'Performing Well' overall, supporting the self-declaration that Cheshire East was required to make. In respect of leadership and use of resources (which are not scored), CQC noted, 'clear and effective

leadership that is driving forward the transformation agenda' and that 'the transformation agenda has led to demonstrable efficiencies during the year'.

2.2.2 Key activities reported in the third quarter include:

- **Independence for older people through rehabilitation/ intermediate care** (NI 125) – performance has dipped from 88% in quarter two to 78% in the third quarter. The Council is working with NHS colleagues to look at the process to work towards achieving our target of 82%, and predicts hitting target by year-end.
- **Social care clients receiving direct payments and individual budget support** (NI 130) – 2010/11 year end performance is currently projected at around 40%. Although behind our stretching target of 60%, Cheshire East are performing significantly better than comparator authorities and the England average for 2009/10 (13%), and predicts an 'amber' rating at year-end.
- **Timeliness of social care assessment (all adults)** (NI 132) - performance of 74.4% (against a target of 88%) has slightly improved since quarter two. Feedback from teams suggests that there is not a real performance issue of assessments not being completed to timescales. Data quality issues affecting the indicator have been investigated by Team Support Officers and remedial action to correct records is being taken. Predicted to hit target at year-end.

2.3 Environment

2.3.1 Design and build two waste transfer stations in support of the PFI project (NI 191, 192, 193) - Cheshire's unitary councils are seeking Judicial Review against the Government's decision to withdraw over £100 million of PFI support for the scheme to dispose of Cheshire's household waste. It is thought that the authorities' legal advisors will apply to the High Court for permission to issue Judicial Review proceedings. To date the two councils have spent over £4.5m on a lengthy procurement process, inherited by the legacy County Council, which led to the appointment of Viridor as the provisional preferred bidder.

2.4 Safer & Stronger

2.4.1 Improve the public realm and promote environmental sustainability

- (NI 194) - Two consultations are underway, asking people in Cheshire East for their views on the quality of the air they breathe. The draft Air Quality Action Plan identifies the measures aimed at improving air quality in seven Air Quality management areas within the borough. Monitoring has shown that these areas have levels of nitrogen dioxide above air quality targets, linked to pollution from transport. The areas covered within the action plan are as follows:
    - Section one of the plan deals with general measures that can be taken to improve air quality across Cheshire East.
    - Section two looks at measures specific to each of the seven areas.
- **To reduce the incidence of crime and the fear of crime**
  (NI 15, 16, 20, 28, 29, LAA 036 & 039) – All performance measures contributing to the reduction of crime and perception of crime are performing well, either achieving or exceeding set targets.

2.5 Planning & Housing

2.5.1 Provide sufficient, decent, accessible and appropriate supply of housing

- The Audit Commission have published their conclusions from the recent Strategic Housing inspection of Cheshire East. They described the services provided by the Council as 'fair' and having 'promising' prospects for improvement.
- (NI 155, 156) The number of affordable homes delivered is far short of the 2010/11 target of 379 and at the end of quarter two sits at 176. Schemes which were due for completion during the year will now complete in 2011/12. The number of households living in temporary accommodation increased during the third quarter as a result of cold weather.
- **Better, efficient and inclusive service**
  (NI 157) – Performance has deteriorated in relation to processing of major, minor and other types of planning applications when quarter three performance is compared to quarter two. Because of this downward trend, Cheshire East is no longer on track to achieve its 2010/11 target.

2.6 Regeneration

2.6.1 Local Transport Plan (LTP3)

- The Council has worked with partners to draw up a comprehensive Local Transport Plan (LTP) strategy which aims to tie in with the local authority area's Sustainable Community Strategy and wider ambitions for the area. The successful first round of consultation has informed and shaped the Council's LTP priority policies ensuring a sustainable future and creating conditions for business growth, while tackling carbon emissions in Cheshire East. The second phase of the consultation process will be asking for the public's views on the draft implementation plan to support the priorities over the next four years.
- **Ensure delivery of the Economic Development Strategy**
  (NI 152, 153, 173) – Measures supporting delivery of this service objective continue to under-perform compared to target. The Recession Task group continue to address actions as detailed in the recession action plan.
- **Deliver spatial priorities for Economic Development**
  (NI 153, NI 171, NI 172, NI 173, NI 174, LAA 052) - The Council has been given the go-ahead to move forward with the regeneration of Crewe and the revitalisation of Macclesfield. Over the past year, consultants appointed to advise the Council, working with key stakeholders, have identified what they believe needs to be done to 'unlock' the huge potential of Crewe town centre and surrounding area and turn it into a leading player in Britain's 21st century economy. This vision will be called 'All Change for Crewe'. The Macclesfield Masterplan focuses on the town centre and the potential of the South Macclesfield Development Area (SMDA), located between Congleton Road and London Road. It also focuses on the wider heritage, economic, leisure and transport needs for the town.

2.7 Performance & Capacity

2.7.1 Key activities reported by the Treasury & Assets service in the third quarter include:

- **Time taken to process Housing Benefit/Council Tax Benefit new claims and change events** (NI 181) – 20 days against a target of 14 during the third quarter; a further decrease since our first quarter result of 16.9 days. Overtime and agency staff are being used to tackle the backlog of 7,816 claims, and processes to deal with urgent claims have been put in place to reduce the impact on highest priority claimants.
- Percentage of Council Tax and Non-domestic Rates collected (former BV 009 and BV 010) are marginally below target, but projections indicate the Council will improve during the final quarter to achieve target. Council Tax collection stands at 86.70% (mid-year target of 87%). Non-domestic Rates is at 87.10% (mid-year target of 87.50%).

2.7.2 The Employee Service Centre agreed a service standard to provide quarterly performance information six weeks after each period end. Quarterly performance against retained local HR indicators is therefore reported with a quarter lag:

- **Working days lost due to sickness absence** (former BV 012) – performance during the second quarter stood at 3.52 days during quarter two against a target of 4.5 days. Benchmark data indicates that Cheshire East remains within the threshold of top quartile authorities for this measure.
- Progress has been made in increasing the **top 5% of earners (female)** (former BV 011b) – this has risen from 53.42% 2009/10 outturn to 55.81% during the second quarter.

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