Cabinet

Agenda

Date:	**Monday, 6th February, 2012**
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 - 6)

To approve the minutes of the meeting held on 9 January 2012 as a correct record.

5. **Key Dec 31 Crewe Rail Exchange Project Funding** (Pages 7 - 24)

To approve the project plan as a first phase in the Council's ambitions for Crewe Station, including matters in respect of funding and leasing of land.

6. **Key Dec 4 Business Planning Process 2012-2015 Business Plan** (Pages 25 - 176)

To consider and to recommend to Council the 2012/12 Business Plan.

7. **Treasury Management Strategy 2012 to 2015, Annual Investment Strategy and and Minimum Revenue Provision 2012-2013** (Pages 177 - 204)

To consider and recommend to Council the Treasury Management Policy Statement and Strategy for 2012/13 to 2014/15, the Minimum Revenue Provision Statement for 2012/13, and revisions to the Treasury Management Strategy for 2011/12.

8. **2011/12 Quarter Three Review of Performance** (Pages 205 - 270)

To consider financial and non financial performance at the three quarter review stage of 2011/12.

9. **Home to School Transport Scrutiny Review** (Pages 271 - 346)

To receive the final report of the Task and Finish Group of the Children and Families Scrutiny Committee review of Home to School Transport, and the Minority Report endorsed by that Committee.

10. **Notice of Motion from Council - Provision of Financial Information to Members** (Pages 347 - 360)

To consider a response to the Notice of Motion submitted to Council on 15 December 2011 by Councillors S Hogben and D Newton.

11. **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 and 2 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

12. **Managing Workforce Change** (Pages 361 - 366)

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

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Monday, 9th January, 2012 in Committee Suite 1,2 & 3, Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors Rachel Bailey, D Brown, J Clowes, H Gaddum, J Macrae, P Mason and M Jones.

Councillors in attendance:
Rhoda Bailey, G Baxendale, P Findlow, D Flude, S Gardiner, L Gilbert, P Groves, B Murphy, P Raynes, L Smetham, A Thwaite and S Wilkinson.

Officers in attendance:
Borough Solicitor; Director of Finance and Business Services; Head of Human Resources and Organisational Development; Strategic Director Children, Families and Adults; Strategic Director Places and Organisational Capacity;

93 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Menlove.

94 ANNOUNCEMENT - MOVE OF REPORT TO PART 1 OF THE AGENDA.

The Chairman announced that following further discussions with partner organisations it had been agreed that the report on Knutsford Health and Social Care Development, currently in part 2 of the agenda, could now be considered in part 1. The report would, therefore, be taken as the last item in that section prior to the exclusion of the press and public.

95 DECLARATIONS OF INTEREST

<u>Farms Estate Policy Review</u>
Councillor D Flude declared a personal interest in this item by virtue of having a grandson at Reaseheath College. Councillor S Wilkinson declared a personal interest by virtue of being the tenant of a property with sporting rights.

<u>Knutsford Health and Social Care Development</u>
During discussion of this item Councillor J Macrae declared a personal interest by virtue of being a local Ward Member, a patient of one of the practices involved and also a user of health care services elsewhere.

96 **PUBLIC SPEAKING TIME/OPEN SESSION**

Mabel Taylor asked questions regarding the police presence at a recent public consultation meeting in Knutsford on the future health and social needs proposals for the area, and on the consultation process itself; what approaches had been made to Central Government and to the local MP concerning funding and cutbacks; and whether similar changes were proposed for the Congleton area.

With regard to the second question the Chairman responded that a request had been made to George Osborne for the funding formula to be revised and that the Authority would be submitting its own suggestions to him in the coming week.

Charlotte Peters Rock welcomed the addition of Councillor J Clowes to the Cabinet as the Portfolio Holder for Health and Wellbeing and expressed her hopes for the future. She asked for confirmation that the 'Save our Social and Healthcare – Keep Our Services Local' petition had been disseminated to the East Cheshire Hospital Trust, and other appropriate parties, and stated that no decisions should be made before it was fully debated at the Council meeting on 12 February. In addition she requested that no decision be entered into in respect of the Durrow Report. In accordance with the request made at the meeting these questions are appended in full to the minutes of the meeting.

Mike Card referred to public consultations concerning facilities in Queens Drive and on the proposed changes in general. He enquired why Councillors with specific responsibility for the services and the areas concerned had not been at the recent public meetings.

The Chairman confirmed that answers to these questions would be sent to the questioners in the near future.

97 **MINUTES OF PREVIOUS MEETING**

RESOLVED

That the minutes of the meeting held on 28 November 2011 be approved as a correct record.

98 **KEY DECISION CE11/12-20 IMPROVEMENTS TO THE DELIVERY OF ADULT SOCIAL CARE BUILDING BASED SERVICES - INTERIM REPORT**

Following consideration of a report in September on proposals to enhance day and short break services, potentially involving the transfer of some services, it had been intended to consider the matter further in December following a period of consultation. A range of alternative suggestions had, however, been received during the consultation and in order to give them full consideration this interim report had been prepared in order to provide a progress report on the consultation and also to indicate the timescales needed for the preparation of the required business case(s).

RESOLVED

1. That the importance of taking relevant inputs into account when preparing business case proposals be agreed, and that the full findings of the consultation be reported at a future date.

2. That the continuing work to develop robust proposals for each locality; the work with Local Engagement Groups in Knutsford, Crewe & Nantwich and Macclesfield, which include carer and service user representatives; and negotiations with alternative service partners and stakeholders, be endorsed.

99 **KEY DECISION CE11/12-22 FARMS ESTATE POLICY REVIEW**

Councillors D Flude and S Wilkinson had both declared personal interests in this item.

Consideration was given to the findings of a review of the rationale for the provision of the service, and to the scale and nature of future provision. As the existing management strategy was due to mature in 2013 a Cabinet Review Group had been commissioned to study the issues, including the nature of the service and how it relates to the Councils vision and corporate objectives, and to provide a cost benefit analysis to assist in reaching a conclusion upon the formulation of policy for the service.

RESOLVED

1. That the report on the Farms Estate Policy Review be noted.

2. That the continuing provision of opportunities to farm as a core objective for the service be endorsed.

3. That the target structure be amended to accommodate targets to deliver two levels of opportunity identified as Entry Level 1 (EL1) and Entry Level 2 (EL2) farms.

4. That the target structure be modelled to continue the drive to deliver a larger number of the Entry Level 2 units in the proportional split of three Entry Level 1 farms to eight Entry Level 2 farms.

5. That the size of the estate be maintained at a similar area as existing, subject to reductions occurring by the disposal of property identified as surplus in the reorganisation, for corporate projects or for development purposes and strategic acquisitions, where appropriate.

6. That the implementation of the reorganisation be amended to acknowledge deferred activity and a more proactive approach to deliver the mature plan within five years.

7. That the capital programmes acknowledge and recognise the receipts achievable from the disposal of those properties identified as surplus in the reorganisation.

8. That the capital programmes acknowledge and recognise the predicted costs of the reorganisation programme.

9. That opportunities for the Farms Estate asset base to contribute to and achieve the wider vision of the Council be explored.

10. That a series of service targets be developed to recognise objectives regarding the target structure and the wider vision of the Council's Sustainable Communities Strategy.

11. That the Cabinet Review Group further explore both the options for a revised structure of tenancies and the implications for the Farms Estate Management Shared Service arising from the conflicting ambitions of Cheshire West and Chester and Cheshire East for their respective estates.

100 **BUSINESS GENERATION CENTRES**

Consideration was given to a response to the recommendations of the Corporate Scrutiny Committee Task and Finish Group Review of Business Generation Centres. At its meeting in September Cabinet had received the recommendations of the review and the current report now set out a detailed response.

It was noted that the response was made in the context of the ongoing sub-regional joint review of Business Generation Centres being undertaken in partnership with Warrington and Cheshire West and Chester Councils.

At the meeting an amendment was made to the wording of resolution 1 (v) to remove 'where possible' from the sentence.

RESOLVED

1. That the following response to the recommendations contained in the final report of the Corporate Overview and Scrutiny Committee's Task and Finish Group be agreed:

    i. That in line with the Council's Economic Development Strategy, the principle of business generation, for start up incubation businesses in Cheshire East be fully supported.

ii. That the existing facilities located at Sandbach and Crewe be retained as Business Generation Centres pending the outcome of the wider sub-regional review and the agreement of a future delivery model.

iii. That the future delivery model will ensure the provision of an environment to encourage growth, accelerate progress and remove obstacles to include consistent standards in the provision of facilities and tenancy management services.

iv. That the Business Generation Centre at Thomas Street, Congleton be closed down and the building declared surplus to requirements.

v. That, the Council assists in the identification of options to secure the continuity of businesses displaced by the closure of the Thomas Street facility.

vi. That any expenditure on the remaining facilities identified as a consequence of the wider sub-regional review will be considered as part of the Council's normal business planning processes.

vii. The current shortage of available incubation facilities in the north of the Borough will be a consideration of the wider review.

viii. That the current practice of providing facilities rent free to tenants in lieu of providing reception services will be brought to an end as soon as alternative arrangements can be put in place.

2. That Cabinet give an in-principle agreement to an arrangement of commissioning to an external provider either on a partnering basis with another authority or just as Cheshire East Council following further dialogue at a sub-regional level and with neighbouring authorities.

101 **KEY DECISION CE11/12-26 KNUTSFORD HEALTH AND SOCIAL CARE DEVELOPMENT**

During discussion of this item Councillor J Macrae declared a personal interest.

Consideration was given to a report seeking agreement to endorse the drafting of a non binding Memorandum of Understanding with the East Cheshire Trust, and with the Central and Eastern Cheshire Primary Care Trust, to facilitate the continued development of the project exploring the integration of health and social care services in Knutsford; the preferred site being that of the existing Community Hospital, excluding the neighbouring Stanley Centre site.

It was noted that there were a number of overlapping decisions concerning the future of health and social services in Knutsford. Any new facility would need to consider the re-provision of the temporarily closed bed based services of Tatton Ward and Bexton Court, the future needs of the services provided at Stanley House, and the co location of the three GP primary care services in a single site with the intention to increase the number of integrated and co-located services available in Knutsford.

RESOLVED

That a Memorandum of Understanding be entered into by the Chief Executive to enable initial options appraisal work for this project to be undertaken, and to report back to Cabinet at any key points of decision making.

102 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

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

103 **KEY DECISION CE11/12-18 TEMPORARY AGENCY STAFF CONTRACT**

Consideration was given to the joint report of the Director of Finance and Business Services, and the Head of Human Resources and Organisational Development.

RESOLVED

That approval be given to the outcome of the procurement process and that a contract be awarded to the company named for a period of two years with an option to extend for two further 12 month periods commencing 1 April 2012.

The meeting commenced at 2.00 pm and concluded at 3.10 pm

W Fitzgerald (Chairman)

CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting:	6th February 2012
Report of:	Strategic Director – Places
Subject/Title:	Crewe Rail Exchange Project – SCPF Tranche 2 Funding
Portfolio Holder:	Cllr Jamie Macrae & Cllr Rod Menlove

1.0 Report Summary

1.1 This report highlights the success of the Council in securing Station Commercial Project Facility (SCPF) Tranche 2 Funding through the Department for Transport (DfT) and Network Rail (NR) for Crewe Rail Exchange (CRE).

1.2 The report identifies the progress to date, the details of which are described in section 10.3 and shown on the attached Plan 1 and seeks the necessary approvals required to ensure the delivery of this key council initiative.

1.3 The CRE project will significantly enhance the role of Crewe Station as a major transport interchange on the national rail network and is a key infrastructure priority for the Council. This project will deliver a critical first step towards the council's ultimate plans for Crewe Station and act as a catalyst for economic regeneration and improved transport in the area, a key driver of the Council's "All Change for Crewe" programme

2.0 Decision Requested

2.1 To approve the CRE project shown on Plan 1 as a first phase of the Council's ambitions for Crewe Station.

2.2 To approve the Council's role in leading the development and delivery of the project shown on Plan 1 based on the milestones in section 10.4 and funding profile in section 7.4, including the financial implications of accepting the grant funding and procuring a contractor to deliver the works.

2.3 To approve entering into a 99 year lease at a peppercorn rent and nil premium with NR for the Council land shown on Plan 2 and Plan 3 and described in section 10.5, which lease will entitle NR to under let this Council land so as to include it in the West Coast Main Line franchising process upon completion of the CRE project.

2.4 To approve that the Council negotiates and enters into the necessary legal agreements with NR, in particular the design phase Basic Asset Protection Agreement and the implementation phase Asset Protection Agreement and makes the necessary highway orders to ensure the delivery of the project.

2.5 To approve that the Strategic Director Places and Organisational Capacity and Deputy Chief Executive be given the delegated authority to make necessary decisions on approved matters to enable the delivery of the project.

3.0 Reasons for Recommendations

3.1 The CRE project provides a crucial first step towards the council's ultimate plans for Crewe Station and moving forward with its economic growth plans set out in "All Change for Crewe". In order to secure the £6,177,388 funding the Council must comply with a number of conditions specified by the SCPF Awards Panel, which are set out in the attached letter from NR dated 8 November 2011. These require the Council to:

- Lead the delivery of the project with support of a NR Project Sponsor
- Provide the land required to NR through a 99 years Lease at a peppercorn rent and nil premium.
- The land being included in the station lease upon project completion.

The other conditions have been met.

4.0 Wards Affected

4.1 The existing Crewe Station lies within Crewe South and the CRE project site lies within the Crewe East. The enhanced facilities will benefit Wards from across large areas of the Borough.

5.0 Local Ward Members

5.1 Crewe East: Cllr Margaret Martin, Cllr David Newton, Cllr Chris Thorley.
Crewe South: Cllr Dorothy Flude, Cllr Steve Hogben.

6.0 Policy Implications including - Climate change - Health

6.1 The completion of CRE will encourage greater use of public transport by providing improved pedestrian access around the station, enhanced taxi and 'kiss and ride' facilities and increased station car parking.

The increased patronage anticipated with the improvements at Crewe Station will contribute towards reduced carbon from transport use benefiting climate change

The completion of CRE is also a fundamental part of delivering the council's 'All Change for Crewe' strategy, which aims to increase prosperity in the Crewe area, a component which will help to improve the health of the local population.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 The £6.2m is the funding that has been made available by NR to deliver the project. Included within this is a risk/contingency of £0.9m, which is being held by NR and will be managed through its Change Control process.

7.2 The council will only be contractually committed to the construction of CRE when the conditions in the Award letter have been satisfied in writing by NR. At this point the Council will be able to draw down the full funding.

7.3 A summary scheme cost estimate is provided below:

Scheme Cost Estimate	£4,522,781
Risk Contingency (20%)	£904,556
CEC Fees	£500,000
NR Sponsor fee estimate (advised by NR)	£250,000
TOTAL	**£6,177,338**

It should be noted that the Council's costs associated with developing and delivering the project are covered within the funding.

7.4 The funding is programmed to be spent by March 2014, which is the end of NR Control Process 4 (CP4). The funding profile of expenditure anticipated through the delivery of the project is shown in attachment 'Spend Profile Scheme Cost Estimate'. NR will release the funds to the Council in accordance with this cost profile.

7.5 The project will also appear in the 2011/12 Third Quarter Financial Review Report to Council for approval.

7.6 The approval for £6,177,388.00 by the SCPF Awards Panel is subject to the land required from the council being leased to NR for 99 years but at a peppercorn rent and nil premium, the level of which will be determined in consultation with NR.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The Council has powers under the local Government Act 1972 to dispose of land provided that the disposal is for the best consideration reasonably obtainable unless the Secretary of state consents to the disposal. A 99 year lease is a disposal. However, the Council can dispose of any land for less than the best consideration that can be obtained without the need for a specific consent in reliance on the Local Government Act 1972 general disposal consent (England) 2003 if:

(a) It considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects of the whole or any past of its area, or all or any persons resident or present in its area:

a. The promotion or improvement of economic well-being;
b. The promotion or improvement of social well-being;
c. The promotion or improvement of environmental well-being;

(b) The difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2m; and

(c) All other conditions and requirements of the consent are satisfied.

The land has been valued at less than £2m. The Council needs to be satisfied that the intended disposal fits within its well-being powers.

8.2 When disposing of land at an undervalue the Council must remain aware of the need to fulfil its fiduciary duty in a way which is accountable to local people.

8.3 In many cases the transfer of an asset at an undervalue can give rise to State Aid issues. Officers have sought specialist advice on State Aid and that advice is that particularly as the European Commission has previously concluded in different circumstances that Network Rail is effectively a public service (and not for profit) monopoly in respect of activities covered by its licence (including railway stations) so could not distort the European market as there is no market to distort there is a strong argument that this is not State aid. Apparently the DfT takes the same view.

8.4 Officers will need to consider the appropriate and best method to secure stopping up of the highway land required for the development to proceed and to verify that the Council will have ownership of this land after stopping up. The basis by which this land was acquired and the purposes for which it is held will need to be investigated to see whether Critchel Downs rules apply and/ or there is a need to re-appropriate the land for planning or other purposes.

8.5 In considering the terms to be proposed for the Lease consideration will be given to landlord and tenant security of tenure and the potential for exclusion of rights of renewal of the Lease in specific circumstances.

9.0 Risk Management

9.1 This section highlights all the identified key risks associated with the delivery of the project. In order that risks are managed and any necessary mitigation taken, the Council has established with NR a clear Project Management structure, which is already in operation and will see the project through to its completion and sign off.

9.2 The demolition of the Royal Main buildings (Council owned) and the Space Building (NR owned) and current assumptions that the demolition will not require rail possessions and can be delivered within Rules of the Route.

9.3 The project funding is fixed with the risk contingency held by NR. If costs increase the council will have to seek additional funding through NR's Change Control process. No guarantee has been given by NR that additional funding would be available through this process and so the Council has to accept responsibility for risk associated with delivery of the CRE project. It should be noted that In the bid submission a risk contingency of approximately £0.9M was identified in the overall £6.2M scheme. This was considered to be reasonable to cover level of risk to the authority. It is this £0.9m that is held by NR Programme Sponsor and manage through the Change Control process.

9.4 The scheme costs and risks will be refined through the detailed design process and tendering process that will include both the Demolition and Car Park, including associated facilities. The location of statutory undertaker's equipment is a risk to the current design and cost estimates. The delivery of the Commercial Building is to be tendered under a separate contract.

9.5 There is a reputational risk to the authority if, for whatever reason, the project weren't delivered either in part or in full.

9.6 The project delivery needs to integrate with the use and any proposed regeneration of what remains of the former Royal Mail site. This is currently being occupied by a business on a temporary basis, providing a rental return to the council.

9.7 Further, the project required the timely and successful delivery of legal agreements and highway orders.

10.0 Background and Options

10.1 The redevelopment of this site would ensure a critical first phase of the regeneration of Crewe Station. The project represents a significant opportunity to enhance the station for users and train operations and also add to the viability for business and employment growth, a key ambition in "All Change for Crewe".

10.2 CRE project was one of 51 Tranche 2 bids totalling £153m with only around £70m available to be awarded nationally. The CRE funding award of £6.2m must been seen as a significant success. The award letter from Network Rail is attached and sets out the conditions attached to the award.

10.3 The project received planning approval on the 6 Jan based on the Attached Plan 1. This includes the following facilities:

- An at-grade car park with capacity for 240 spaces and 11 disabled spaces, which will be lit and integrated into the station security systems
- Facilities for taxis and drop-off and pick-up, together with an appropriate communication system for taxis linked to Station Top
- A weatherproof enclosure to accommodate taxi and pick-up/drop-off passengers, including information and ticketing facilities.
- Enlarged access into the car park from Weston Road, including minor widening to Weston Road in the immediate vicinity of the access
- Access into and out of the station via a covered staircase down to the existing subway.
- Refurbishment of the existing subway
- Cycle parking facilities close to the top of the new stairs
- Provision of facilities for delivery vehicles
- Ticketing facilities including barriers and payment machines
- Landscaping including perimeter fencing
- Provision of land for a new commercial plot and station access adjacent to Nantwich Road

The project aims to deliver a high quality scheme both in its appearance and for users. The public realm will be adopting similar materials and design standards as applied to the recent town centre square projects.

NR has included the project into its Invitation to Tender documentation for the West Coast Mail Line Refranchise. This has gone to the short listed bidders.

The Council will negotiate with NR, DfT Rail and the short listed bidders to seek a significant additional investment both at the project site in terms of providing a landmark building on the site and within the existing station in terms of passenger and business facilities. This would build on the significant impetus provided by this project.

10.4 The project's current programme key dates are:

- Planning permission – January 2012 - COMPLETE
- Issue of Tender for CRE Works - March / April 2012
- Award of Tender for CRE Works – July / Aug 2012
- Commencement of Construction - Oct 2012
- Completion of Construction Phase – June / July 2013
- Project Close-Out with NR – Oct 2013

Detailed programming and planning will be further developed to be able to demonstrate to Council members and NR that this programme is achievable.

10.5 To meet the conditions set out in the SCPF award letter and enable delivery of the project in accordance with the programme key dates the Council needs to:

- Enter into a lease agreement, containing appropriate land use provisions, with NR affecting part of the former Royal Mail site, required to enable the Council to achieve its ambition for Crewe Station. Plan 2 defines the area of the former Post Office site to be incorporated into the lease.
- Secure a highway stopping up order for the loop access road and adjoining verge outside the former Royal Mail and NR Postmaster's House. Plan 3 highlights the area of highway to be stopped up and included into the lease.
- Implement temporary traffic orders to accommodate the displaced taxi facility currently using the loop access road, which needs to be displaced during the demolition and construction of the project.
- Enter into the necessary Asset Protection agreements with NR, which includes the Basic Asset Protection Agreement that will be required to the end of outline design and an Asset Protection Agreement that will be used during implementation.

Any other actions requiring a decision that may arise during the development and delivery of this project will referred for approval to the Strategic Director Places and Organisational Capacity and Deputy Chief Executive

10.6 The intention is to let a single contract for the demolition and construction of the project. The Council will work alongside the NR Sponsor and lead the preparation and issuing of the tender documentation and secure the procurement of works through the selection of a contractor applying OJEU rules. If it is proven that the project is best managed through more than one contract then separate tenders will be prepared and contractors appointed. As part of the project delivery the Council will be required to adhere to NR Gateway Procedures and the project team will work alongside the NR Project Sponsor to guide and ensure adherence to NR procedures.

10.7 If the decisions attached to this report are approved, officers will begin work on the necessary legal and property agreements to ensure the delivery of the project.

11.0 ***Access to Information***

Attachments

- Awards letter from NR
- Spend Profile Scheme Cost Estimate
- Plan 1 – Project layout
- Plan 2 – Area of Council land to be included in the lease to NR
- Plan 3 - Area of highway to be stopped up and included in the lease to NR

Name: Andrew Ross
Designation: Strategic Highways and Transportation Manager
Tel No: 01270 686335
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Plot Date :
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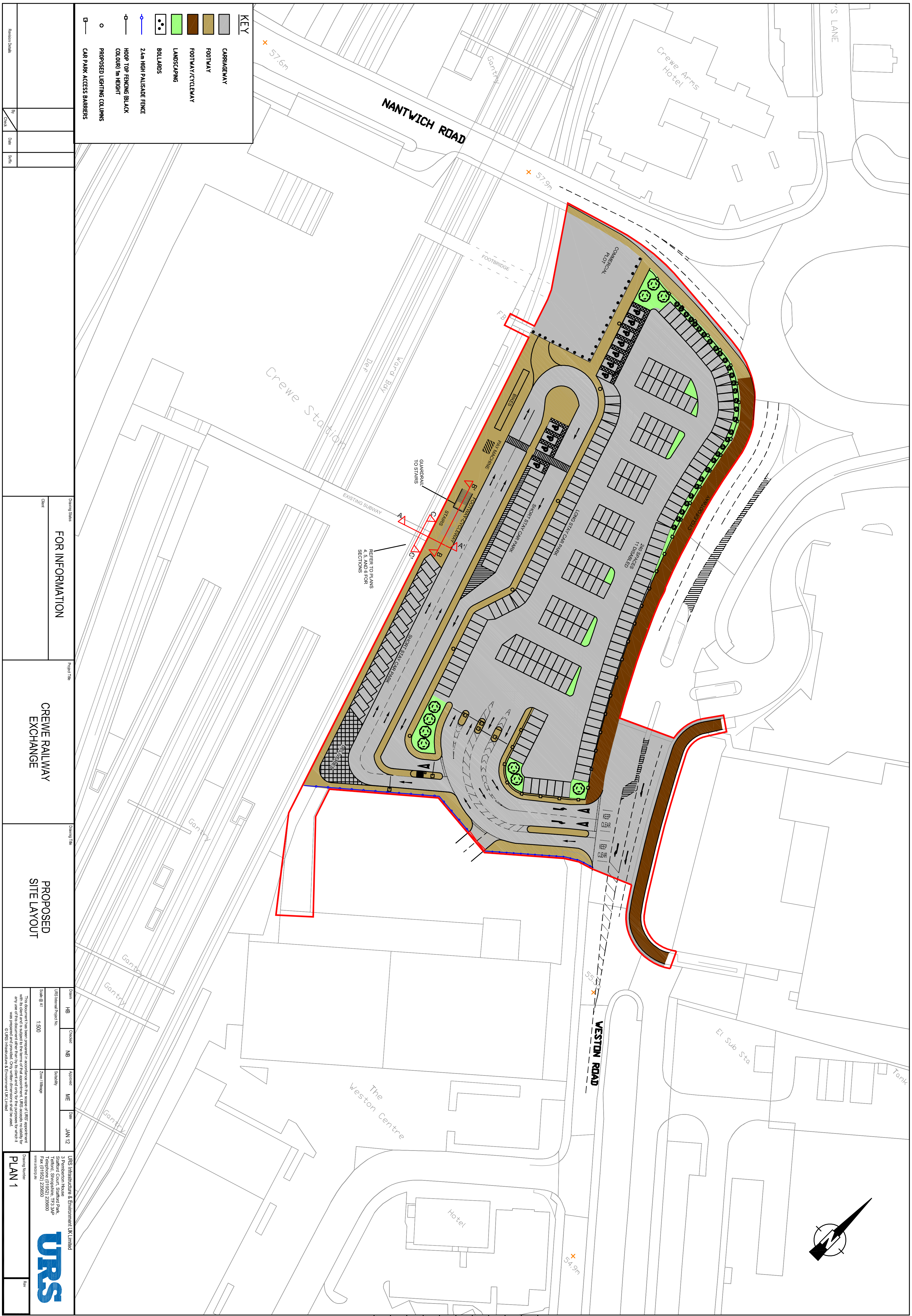

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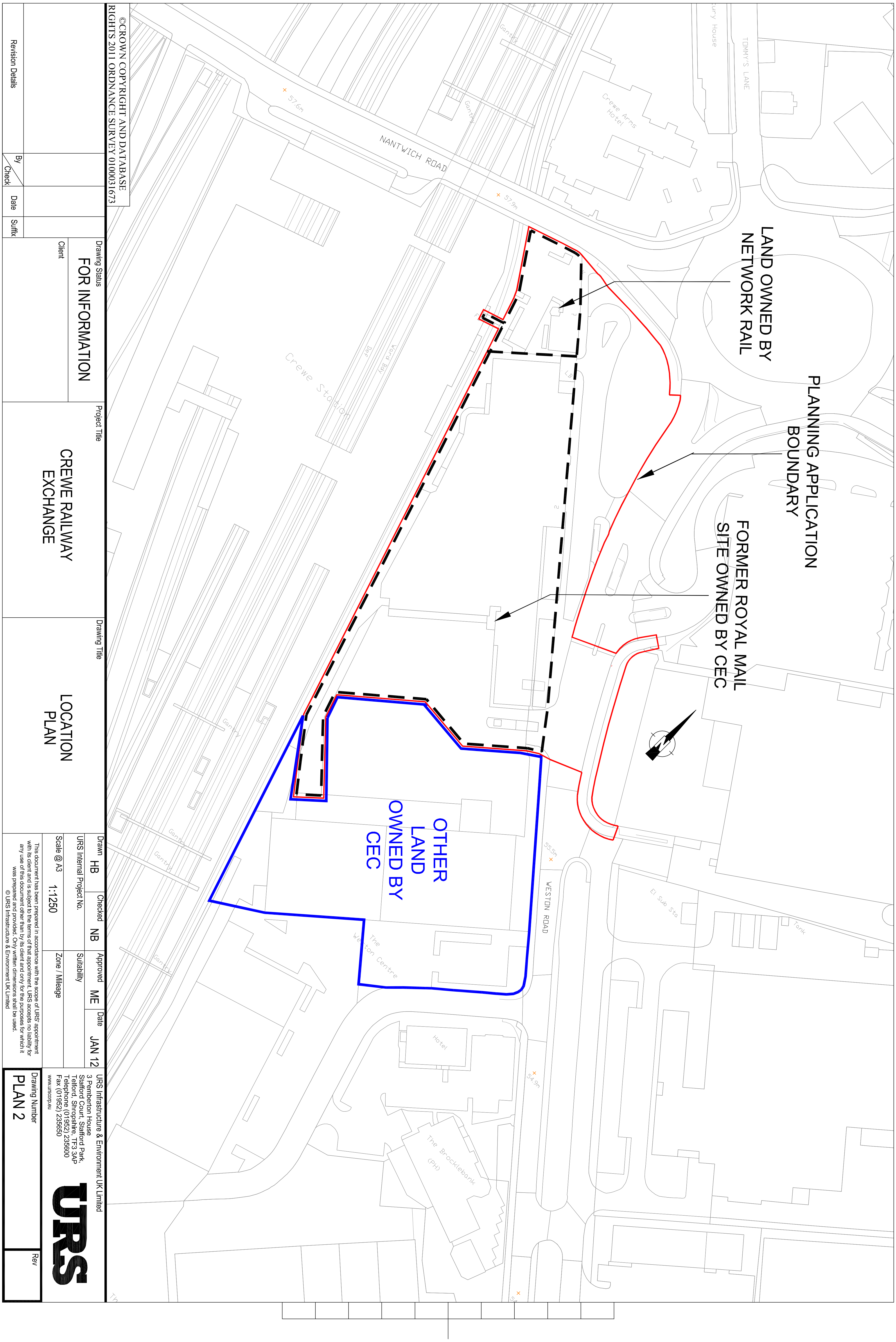

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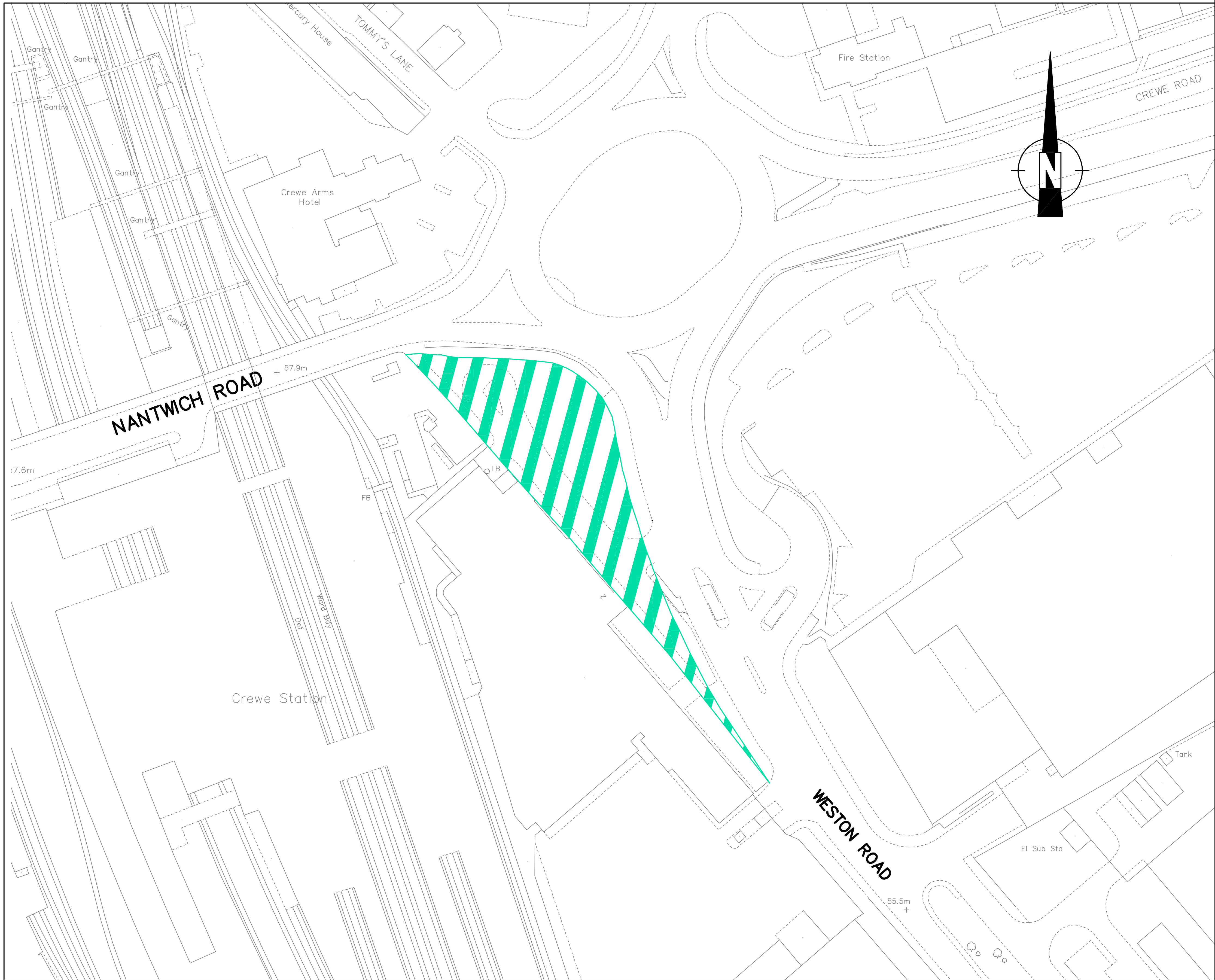

NOTES:

1. RECORD OF EXISTING ADOPTED HIGHWAYS TAKEN FROM INTERNET GAZETEER:
http://www.cheshireeast.gov.uk/transport_and_travel/highways_and_roads/adopted_roads_gazeteer.aspx

EXACT WIDTH OF ADOPTED CORRIDOR ASSUMED TO INCLUDE ASSOCIATED FOOTWAYS AND VERGES - TBC

2. NO KNOWN PUBLIC FOOTPATHS OR RIGHTS OF WAY CROSS THE SITE.

KEY:

ADOPTED HIGHWAY TO BE STOPPED UP

Revision Details	By / Check	Date	Suffix
Area of stopped up highway revised	DB / ME	18.01.12	A

Drawing Status: FOR INFORMATION

Client:

Project Title: CREWE RAILWAY EXCHANGE

Drawing Title: PROPOSED STOPPING UP OF HIGHWAYS

Drawn: HB | Checked: NB | Approved: ME | Date: JAN 12

URS Internal Project No.: | Suitability:

Scale @ A3: 1:1250 | Zone / Mileage:

URS Infrastructure & Environment UK Limited
3 Pemberton House
Stafford Court, Stafford Park,
Telford, Shropshire, TF3 3AP
Telephone (01952) 235600
Fax (01952) 235650
www.urscorp.eu

Drawing Number: PLAN 3 | Rev: A

Plot Date :
AutoCAD File Name :

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CREWE RAIL EXCHANGE: MONTHLY COST PROFILE BETWEEN FINANCIAL YEARS 2011/2 TO 2013/14

	Total £'000	£'000 **2011/12**	£'000 **2012/13**	£'000	**2013/14**
TOTALS (incl Contingency)	**6,177,338**	600,000	3,077,338		2,500,000
TOTALS (excl Contingency)	**5,272,782**	512,141	2,626,719		2,133,922

	Total	**2011/12** Dec-11	Jan-12	Feb-12	Mar-12	2011/12 Totals
Cheshire East Council spend	5,022,782	119,107	71,464	119,107	166,749	476,427
Network Rail spend	250,000	8,929	8,929	8,929	8,929	35,714
Total (excl Contingency)	**5,272,782**	**128,035**	**80,393**	**128,035**	**175,678**	
[Check total NR + CEC spend]	5,272,782					**512,141**

	2012/13 Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	2012/13 Totals
Cheshire East Council spend	271,379	217,105	189,969	189,969	189,969	189,969	310,853	184,215	167,771	225,349	225,349	196,560	2,558,456
Network Rail spend	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	107,143
Total (excl Contingency)	**280,307**	**226,034**	**198,897**	**198,897**	**198,897**	**198,897**	**319,782**	**193,144**	**176,700**	**234,277**	**234,277**	**205,489**	
[Check total NR + CEC spend]													**2,665,599**

	2013/14 Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	2013/14 Totals
Cheshire East Council spend	268,978	268,978	222,103	222,103	222,103	268,978	268,978	222,103	0	11,787	11,787	0	1,987,899
Network Rail spend	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	8,929	107,143
Total (excl Contingency)	**277,907**	**277,907**	**231,032**	**231,032**	**231,032**	**277,907**	**277,907**	**231,032**	**8,929**	**20,716**	**20,716**	**8,929**	
[Check total NR + CEC spend]												2,071,468	**2,095,042**

Contingency	904,556
[Check total of contingency + NR + CEC]	6,177,338

Notes
1 The contingency for Tranche 2 projects will be held centrally by the NR Programme Sponsor.
2 Network Rail spend is the Network Rail Sponsor fee estimate.

2012/13

1,466,400	50% Car Park Works
187,500	50% Implementation of Car Park Access
904,556	Prelims
2,558,456	Total (excl. NR Sponsor Fees)
107,143	NR Sponsor Fees
2,665,599	Total incl NR Sponsor Fees

	50% Car Park Works												
	Enabling Works (demolition); site clearance												
	148,438	148,438	148,438	148,438	148,438	148,438							
890625													
	External Works (car park works & underpass)												
	14,394	14,394	14,394	14,394	14,394	14,394	57,578	57,578	57,578	115,155	115,155	86,366	
575775													1,466,400
1466400													1,466,400
	50% Implementation of Car Park Access												
	Roads & highways (new car park entrance) & Utilities provision												
									46,875	46,875	46,875	46,875	
187500													187,500
	Prelims												
	108,547	54,273	27,137	27,137	27,137	27,137	253,276	126,638	63,319	63,319	63,319	63,319	
904556													333,999
	271,379	217,105	189,969	189,969	189,969	189,969	310,853	184,215	167,771	225,349	225,349	196,560	
2558456													1,987,899

2013/14

1,466,400	50% Car Park Works
187,500	50% Implementation of Car Park Access
310425	Buildings & Structures
1,964,325	Total (excl. NR Sponsor Fees)
107,143	NR Sponsor Fees
2,071,468	Total incl NR Sponsor Fees

50% Car Park Works											
External Works (car park works & underpass)											
183,300	183,300	183,300	183,300	183,300	183,300	183,300	183,300				
50% Implementation of Car Park Access											
Roads & highways (new car park entrance) & Utilities provision											
46,875	46,875				46,875	46,875					
Buildings & Structures											
38,803	38,803	38,803	38,803	38,803	38,803	38,803	38,803		11,787	11,787	
268,978	268,978	222,103	222,103	222,103	268,978	268,978	222,103	0	11,787	11,787	0

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Network Rail
90 Kings Place
York Way
London
N1 9AG
Tel: 020 3356 9202

Andrew Ross
Strategic Infrastructure Manager
Cheshire East Council
Delamere House
Floor 6
Delamere Street
Crewe
CW1 2LL

8th November 2011

Dear Andrew,

Re: Station Commercial Project Facility (SCPF) – SCPF/T2/0013

Thank you very much for your application for Tranche 2 funding from the Station Commercial Project Facility.

51 bids were received totalling £153m for Tranche 2 funding and these have all been reviewed by the SCPF Steering Group with representatives from the Department for Transport (DfT) and Network Rail. The Steering Group then presented each bid (summarising the qualifying project criteria, essential criteria and additional preferred criteria) to the SCPF Awards Panel for the Panel members to determine the successful applications.

The SCPF Awards Panel members include; Alec McTavish, Director of Policy & Operations representing the Association of Train Operating Companies, Stuart Baker, Deputy Director Major Network Upgrades representing the DfT and Mike Goggin, Director Stations & Customer Service representing Network Rail.

I am pleased to inform you that your Tranche 2 revised application for Crewe has been given approval for £6,177,338.00 by the SCPF Awards Panel subject to the following:

1. the land required being leased to Network Rail for 99 years for a peppercorn rent
2. receipt of full planning permission prior to 13th January 2012 to enable this to be included in the West Coast ITT
3. the project being included within the station lease upon completion
4. investment authority approval by Network Rail

To support the franchise competition on the West Coast, the DfT intend to share your bid information via the IC West Coast data room, as part of this process which is covered by the confidentiality agreement with the DfT.

As Programme Sponsor, I will be submitting a request for full SCPF programme investment authority for all Tranche 2 funding to the Network Rail Investment Panel which meets on 24th November 2011. I will require the following to be completed by your nominated Network Rail Sponsor and confirmed to me by 11.00 on Friday 11th November:

- the set up of the Network Rail Oracle Projects (OP) number
- the uploading of the project estimate (PEST) into the Network Rail OP system
- the uploading of the annual budget in the Network Rail OP system

Please note that the PEST must reflect the project estimate less the amount contained within your application for contingency. The contingency for all Tranche 2 successful projects will be held centrally on a separate OP number by myself as Programme Sponsor. This will be released to projects once any request to draw down on the project contingency has been approved through the Network Rail Change Control process. Further details will follow on this once investment authority has been approved on 24th November 2011.

I have copied in your nominated Network Rail Sponsor and please can you now liaise directly with your Sponsor to progress the above request.

If you have any queries in relation to the above please do not hesitate to contact me.

Yours sincerely,

Amanda Whiteman
Programme Sponsor, Station Commercial Project Facility

Cc Mick Butler, Assistant Commercial Scheme Sponsor, Network Rail

Agenda Item 6

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	6th February 2012
Report of:	Director of Finance & Business Services
Subject/Title:	Business Planning Process 2012/2015 – Business Plan
Portfolio Holder:	Councillor Jones / Councillor Brown

1.0 **Report Summary**

1.1 The Cheshire East Council Business Plan for 2012/2015, has been produced following engagement on the Draft Business Plan that was issued in January 2012. The Business Plan has two main elements: the Council's priorities and the Budget.

1.2 The Council's priorities are confirmed as delivery of the Sustainable Community Strategy and further explanation is provided within the Business Plan.

1.3 The document sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2012, as well as financial estimates for the 2013/2014 and 2014/2015 financial years.

1.4 The 2012/2015 Business Plan will be reported to Cabinet on 6th February 2012. 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 23rd February 2012.

1.5 At the time of writing, the Local Government Finance Report for 2012/2013 has not been published or confirmed. This will contain final formula grant allocations which need to be 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. Therefore, the Business Plan is based on the provisional settlement issued on 8th December.

1.6 In contrast to previous years the Government launched a consultation on the adjustment made to funding in relation to Academies and the impact on support functions provided by the local authority. This consultation closed on 12th January and it is assumed any resulting changes will be fed into the final settlement. At this stage it is not possible to make any prudent estimates of the impact.

1.7 Any resulting impact in terms of additional funding will be used to increase the contribution to reserves, while any decrease in funding will reduce the contribution to reserves. Therefore, a balanced budget position will be maintained. Should there be any changes they will be notified at the Cabinet or Council meeting.

2.0 Decision Requested

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

2.2 Note the comments of the Director of Finance & Business Services (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget (Appendix B, Comment from Director of Finance & Business Services).

2.3 Recommend the 2012/2015 Business Plan to Council for approval **(Appendix B).**

2.4 Recommend the three-year Capital Programme for 2012/2013 to 2014/2015 to Council for approval (**Appendix B, Annex 3, paragraphs 88 to 94 and Annex 7, pages 108 to 116).**

2.5 Recommend a Band D Council Tax of £1,216.34 (no change from 2011/2012) to Council for approval (**Appendix B, Annex 3, paragraphs 57 to 58**)

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

2.7 Note the 2012/2013 non ringfenced Specific Grants (excluding DSG) (**Appendix B, Annex 4**). Any amendments to particular grants in the light of further information received from Government Departments or other funding bodies will be reported to Council.

2.8 Agree the 2012/2013 Dedicated Schools Grant (DSG) of £193.8m and the associated policy proposals (**Appendix B, Annex 7, page 89**).

2.9 Authorise the Children's and Family Services Portfolio Holder to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2011/2012.

2.10 Recommend the Prudential Indicators for Capital Financing to Council for approval. (**Appendix B, Annex 6**).

2.11 Note the risk assessment detailed in **Appendix B, Chapter 4** of the report.

3.0 Reasons for Recommendations

3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet on 6th February 2012, will recommend to Council for approval the Budget for 2012/2013, subject to any changes as a result of the final Formula Grant Settlement (which is subject to approval by Members of Parliament) and the draft Capital Programme.

3.2 A copy of the Business Plan (which includes the Budget and draft Capital Programme) is attached at **Appendix B**.

3.3 The Director of Finance & Business Services (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, as amended by the Localism Act 2011, she is satisfied with the robustness of the estimates making up the Council Tax Requirement of £178,567,676 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 Director of Finance and Business Services)

7.1 The report includes details of policy proposals which will affect service budgets from 2012/2013 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 fulfil 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 2012/2013
- 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 significant proposals being put forward has been carried out by each directorate and included as part of the service planning process.

10.0 Background and Options

10.1 The Business Planning Process was agreed by Cabinet on 1st August 2011. This report provides an update on events, details of the Business Plan and the next steps.

10.2 Following approval the Business Planning Process was launched at a Member Briefing session on 2nd August. Detailed guidance was subsequently issued to Portfolio Holders and the Corporate Management Team.

10.3 Between August 2011and February 2012 a very significant amount of activity has taken place to reach the Business Plan position.

10.4 This report includes two appendices which provide all the detail behind the 2012/2013 budget:

- Appendix A: The Budget Engagement Report.
- Appendix B: The Business Plan for 2012/2015 (including the Reserves Strategy for 2012/2015).

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: Director of Finance & Business Services
Tel No: 01270 686628
Email: lisa.quinn@cheshireeast.gov.uk

Appendix A

DRAFT BUSINESS PLAN - ENGAGEMENT PROCESS

Introduction

1. Cheshire East Council is conducting the engagement process on the 2012/2015 Draft Business Plan, including the Budget for 2012/2013, from 24th January to 22nd February 2012. During this time the Council is able to share its priorities and 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 including the Schools Forum and businesses. In addition, the Council chooses to consult with other groups, including, partners, third sector organisations, Trades Unions, Cheshire Police Authority, Cheshire Fire and Rescue Authority and residents.

Business Planning Process

3. In August 2011, the Cheshire East Cabinet agreed a comprehensive Business Planning Process, that set out the Council's priorities and a request to generate proposals to deliver those priorities through investment and to deliver savings. The report included a communications plan setting out the activity that would be undertaken throughout the year. This included a two stage approach to engagement:

   Round 1 – held in autumn 2011,
   Round 2 – held during January and February 2012

4. The strap line of **'Ambition, Action, Achievement'** was chosen for the Business Planning Process and further work was undertaken to develop the engagement plans.

Round 1

5. Round 1 of the engagement exercise used existing meeting structures to provide a briefing on the current year position, ongoing impact of the Comprehensive Spending Review, potential changes to local government finance and the implications for the Council. The key dates in November and December are set out below:

- 4th November	Business Planning Briefing to all Members
- 14th November	Schools Forum (Formula Working Group)
- 16th November	Corporate Trades Unions Meeting
- 24th November	Town and Parish Councils Conference
- 8th December	Business Event

Round 2

7. Round 2 is on-going and based on the Draft Business Plan. It includes the following events:

- 11th and 13th January	Business Planning Briefing to all Members
- 24th January	Draft Business Plan available for stakeholders and staff
- 24th January & 1st February	Business Events with South and East Cheshire Chambers of Commerce
- 24th January	Schools Forum Meeting
- 25th January	Trades Unions
- 15th February	Service Managers
- TBA	Further Business Event

Engagement Material

8. The key purpose of the second round is to engage on the Council's Draft Business Plan. This document replaced the Pre Budget Report released previously but retains the aim of presenting the Council's priorities, key service developments and impact of the budget in a user friendly and readable format. A link to the Draft Business Plan was circulated electronically to those who attended the meetings, and hard copy made available on request. Staff were also notified that it was available.

9. The Draft Business Plan was placed on the Cheshire East Council website on 24th January. The document and website included details of how to comment on the issues.

Format of the January Meetings

10. The events took a similar format with a presentation followed by a question and answer session. The presentation related to:

- The 2011/2012 expenditure position.
- The funding position for 2012/2013 to 2014/2015.
- The Business Planning Process.
- Key revenue and capital policy proposals.

11. The Cheshire East Council Cabinet and Corporate Management Team were represented, with the Resources Portfolio Holder and Director of Finance and Business Services attending the events as required.

Feedback

12. A summary of issues raised at the events is attached at **Annex 1.**

13. At the time of issuing this report the engagement process is on-going. Therefore, any further issues or comments raised will be reported to the Cabinet and Council meetings in February.

Conclusion

14. Cabinet Members will review the feedback from the events and, where possible, factor these into their final budget deliberations prior to the Council meeting.

Appendix A
Annex 1

Draft Business Plan – Budget Engagement

Summary of Key Engagement Issues

Financial Stability

Council Tax Freeze

Confirmation that in return for freezing Council Tax for 2012/2013 the Council will receive a grant for one year of £4.5m. Cabinet is recommending this offer to Council, but it is not being used to balance the Budget.

Inflation

The Council is not providing for a general inflationary increase in 2012/2013 on the basis that the significant funding reductions are leading to cash based budgeting. Any inflationary pressures have to been accurately identified and offset by savings within each respective service.

Changes to Local Government Finance

Several changes lie ahead in terms of funding levels, however, it was not yet possible to calculate the impact. This very significant level of uncertainty meant the Budget position for 2013/2014 and 2014/2015 had not yet been balanced.

Key issues from April 2013 included local retention of business rates and localisation of Council Tax Benefit.

The whole local authority bond issue was being monitored in terms of future funding arrangements.

Business Rates

The Council has no control over the amount of business rates it retained but was lobbying to improve the situation.

Confirmation that new powers to introduce local discount for business rates could be used to support new businesses. However, this has to be funded locally by the local taxpayer. If the Authority is able to generate more business rates and retain them (under a potentially revised funding system) it would support greater use of local discounts.

Businesses could assist by pushing for a greater level of local business rates retention to promote local investment.

Information on deferment schemes will be published with the 2012/2013 business rate bills.

Supplementary Business Rates

The Council was considering the option of introducing a local business rate supplement in 2013/2014 in agreement with businesses.

Grants

Formula Grant funding has reduced by c. £7m from 2011/2012 to 2012/2013.

Reserves

It was essential for the Council to keep a minimum level of reserves based on a detailed risk assessment. Any planned use had to be repaid over time to maintain levels.

General

Support for greater level of detail being provided at earlier stages in the process.

The Council would review how it communicated major schemes and projects to taxpayers and businesses.

Confirmation that the Council was looking to Capitalise voluntary redundancy costs incurred in 2011/2012.

Children and Families

Dedicated Schools Grant

The presentation of DSG funding will be reviewed for the Final Business Plan.

Guidance requested over the inflation assumptions being applied to schools.

Safeguarding Services

Confirmation the reductions would be made through:

- Reviewing Disability and Short Break placements.
- Rationalising Residential provision.
- Rationalising 16+ and Cared for Support.

Adults

The Council is actively considering the use of smaller care providers to avoid too great a dependency on large companies. This helped to spread risks and support the local economy.

Acknowledged a request to work closely with third sector, partners, health and police given funding reductions and legislative changes ahead.

Work was underway to look at options for Care4CE to enable it to be able to receive Direct Payments.

Places and Organisational Capacity

Assets

The news of a reduction in gas prices will help the in year position, however, the draft set of proposals for 2012/2013 were created before the announcement. At this stage it is not clear how long the reduction in prices will last, therefore no change to the proposals is being made.

Greenspaces

It was expected that as resource levels reduced the expectation on the community would grow and ‘Civic Pride’ initiatives were encouraged.

Devolution of Services

It was expected that, in some cases, parish precepts may temporarily rise to cover additional costs. In terms of special expenses legal advice was being sought and further briefing would be provided.

Waste

Schools were being encouraged to recycle more through work with the Schools Forum and through projects at schools. Schools waste was classified as commercial waste and therefore chargeable. As such it was in their interest to recycle as much as possible.

Much was being done with businesses in terms of legislation and other initiatives. Businesses were being encouraged to recycle and reduce carbon emission, packaging etc. This was generally going well. The Localism Bill may help the local authorities’ role in this and the position will be reviewed.

Corporate Services

ICT

Despite many demands and significant ambitions for new systems, the IT function was being reduced. This had been caused by funding reductions meaning the Council could only work to affordable levels rather than desired levels of support.

This meant projects requiring ICT support had to be realistically phased to match funding available.

APPENDIX B

Business Plan 2012 / 2015

Ambition
Action
Achievement

February 2012

Foreword by the Leader of the Council & the Chief Executive

Cheshire East Council has moved away from the traditional route of separately reporting on the Budget and the corporate priorities by incorporating them into a single document – the Business Plan.

The Council's ambition is to deliver Cheshire East's Sustainable Community Strategy 2010/2025 *Ambition for All*, together with our partners, through the successful and appropriate use of our available funding and resources.

Compared to the majority of English local authorities Cheshire East Council provides good value for money, with low spending per head and a low reliance on government grants.

However, the continued reductions in funding, increasing cost pressures and potential changes to our funding arrangements make financial delivery now, and planning for the next three years, very difficult.

In the current financial year these pressures have hit hard. At the mid-year point, in addition to identifying strong mitigating actions to potential overspends in Services, we asked ourselves some simple questions, do we need to spend this now, in this way and at this time. We did this through our Think Twice initiative and other austerity measures.

To date we have made good progress towards achieving a positive outcome for 2011/2012. This will be clearly demonstrated in the Council's third quarter performance report. We are very pleased with the reaction of the workforce, who have worked extremely hard to deliver against their Service Plans in spite of these difficulties.

The Council has approached these challenges in a managed way through the Business Planning Process. In August Cheshire East Cabinet launched the process to create the Business Plan.

This document represents the results of almost six months of work by Cabinet and the Corporate Management Team. The first stage was to identify all pressures and possible savings. A balanced position was reached by examining all services against the criteria of:

- Is the service providing **Value** for money?
- What is the **Impact** of changing the service?
- What is the appropriate **Performance** requirement?

As part of the process we have rigorously reviewed service levels and how costs are managed compared to demand. As part of this, the current year position has also been examined in depth.

Where permanent issues have been identified, such as energy costs and pension liabilities, the necessary budget changes have been included in this document. Key service demands have been recognised such as cost pressures in Adults where an additional £3m has been allocated to the provision of care.

The result is a set of Business Planning proposals that maintain high standards in key services to residents and businesses, but make necessary reductions and additional charges where appropriate.

As the new duties and the future funding levels of the Council become clearer, further work will be undertaken to refine the proposals set out for later years and to review the options available to the Council.

Cllr Wesley Fitzgerald
Leader of the Council

Erika Wenzel
Chief Executive

Statement by the Resources Portfolio Holder

As Cheshire East Council enters its fourth financial year, the Cabinet and I propose a robust Budget to support the Council's ambition to deliver the Sustainable Community Strategy.

We have undertaken a strong challenge of our Business Planning proposals in order to set achievable targets for another challenging year of austerity and financial instability related to our funding position. We are also strongly challenging how our funding is calculated and we have requested that greater value is given to the level of our older population.

The Council is a large unitary authority (third largest in the Northwest), which relies heavily on the local tax payers to support local Services as opposed to Central Government funding (only 45% of Business Rates collected is retained). Although Council Tax charges to residents are below average for a unitary authority, the low level of grant funding means that the amount actually collected is double the average for a unitary authority.

Funding for local Services is estimated to significantly reduce over the medium term. The Council's challenge will be to manage this reduction whilst creating the minimum impact on Service users and without having to impact heavily on the local taxpayers who already make a significant contribution. We welcome the localism agenda and hope to receive more, if not all, of our Business Rates.

There is no doubt that more savings have to be made and this is despite increasing pressure and demand for our Services. I am confident that the Budget provides the direction to achieve those challenging savings whilst not diminishing Service delivery.

Value for money must be achieved and delivering the Budget is the Cabinet's first priority. In 2011/2012 we have targeted £35m of savings. The half year projected Service overspend was forecast at £16m. After taking strong and decisive action, this has been reduced substantially.

I am confident that in the third quarter we will have achieved a £5m improvement on the current year projection. I am also confident that we will carry forward an adequate level of reserves to support our plans in 2012/2013.

Further reductions in funding and the impact of inflation in 2012/2013 mean there is a requirement to deliver a further £21.7m of savings. We have worked hard to eliminate the risks for next year. We know there is increasing pressures in Services to Adults, based on demand, and this has been reflected in the Budget. We have also improved the way inflation has been addressed.

All proposals contained within this Plan have been challenged by Cabinet and Corporate Management Team (CMT). In order to deliver our vision we need strong leadership from CMT. The Cabinet and I have asked the right questions of each Service and we move forward confident in our managers and our workforce to deliver Services, whilst reducing costs and improving efficiency.

We must plan ahead for change and become ever more innovative. We must consider a wide variety of delivery models, looking at best practice models in other local authorities and public-facing organisations.

The Council will look at how Services are delivered to help with balancing the medium-term financial position. Modern Services will incorporate commercial approaches to delivery where appropriate and improving business systems will reduce overheads across the Council.

More than ever before, Cabinet and I have strived to provide a strategic direction for the Budget and a strong three-year plan. Each Portfolio Holder, together with the Directors, has strong ownership of this Budget. All Members and electors can be assured that we will be ever vigilant on the delivery of the Budget with pump priming in the first quarter to support the delivery of the required savings.

Cllr Michael Jones
Resources Portfolio Holder

Comment from the Strategic Director of Places and Organisational Capacity

The Places and Organisational Capacity Directorate was created during the late summer of 2011 bringing together a wide range of essential public facing activity, such as highways, planning, recycling and waste management and key corporate services such asset management, customer services and performance improvement.

The Directorate is strongly committed to identifying new models for service delivery that provide enhanced levels of customer satisfaction with, in many cases, reduced financial resources. These models may increasingly include the creation of arms-length companies, community interest companies, public private partnerships or the use of established private sector markets.

The Council's new Local Plan is being developed which will shape future land use within the Borough. The Plan will support employment and wealth creation, improve housing and infrastructure, whilst maintaining the beauty and distinctiveness of Cheshire East.

The Directorate, like all public services, is facing major challenges of increasing costs and rising customer demand with less financial resources with which to deliver services. Some of our guiding principles are:

- Seeking to reduce the costs of being in business to maximise the resources that can be spent on frontline services.
- Implementing service efficiencies whilst reducing subsidy where appropriate, moving to the principle of user pays.
- Looking hard at the level of discretionary services, yet recognising that they go a long way to making the Borough a great place to live and work.

The Directorate is significantly contributing to the Council's overall financial savings within 2012/2013. This in no way hides the fact that we face difficult choices to ensure our valuable resources are spent for best effect. Key areas affected are:

Recycling and Waste: the recent introduction of enhanced household collection services have resulted in increased recycling rates and reduced costs for collection and disposal of residual waste. These significant cost reductions have been partly offset by the rising rate of landfill tax.

Highways: following the creation of a new partnership in October 2011 with Ringway Jacobs, the Council has seen high levels of service combined with significant financial savings. During 2012/2013, Ringway Jacobs will work with the Council to develop ways to dramatically reduce energy consumption of our street lights, delivering further financial and carbon reduction benefits.

Transfer of services to Town and Parish Councils: The Directorate will transfer a range of services to Town and Parish Councils in spring 2012. This is one of a number of examples of the Council's overall commitment to ensuring services are provided wherever possible at a local level.

Assets: The Directorate is responsible for the Council's overall property and land portfolio. Our future plans include a more efficient management of the estate and new models for development that will generate greater financial yield. At the same time, the Council will invest where required to adequately maintain essential buildings and improve energy efficiency.

Housing: The Council is reaping increased financial benefits from the New Homes Bonus regime which have further improved following a greater focus on the reduction of empty homes throughout the Borough. This income has contributed towards a significant capital investment programme over the next three years.

Transport: The Directorate will continue to deliver the Council's Total Transport project which is providing new and more efficient ways of delivering transport related-activity throughout the Council.

Despite the challenging environment, I am pleased to report that staff have delivered many successes over recent months and will no doubt continue to do so during the period of this Business Plan.

John Nicholson
Strategic Director of Places and Organisational Capacity

Comment from the Strategic Director of Children, Families and Adults

In September 2011, the Directorates of Children, Families and Adults Services were combined to form one Directorate focussing upon the needs of vulnerable children, families, older people and those with disabilities. The Directorate continues also to have a role in commissioning school places, targeting support to those schools which are underperforming or in difficulties and in securing early years provision.

For Children's Services the key focus for the new financial year is to continue to improve outcomes for children and young people through effective service delivery. Outcomes for children in the care of the Council continue to be a key focus, along with ensuring robustness of safeguarding arrangements, and our ability, along with partner agencies, to keep children safe. Current performance indicates that safeguarding practice in the Borough is currently effective. The business proposals for 2012/2013 reflect a stabilising of this position.

Having stabilised the statutory part of the Service in the form of Children's Social Care, greater attention will be given towards intervening earlier, in addressing the needs of vulnerable children and families, to prevent the escalation of their difficulties becoming more costly and acute. The Council is participating in the Troubled Families Initiative, and is developing a more robust approach to working with young people who are demonstrating behaviours that are causing concern, or on the edge of the youth justice system. The business proposals for 2012/2013 reflect an investment in this area.

The Local Authority's relationship with schools continues to be strong. While some schools have become Academies and one has become a Free School, there is still a strong culture of engagement, collaboration and information exchange. Against the backdrop of increasing autonomy for schools, the Local Authority is having to take steps to address costs associated with ongoing pension commitments arising from early retirement and redundancy costs, and this is reflected in the proposals linked to costs incurred in previous years. Discussions are underway with schools via the Schools Forum to address this matter going forward.

For Adults Services, the next 12 months is a period of consolidating change and meeting needs against a changing context of increased demand, pressure upon resources, increased complexity of need, increased choice and control, and understandable public expectation and anxiety about the quality and availability of appropriate and affordable care provision. The business proposals reflect investment to meet demand.

Care delivery models continue to be explored with investment to address increasing demands and some re-shaping of care provision provided by the Council and by the external market. The Council continues to progress proposals contained in the 2011/2012 budget on building- based services where the effect of personalisation and direct payments is creating some under-usage of traditional services. The fragility of some external providers, evidenced in the recent problems at Southern Cross, is a very real issue and engagement with providers regarding their cost base is underway.

Priorities moving into 2012/2013 are to build upon successful working with health partners in the form of integrated planning, commissioning and joined up delivery of services to service users, and to continue the success of reablement strategies. The reablement programme is being funded from within the Council's base budget in 2012/2013.

A final key priority is an emphasis upon reviewing business processes and systems to ensure minimum of waste and duplication.

Lorraine Butcher
Strategic Director of Children, Families and Adults

Comment from the Director of Finance and Business Services

The first three-year Business Plan for Cheshire East Council for 2012/2013 includes savings proposals of £21.7m. This level of savings presents risk in delivery to timescale and overall achievement.

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 for all CFOs. I have a responsibility to report on the robustness of the estimates contained within the Budget.

The Council has managed an intense process to scrutinise proposals for the 2012/2013 Budget from September through to December. The key financial risks facing the Council in 2012/2013 include:

- Outturn spending in 2011/2012.
- Increasing demand for services, particularly in Adult social care.
- Limited flexibility in opening Reserve levels.
- Falling grants and further reductions in local authority finance.
- Inflationary pressures particularly from utility costs, fuel and business rates.

Each risk is being addressed in this Business Plan. Quarterly performance reports to Cabinet have established mitigating actions in relation to spending in 2011/2012 and expected on-going pressures which need to be addressed in 2012 and beyond. Increasing demands are being met by growth proposals in 2012/2013 and beyond. Any further adjustments which may be required following final reporting on the outturn will be addressed in the first Quarterly Report of 2012/2013.

The updated Reserves Strategy for 2012/2013 and beyond demonstrates the intention to continue to apply Reserves strategically to support a sustainable financial future for Cheshire East. Reserves will also be held to mitigate against emerging risk. For example, estimated savings proposals may prove unachievable following changes to Government policy or local consultation. The Grants Register tracks all incoming grant funding. Inflation, which is currently higher than Government targets, is reflected within the relevant Service budgets.

The Council will track delivery of the ambitious savings programme through the established monthly performance reports reviewed by Corporate Management Team and Cabinet Members.

This Business Plan also contains provisional estimates for 2013/2014 and 2014/2015 (see **Annexes 3 and 4**) which reflect Central Government's aim to reduce grants to local authorities by over 25% within the four years to 2014/2015.

The projections for the next three years demonstrate that savings contained in the 2012/2013 budget are essential and will greatly assist the Council in establishing longer-term financial stability. 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**.

The process to complete the Business Plan has seen a number of changes to the Draft Business Plan; these are highlighted in **Annex 3**. Most significantly a grant is to be paid to Town and Parish Councils, however this proposal will not reduce the Council's Reserves position below the risk assessed minimum level. I am pleased to add my final approval to the Budget package. However, nothing in local government and the wider public sector stands still. There are major changes ahead to local government funding and the legislation in which it operates. Where these issues are subject to consultation, the Council is engaging with Government Departments.

Final settlement figures are not available at the date of publishing this report. The impact of this and other Government proposals are being estimated and further briefings will be provided. Our ambition to continue to provide value-for-money services to our customers and to invest in the future of Cheshire East remains.

Lisa Quinn
Director of Finance and Business Services
Section 151 Officer

Contents

Overview

This Business Plan outlines proposals to support the Council's priorities whilst acknowledging continuing financial pressures and a reduction in funding from Government.

Local demographic pressures, in particular the increasing numbers of older people, are being recognised as the Council strives to create a sustainable medium-term strategy whilst minimising the impact on citizens.

The proposals include:

- **No Council Tax Increase ~** Council Tax will remain the same as the Authority proposes to accept the Coalition Government's offer of a one-year 'freeze' funding of £4.5m in 2012/2013.
- No Supplementary Business Rates are being levied in 2012/2013.
- **Places and Organisational Capacity ~ net investment of £81.4m reduced by -£6.9m in 2012/2013 due to:**
  - Reducing Waste, Recycling and Streetscape (-£1.9m);
  - Highways and transport reductions (-£1.5m);
  - Community Services – car parking, leisure etc (-£1.4m);
  - Savings in Assets and Development (-£1.4m);
  - Savings in support areas (-£0.7m).
- **Children and Families ~ net investment of £56.5m increased by £1.3m in 2012/2013 due to:**
  - Addressing inherited redundancy costs (£2.6m);
  - Investing in fostering and early intervention (£1.2m);
  - Rationalising residential provision and cared for support (-£1m);
  - Rationalising home to school transport (-£0.6m);
  - Reviewing other staff and supplies budgets (-£0.9m).
- **Adults ~ net investment of £93.5m reduced by -£2.1m in 2012/2013 due to:**
  - Investment in care provision (£3.4m)
  - Removal of unachievable savings (£0.5m)
  - Reviewing care delivery models (-£5.6m)
  - Reviewing other staff and supplies budgets (-£0.5m).
- **Corporate Services ~ net investment of £24.6m maintained** to provide essential support in terms of Finance, ICT, Legal and HR Services.
- **Capital ~ new investment of £42.6m** including £8.1m in Children & Families and £25.7m across Waste, Highways & Transport and Development.

The **Council Taxbase** has been revised downwards reducing funding by £0.65m due to the impact of lower than expected new build and the increasing number of people living alone which is increasing discounts.

Income from charges for Council services is estimated to increase by £1.6m, an average of 2.2% overall.

General reserves will increase from £13.2m to a level of £20.8m, reflecting the intention to provide reserve levels that will support strategic investment.

Grant funding will reduce by £37m mainly due to reductions in formula grant of £7m, loss of funding due to academy and free school transfers of £24m and changes in sixth form funding of £5m.

Council borrowing to support 2012/2013 planned capital expenditure is estimated at £31m, of which £17m relates to new capital schemes and £14m for on-going capital schemes. This represents an increase of £7m from 2011/2012. The net capital financing costs have increased to £14.8m, 6% of the net revenue budget. A small increase of £0.9m over 2011/2012.

Getting the most from the Business Plan

This section helps you to make effective use of the Business Plan by outlining the information contained within each section.

Main Report

Chapter	What's in this Chapter
1. Delivering Ambition for All	Background and context to the Business Planning Process. Also includes overview of funding position and summary of overall revenue and capital budgets.
2. How will the Council meet its priorities?	Describes the changes in service delivery proposed in the medium term as a result of the Business Planning Process. This chapter is structured to match the Sustainable Community Strategy.
3. How will the Council support delivery of its priorities?	Describes the changes to costs and service levels within services that support customer facing services.
4. Risk Management and Workforce Planning	Details of how the Council is managing risk and developing its workforce to deliver effective services.
5. Impact Assessment	Describes the impact of the budget on typical groups and the associated supporting information including equality impact assessments.

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Annexes

Annex	What's in this Annex
1. A Profile of the Authority	A detailed statistical profile of the Council's administrative area. This provides population and geographic information about the area.
2. Organisational Structure Charts	Information on organisation of the Cabinet Members and Corporate Management Team along with their relevant responsibilities.
3. The Business Planning Process	An analysis of the funding announcements for 2012/2013 and the process and decisions made to address the initial funding shortfall.
4. Grant Funding Schedule	Supporting financial data to Chapter 1 and Annex 3. Including three-year estimates for Government funding to Cheshire East Council.
5. Minimum Revenue Provision	Annual Minimum Revenue Provision Policy Statement 2012/2013.
6. Prudential Borrowing Indicators	The calculations and an explanation of the Council's Prudential Borrowing rationale.
7. Financial Summary Tables	Detailed tables setting out the base Revenue Budgets and Capital Projects and the impacts of policy proposals contained within the Business Plan. This is divided up into service areas.
8. Reserves Strategy	Report setting out the strategy used for calculating the required reserve levels.
9. List of Abbreviations	Details of abbreviations used in the report.

1. Delivering Ambition for All

Introduction

1. Cheshire East Council is the third largest Council in the North West of England and plays a significant role in the lives of local people and local businesses. The process of developing this role, and matching services to needs, continues against the backdrop of overall reductions in funding levels.

2. 'Ambition for All' Cheshire East's Sustainable Community Strategy 2010 to 2025 clearly sets out the ambition for what the Council wants to achieve through effective use of its resources. The process to deliver this ambition is being enhanced through the development of the Business Planning Process.

3. The 2012/2015 Business Plan focuses on: ***Ambition, Action, Achievement***:

Ambition:	A clear statement of long-term priorities that the Council aims to deliver. This is contained within the Sustainable Community Strategy 2010 to 2025 which is supported by specific Service Objectives.
Action:	The activities that will deliver the ambition. Service Plans describe the actions taken by the Council to deliver the Sustainable Community Strategy and relevant service objectives.
Achievement:	What successful changes will look like. Outcomes will be appropriately measured and reported.

The Borough

4. Cheshire East is a good place to live and work. Residents are relatively affluent and feel safe in the local environment. There is relatively low unemployment and residents generally benefit from good health. However, Cheshire East is a diverse area, and this means there are pockets of deprivation and inequalities in health across the Borough.

5. **Annex 1** provides a detailed profile of the area and its people. This highlights some of the challenges faced by the Council in delivering services particularly to rural, urban and deprived areas.

6. Key issues continue to be:

    - **Ageing Population** – the number of people aged 65 and over has increased by nearly one third in the last 20 years and now represents approximately one fifth of the total population. During that same period the number of people aged 85 and over has nearly doubled. Compared to the national average the area has 2.7 per cent more people aged 65 and over. This brings specific challenges for the Council in terms of the greater call on expensive care services and the need to ensure access to services for older people. Whilst such groups are protected under certain initiatives, they do not result in additional Government funding to meet these additional costs.

- **Sparsity** – the area is classified as significantly rural, with more than half the population living in rural or rural market town areas. This also brings challenges in managing more expensive service delivery models. The Council does not feel this factor is fully recognised by the funding it receives. It is a member of the Rural Services Network who are raising the profile of this issue.

- **Health inequalities** – while residents enjoy better health than elsewhere in the region and nationally, there remain 20 areas which are in the top 20% most deprived nationally in terms of health and wellbeing. This affects 8.7% of the population and remains a key concern for the Council.

Service Delivery

7. The Council provides a mix of major services such as schools, highways and social care coupled with smaller services such as leisure and recreation. These all play a key part in the lives of all people in the Borough.

8. The Council has the power to recover some or all of its costs through charging and tax-raising powers. The aim is to recover the full costs of providing certain services through charges, where acceptable, and in line with the Council's priorities. Other costs are then met from a subsidy of local taxes and government grants.

9. In some cases the Council is acting as an agent of Government by administering systems such as the allocation of housing and Council Tax Benefit and the collection of Business Rates, although there is an on-going programme to alter this approach in the medium term.

10. As available funding decreases the challenge remains for the Council to maintain major services where demand is increasing and carefully review what else it can provide or should be providing.

11. **Annex 2** provides structure charts that shows how the Council has organised itself to meet the challenges ahead and deliver against its priorities. There is a chart for the Cabinet (comprised of elected members of the Administration) and the Corporate Management Team (comprised of the Chief Executive and five Directors).

12. The objectives for each service are contained within Service Plans. These plans contain information on what services will do to deliver statutory functions to specific standards as well as any additional functions in support of the Sustainable Community Strategy. Details of the changes to service provision are set out in **Chapters 2 and 3**.

Business Planning Process

13. The Council operates an integrated Business Planning Process to combine the realisation of priorities and desired performance with resource allocation. The process includes links to risk management and workforce planning.

14. The process for 2012/2015 includes the following key stages:

August	Launch Process
September – October	Respond and Review
November	Engagement
January	Publish and engage on Draft Business Plan
February	Publish Business Plan and set Council Tax

15. Further details are provided in **Annex 3**.

Financial Stability

16. The Council relies on balancing a considerable number of variable financial issues to provide financial stability whilst meeting the service needs of local residents and businesses. Grants from central taxation, local taxation and charges to service users are all subject to political and economic influence.

17. The Council consistently considers five measures to support balancing the Medium-Term Financial position. These measures are summarised in the table below.

18. It is important to reflect that the Coalition Government is continuing with austerity measures that have the effect of reducing overall grant funding. This process does not alter the fact that Cheshire East Council is already relatively low funded with less Formula Grant per head than all nearest neighbour councils.

19. **Annex 3** to the Business Plan provides the detail of the relevant financial issues facing the Council in the medium term.

Measure	Impact in 2012/2013 to 2014/2015
Measure 1:	**Challenge Financial Assumptions** The Council challenges assumptions related to centralised income and expenditure such as grant funding and costs related to funding the Capital Programme. The overall impact of Measure One in 2012/2013 is a £7.3m reduction in the February 2011 funding gap.
Government Grants provide 57% of gross funding for Council Services.	The provisional settlement announcement detailing Formula Grant (including National Non Domestic Rates (NNDR) and Revenue Support Grant (RSG)) was released by the DCLG on 8th December 2011. In 2012/2013 Cheshire East Council expects to receive £67.7m from Formula Grant and Business Rates, a reduction of £7.1m from the adjusted 2011/2012 position. The Council expects this to reduce by a further 0.8% in 2013/2014 to £67.2m and 8% in 2014/2015 to £62.2m. The adjustment mainly relates to the inclusion of the second year of the 2011/2012 Council Tax Freeze Grant (£4.4m). This was previously included under specific grants. Specific Grant, most of which relates to education funding, is also expected to reduce to £334.5m in 2012/2013. This is mainly due to the on-going reductions to schools funding as a result of schools becoming academies and receiving funding directly. In 2013/2014 specific grants are expected to be broadly at the same level. A key issue will be the fall out of the 2012/2013 one year Council Tax Freeze Grant. New Homes Bonus is a new, permanent feature of Local Government Funding and this is now included within Specific Grants. **Annex 4** provides a Grant Funding Schedule which illustrates all specific grant funding.

The costs of borrowing to support the capital programme can be offset by investing when balances are available.	The Council will repay £9.5m on outstanding debts in 2012/2013. In addition to this, interest payments are estimated to cost £6.4m. Council services will offset these costs by contributing £0.8m and interest on cash balances is anticipated to be £0.3m. In 2013/2014 the repayments on outstanding debt will increase to £11.6m and interest payments are estimated to be £7.1m. The Council currently has debt outstanding of £129.3m on long-term loans. The Council's borrowing strategy from April 2009 has been to use existing cash balances to temporarily fund capital expenditure payments rather than raising new long-term loans. Currently, interest rates for long-term loans are around 4.1% and the average amount of interest we earn on investing our daily cash balances is 0.9%, therefore, while we have sufficient cash balances we will continue with this strategy. This is also prudent given the level of credit risk and the restricted list of approved institutions where we can invest balances. This cannot continue indefinitely and the projections of available balances indicate that external borrowing will be required in 2012/2013. The situation will be monitored closely as the successful management of cash flow will enable the Council to reduce net treasury costs and significantly reduce counterparty risks. The Council is committed to support the capital programme through increased borrowing and proposes that new starts of £17m will be funded from prudential borrowing in 2012/2013, increasing to £26m in 2013/2014 and £19m in 2014/2015. The impact of repayment costs on the revenue budget has been considered to ensure they are affordable and that capital investment delivers longer-term revenue savings.
Pension costs reflect additional payments to the Cheshire Pension Fund which follow the strategic use of voluntary redundancy to reduce overall staffing costs in the medium term.	The Council will meet the additional costs associated with the early release of pensions on severance, by making additional contributions to the Cheshire Pension Fund over a five-year period following the date of early release. This 'pay as you go' approach avoids upward pressure on employer contribution rates over the longer term. Contributions relating to early retirement will reduce to £4m in 2012/2013, from £4.2m, and will reduce further to £3.8 in 2013/2014 and then to £1.2m in 2014/2015 as pay-back is achieved for the early retirement 'peak' resulting from the rationalisation of staffing levels following the creation of the Council in 2009. Based on the actuarial valuation of the Pension Fund, the employer pension contributions rate is to increase by 0.5% in 2012/2013, and therefore £0.7m has been provided to meet these additional costs.
Measure 2:	**Review Local Taxation** Setting the Council Tax and Council Taxbase are key local decisions which influence the level of funding available for services. The overall impact of Measure 2 in 2012/2013 is a £0.6m increase in the February 2012 funding gap due to a lower than expected Taxbase.
Council Tax payments, from occupiers or owners of domestic properties in the area, contribute 25% of the Council's gross funding.	In 2011/2012 the Council maintained Council Tax at 2010/2011 levels in response to the Government's offer of a four-year freeze grant payment, equivalent to a Council Tax increase of 2.5% (£4.5m). This income was used to help balance the budget for 2011/2012 and 2012/2013. In 2013/2014 and 2014/2015 the current financial scenario assumes this grant is not used to balance and is paid into General Reserves.

A further one-year freeze grant of £4.5m has been offered for 2012/2013, the Council is minded to accept this offer and Band D Council Tax for Cheshire East Council is therefore expected to remain at £1,216.34. This is shown in **Table 1** below that sets out the Council Tax for each Band.

Table 1 – Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	810.89	946.04	1,081.19	**1,216.34**
No of Dwellings	29,381	34,341	32,738	24,298
Band	**E**	**F**	**G**	**H**
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,773	12,836	11,839	1,736

Source: Cheshire East Finance

The freeze grant payment of £4.5m for 2012/2013 has not been used as part of the process to balance the base budget and is being paid into reserves to support strategic future investment.

In 2011/2012 Cheshire East Council expects to raise £178.7m from Council Tax. However, the Taxbase will decrease slightly in 2012/2013 reducing the overall amount available and it is expected that £178.6m will be raised in that year. The decrease has been caused by lower levels of new homes being built and an increase in the numbers of people living alone and therefore qualifying for single person discount. The estimates for later years include a slight increase in the Taxbase to account for the increase in new homes being built.

From 2012/2013 referendums will be introduced to enable greater local control over Council Tax levels.

Measure 3:

Review General Reserves

Risk assessments and future plans inform the necessary level of reserves

The Council's Reserves Strategy for 2011/2012 to 2013/2014 was approved in February 2011.

This document is informed by the three-quarter-year review and final outturn. This has been fully updated and the Reserves Strategy is attached as **Annex 8**

Contributions to reserves are locally determined based on the need to cover risks and provide investment for key services.

The current Reserves Strategy estimated a contribution of £6.1m to General Reserves in 2012/2013 in recognition of the continuing commitment to pay back to reserves from the previous allocation to enable staffing reductions.

During the Business Planning Process, a further opportunity has been identified to increase this contribution to £7.7m and strategically use reserves in order to maintain the Risk Assessed Minimum level of reserves. As a result of this review, £3.9m has been identified to support strategic costs of investment in 2012/2013. This will reduce the net planned contribution to General Reserves to £3.8m in 2012/2013.

	A further £4.5m contribution to Reserves will support strategic use in the medium term. This figure matches the 2012/2013 Council Tax Freeze Grant which will last for just one year so will not be relied upon for long-term spending plans. A further £0.5m is being used to make a repayment of excess relocation costs to Cheshire West and Chester Council, and £0.2m used for payments of Town and Parish Councils Grants. This will result in a contribution to reserves to £7.6m. In 2013/2014 the Council is planning to pay £5m to reserves in addition to the 2011/2012 Council Tax Freeze Grant. In 2014/2015 the Council is planning to pay £1.6m plus the final 2011/2012 Council Tax Freeze Grant allocation into Reserves.
Measure 4:	**Review Expenditure** Changes in demand and the approach to Value, Impact & Performance influences service costs. Overall impact of Measure 4 in 2012/2013 is a £7.9m decrease in the February 2012 funding gap. Overall expenditure on services will reduce by £33.2m in 2012/2013. This reflects adjustments for academy and free school transfers, sixth-form funding and pupil premium grant.
	The net position reflects growth of £13.8m and savings of £21.7m. This includes the recognition of inflationary pressures within key service areas (to reflect the real costs of service provision) and the realignment of budgets to priorities. Details of the changes to expenditure and the impact this will have on services are set out in **Chapters 2 & 3**. Whilst there are proposals within this Business Plan for changes in expenditure during 2013/2014 to 2014/2015, the overall budget remains in deficit. It will therefore be necessary to further review expenditure for these years.
Measure 5:	**Review Income** The level of costs recovered from service users must be balanced against the level of subsidy in each case. Overall income from fees and charges will increase by £1.6m (2.2%) in 2012/2013 including addressing as far as we can the inflationary impact on energy costs in leisure provision.
	The Business Planning Process has included an on-going review of fees and charges in terms of the basis upon which they are set, and whether this enables the Council to eliminate any subsidy through recovery of the full cost of providing the service, where that is appropriate. In August 2011 the Corporate Management Team approved a Charging and Trading Strategy to guide service managers when setting prices. The aim is for each service to set out the cost of provision, the rationale for charging, the basis for calculating charges and the basis for any concessions or subsidy. This will be linked to the Council's priorities. For example prices for certain groups may be reduced if the Council wants to improve access to the service to promote health and wellbeing. This in turn may result in savings in care services later on. Each service is responding to this strategy and the results will be reviewed in due course. Details of the changes to income from fees and charges are set out in **Chapters 2 & 3**. Whilst there are proposals within this Business Plan for changes in income during 2013/2014 to 2014/2015, the overall budget remains in deficit. It will therefore be necessary to further review the extent to which costs are recovered for these years.

Balancing the Three-Year Position

20. Following consideration of the five measures detailed above, two clear messages are emerging:

    - The level of resources available to provide services in the medium term is expected to reduce.
    - Costs, particularly within Adult Services, are expected to rise over the period with the increase in demand.

    Combining these issues with the level of uncertainty surrounding the Government spending review means the current medium-term financial position is not balanced – there is more analysis and review required.

21. **Table 2** provides the overall Medium-Term Financial position for Cheshire East Council and includes a comparison to the 2011/2012 approved budget. Total Budget is expected to reduce from £591m in 2011/2012 to £543m by 2014/2015, a fall of over 8%.

22. The unbalanced position in 2013/2014 and 2014/2015 will be subject to review throughout 2012. The many issues which will impact on those years mean estimates making up the budget gap could change substantially. At this stage it is not assumed that the Budget Gap will be just funded from General Reserves as this position would not be sustainable in the medium term. These issues are highlighted opposite and further details are set out in **Annex 3**.

23. The key funding issues for 2013/2014 relate to uncertainty. 2011 saw several major consultations take place on local Government funding and the final outcomes of these are not yet known.

24. The issues being considered include :

    - Retention of Business Rates including Tax Increment Financing
    - Supplementary Business Rates
    - The New Homes Bonus
    - Potential new savings initiatives
    - Localisation of Council Tax Benefit
    - Academy Funding
    - Local Authorities Central Services Equivalent Grant
    - Council Tax restrictions
    - Public Health Transfer
    - Further reductions in grant funding

25. At this stage it is not possible to quantify all the issues and therefore the Council's financial plans include no specific assumptions over any additional funding.

26. Instead they have focused on known information and the extension of the current planning assumptions to those years.

27. **Table 3** sets out the equivalent position for the Capital Programme. At this stage the programme has been matched to available funding through the challenge process.

Table 2: Cheshire East Council Revenue Budget

	2011/2012	2012/2013	2013/2014	2014/2015
Funding (1)	**£m**	**£m**	**£m**	**£m**
Formula Grant Funding	-74.8	-67.7	-67.2	-62.2
Specific Grant Funding (2)	-356.1	-334.5	-321.0	-314.5
Council Tax (3)	-178.7	-178.6	-179.1	-179.6
Central Adjustments	18.1	20.0	24.1	13.5
Funding Available to Services	**-591.5**	**-560.8**	**-543.1**	**-542.8**
Budget for the Year (4)				
Children and Families	56.5	58.4	56.3	56.6
Schools Ringfenced Expenditure (inc DSG)	234.9	205.4	199.5	193.5
Adults	93.5	92.0	97.0	102.8
Places & Organisational Capacity	81.4	76.5	76.3	74.2
Corporate Services	24.6	25.3	24.2	23.5
Council Tax and Housing Benefit Expenditure	95.5	95.5	93.5	93.5
Total Budget	**586.4**	**553.2**	**546.8**	**544.1**
Planned Contribution to Reserves / Surplus	5.1	7.6	9.5	6.1
Planned Contribution from Reserves / Deficit	0.0	0.0	0.0	0.0
Funding Gap / (Surplus) (5)	**0.0**	**0.0**	**13.1**	**7.4**

Source: Cheshire East Council Finance

Table 3: Cheshire East Council Capital Programme

	2011/12	2012/13	2013/14	2014/15
	£m	**£m**	**£m**	**£m**
Proposed New Starts	40.0	42.6	41.4	24.4
Committed schemes	54.4	41.2	6.4	1.6
Total Capital Programme	**94.5**	**83.8**	**47.8**	**26.0**
FINANCING				
Prudential Borrowing (6)	21.8	30.9	26.4	19.4
Supported Borrowing (7)	7.9	1.8	0.5	0.0
Government Grants	40.0	36.1	13.1	0.0
Capital Receipts	20.8	14.3	7.2	6.6
External Contributions	2.9	0.2	0.1	0.0
Other Revenue Contributions	1.2	0.5	0.5	0.0
Total Sources of Funding	**94.5**	**83.8**	**47.8**	**26.0**

Source: Cheshire East Council Finance

Notes to Tables 2 and 3

1. Funding includes all ring fenced and un-ring fenced specific grants such as early intervention grant, Council Tax freeze grant and dedicated schools grant (DSG).
2. The significant change from 2011/2012 to 2012/2013 is due to the reduction in DSG as a result of academy transfers.
3. Council Tax income in 2013/2014 & 2014/2015 only reflects estimated increases in the Taxbase, there is no assumed change to Council Tax charges per household at this stage.
4. Service Budgets are shown gross of all grant income but are net of fees and charges and other recharges.
5. Further details of the funding situation in 2013/2014 and 2014/2015 is set out in **Annexes 3 and 4.**
6. Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Council needs to ensure that it can fund the repayment costs.
7. Borrowing allocations from the Government that replace the previous system of credit approvals. These allocations enable services to borrow to fund capital schemes, and they receive revenue funding to pay for the borrowing costs.

2. How will the Council meet its Priorities?

***Ambition for All* – our Sustainable Community Strategy**

28. As an organisation, the Council plays a major role in delivering the seven priorities set out in *Ambition for All*, the Sustainable Community Strategy for Cheshire East. These priorities were developed in consultation with local communities and partner organisations, and provide the framework against which we plan our service delivery and monitor our performance. The seven priorities are:

    1. Nurture strong communities.
    2. Create conditions for business growth.
    3. Unlock the potential of our towns.
    4. Support our children and young people.
    5. Ensure a sustainable future.
    6. Prepare for an increasingly older population.
    7. Drive out the causes of poor health.

29. In addition to the seven priorities (listed above) the Council has identified six further issues which have influenced our Business Planning for 2012/2015, reflecting the tough financial climate within which we operate, and also the strengths and opportunities we have in Cheshire East. These key issues are:

i. **The need to achieve value for money whilst still maintaining high levels of customer satisfaction and service performance** – the Council faces a tougher financial scenario than was anticipated at the outset of the Business Planning Process. We have managed in-year spending pressures, caused by increased demand on services, and have put in place robust control measures such as a recruitment freeze a reduction in discretionary spend. The key driver in Business Planning has been the need to make more efficiencies and to seriously consider how services can be reduced without a negative impact on residents and service users – the true meaning of value for money.

ii. **Maintaining services for children and vulnerable people** – ensuring children and vulnerable people continue to receive the services they need is at the forefront of Cheshire East Council's work. Cheshire East Council receives one of the lowest government grants per head for these services in the country, but our performance and impact is high. A recent Audit Commission report put the Council in the top three nationally for take-up of personal budgets by older people and those with disabilities. More information is provided in Priorities 4, 6 and 7 overleaf.

iii. **Strengthening the economy of Cheshire East through wealth creation is the foundation for long-term, sustainable wellbeing** – this is our firm belief as a Council, and has guided our Business Planning over the last six months. We will increase investment in our local economy through our support to business, our regeneration programmes “All Change for Crewe” and Macclesfield Regeneration, and our Sustainable Towns programme. This work is complemented by our activity to improve education and skills, and to address unemployment for all age groups. More detail of the impact of the Business Plan on these areas can be found in Priorities 2, 3 and 4 overleaf.

iv. **Support to community groups and volunteers to deliver in their communities** – call it Big Society, localism, or simply “community life”, there is no doubt that helping communities to help themselves is now more important than ever. We have made excellent progress in this area over the last year – the work of the seven Local Area Partnerships goes from strength to strength, we commission voluntary organisations to deliver over £5m of services, and we have now transferred a number of assets to town councils. The proposals set out in this Business Plan strengthen the Council’s ability to work with the community, voluntary and not-for-profit sector. More information is provided in Priority 1 overleaf.

v. **As a Council we have excellent assets which we must exploit to their full potential for the benefit of our residents and businesses -** the next 12 months will see a further acceleration in the release of surplus assets, delivering both maximum value and wider regeneration benefits for Cheshire East. The Corporate Landlord approach to the management of its land and property portfolio will enable the Council to utilise its assets to deliver better, more efficient services to our communities. This will ensure the delivery of an integrated professional property service clearly focussed on unlocking the value of our assets, seeking efficiencies through joint arrangements with our public sector partners and maximising private sector investment. More information is provided in **Chapter 3.**

vi. **Health and social care reform provides an excellent opportunity to provide a more joined up and effective service across a number of our priorities -** the next 12 months will see changes to the way health and social care is delivered throughout the country. Public Health will become part of the Council and we will further develop our work with Cheshire East’s two Clinical Commissioning Groups and other healthcare providers. This will include further integrated commissioning of health and social care informed by the Joint Strategic Needs Assessment (JSNA). The shadow Health and Wellbeing Board will continue to oversee this work, and the development of the Health and Wellbeing Strategy for Cheshire East during 2012 will set a clear direction and action for health and social care. More information is provided in Priorities 6 and 7 overleaf.

Priority 1: Nurture strong communities

The communities in our towns, villages and rural areas are our greatest resource. We want to ensure that our communities have a strong voice in determining decisions that are made so that public services respond to local needs. We also want to promote the capacity of local communities to help themselves by raising aspirations, building resilience and releasing potential.

Current Vision	Impact of the 2012 – 2015 Business Plan
Let local voices take the lead Local people need to be at the heart of decision-making for their community. Cheshire East is a big place and contains a large number of towns and villages – the distinctiveness of these communities must be reflected in the way we work and how we plan and deliver services. All partners will work in ways which genuinely empower local communities and put the citizen and customer at the heart of decision-making.	The Council will continue to work with local communities through the Local Area Partnerships, supporting communities to be more involved in local decision-making and in making improvements in their neighbourhoods. We will build on the good progress made in tackling local issues in our urban and rural communities. This Business Plan includes some efficiencies in our partnership working, but continues to invest in local partnership working and community engagement so that service levels will be maintained. We will also continue to develop our Community Budgeting programme on the Moss Estate in Macclesfield and work with troubled families across the Borough. We will continue to gain feedback and listen to our customers through our citizens' panel and customer feedback mechanisms.
Support the community to support itself We have strong and engaged communities with many excellent examples of individuals and groups volunteering their skills and experience to make a real difference to the people around them and to the area in which they live.	This Business Plan includes significant funding for services to be delivered through community, voluntary and not-for-profit groups. Whilst overall funding levels have been maintained where possible, some individual funding will be reduced where efficiencies can be made. The Council will play an active part in developing a volunteering strategy for Cheshire East which is being led by Community and Voluntary Services (CVS) Cheshire East, and also support the Faith Sector in its community work, building on the findings of the faith action audit, "*Hidden Treasure*". This Business Plan includes an investment in securing further external funding which will enable the Council to maximise funding for community activities and also for regeneration projects. We will look for new partnering opportunities and support towns and parishes as well as other community interest groups and organisations. Our libraries provide a crucial community hub, access to information and a valued community service. The Council will continue to work with Town & Parish Councils and support them in developing local 'Community Resilience' plans. These plans will help protect their communities and vulnerable people in the event of a major emergency and speed up any recovery from a local crisis.

Current Vision	Impact of the 2012 – 2015 Business Plan
	The Council is removing costs associated with the maintenance of public conveniences following devolution and is making the necessary budget adjustments to reflect the transfer of markets. We are exploring buying out the long-term hire contracts for Automated Public Conveniences. An investment cost of up to £500,000 in 2012/2013 will allow annual savings, from the overall review of running costs, of up to £100,000. The Council is actively seeking to ensure all taxpayers pay a fair amount for the services they receive. In most of the Council's area Town and Parish Councils exist to provide additional services deemed necessary by the relevant Council. Crewe and Macclesfield remain un-parished and as such the Council intends to introduce a special expenses levy in those areas in 2013/2014 to cover the costs of services funded by Town and Parish Councils elsewhere. For 2012/2013 the Council will make a grant payment to all other Town and Parish Councils (total value £209,000) based on Band D Taxbase as compensation for those services which are funded by Cheshire East Council in Crewe and Macclesfield that would have been subject to a special expenses levy
Deliver services as locally as possible The seven Local Area Partnerships will build on their early work to improve outcomes on the ground through engagement, local governance and improved service delivery. Adopting a local approach means that services get better information about local issues and priorities, and those services can then be tailored to meet local needs and deliver an integrated service.	The Council will continue to work with partner organisations and local communities across Cheshire East, and through the Local Area Partnerships, to implement new ways of delivering services at the local level. This includes our work with Town and Parish Councils on asset and service transfer, for example Town & Civic Halls (net value of £118,000 – Community Services Budget) and markets and public conveniences (net value of £87,000 – Streetscape Budget). Services will also be devolved where it makes sense and is in the best interests of the people of Cheshire East.
Ensure communities feel safe Although Cheshire East is a safe place, there are some crime hotspots and areas where public confidence in community safety needs to be improved. In particular, tackling anti-social behaviour is a priority for residents.	Around £1m has already been invested in a single CCTV Control Room during 2011 and an additional £150,000 of capital funding will be used to further improve the CCTV Camera infrastructure. This investment and the relocation to single base, will also deliver on-going savings of £38,000 within the Community Services Budget from 2012/2013, increasing to £100,000 from 2013/2014. CCTV monitoring is now 24/7 across the Borough and this investment will greatly improve the service we give to the Police and the quality of evidence we can provide for prosecutions.

Current Vision	Impact of the 2012 – 2015 Business Plan
	The Council will continue to fund neighbourhood policing during 2012/2013 until the Home Office grant is transferred directly to the new Police & Crime Commissioner in 2013 saving £150,000.

Priority 2: Create conditions for business growth

Business and industry are the foundation of our prosperity. We have a wide variety of successful industries in the area but we need to stay ahead of the game in ensuring that we exploit new opportunities, build on our current successes and create a climate which is attractive for business investment and growth, not just in our larger towns but also in our smaller towns and rural communities.

Current Vision	Impact of the 2012 – 2015 Business Plan
Harness emerging growth opportunities We want to ensure that our economy is based on industries which can be sustained and will grow in the future. We must make best use of our proximity to Greater Manchester and North Staffordshire. We want to ensure that we have competitive businesses, that we attract and retain high quality jobs and people and provide improved employment and training opportunities for those that need them.	Planning processes should be lean and effective. The website will be developed to create transformation within Planning & Housing that will enhance service access and service delivery but reduce overall expenditure by £100,000. Redevelopment of town centres, and business parks across Cheshire East is also very important to our economy. Investment has been retained in regeneration activities to provide confidence for investors and Government. The Council will continue to work with our neighbours in Warrington and Cheshire West and Chester, and the business community through our Local Enterprise Partnership and Marketing Cheshire. A small reduction in investment will take place during 2012/2013 (£50,000) to be achieved by joining up services and achieving efficiencies.
Provide a leading broadband infrastructure Much of Cheshire East enjoys a relatively vibrant economy. We want to ensure that the whole of Cheshire East, and in particular, our rural communities, are well connected, making best use of information and communication technologies to achieve this. People need to be able to work from home and we must attract businesses in those key sectors that require the fastest, most reliable broadband services, particularly in the digital and creative industries.	Superfast broadband provision in metropolitan centres is emerging at an accelerated rate. Governmental data confirms that c.65% of Cheshire East (by area) is outside the scope for private sector provision of superfast broadband. Cheshire East requires access to superfast broadband so it can continue to be recognised as a good place to do business and live. Cheshire East Council is the lead body of a sub-regional tri-council partnership ‘Connecting Cheshire’ to deliver superfast broadband to areas of market failure, which are largely rural. Delivery items: - Delivery of superfast broadband services (>24mb/second) to homes and businesses in Cheshire East - Market warming and community engagement to exploit the benefits of high-speed digital connectivity across multiple agenda (Health/assisted Living, Economy, Local Communities, Education/Learning and Skills). - Attracting and winning public sector grant funding and private sector investment.

Current Vision	Impact of the 2012 – 2015 Business Plan
	Investment profile to achieve 90% coverage: 2012/2013 - £0.4m, 2013/2014 - £0.69m, 2014/2015 - £0.11m Further grant funding opportunities are being explored to achieve 100% coverage.
Make the most of our tourism, heritage and natural assets Cheshire East is endowed with a unique range of heritage including the many stately homes and gardens, the enviable canal network and Crewe's rail industry. We want to make the most of these and our natural assets to develop the visitor economy and create jobs for the future.	In addition to the investment in Tatton Park, the Council will continue to support the wider range of heritage and cultural assets to increase visitor numbers. Specific work this coming year will focus on supporting our network of museums, with potential investment from Government, and exploring more fully the industrial heritage of our market towns. This will mean small-scale capital investment in our Visitor Information Centres which will lead to a reduction in the financial support for running costs as they become self-financing by 2014. Tatton Park is being developed as a major tourist attraction that should be financially self-sufficient. Capital funding of £1.9m is therefore being provided during the period 2012 to 2014. This level of investment will support a gradual reduction in Council subsidy to this heritage site to nil by 2016. As a result total savings of £0.75m are included over the next three years.
Create a climate attractive to business investment We want businesses to say that it is easy to do business here and that we have all the things they need to make their business successful. This means that we need people with the right skills, land and premises for growing businesses, transport networks to allow a business to thrive and a council with a positive and supportive attitude towards new and growing businesses of all sizes. Having this infrastructure will be key to retaining businesses and jobs and attracting new ones.	The Council will continue to create the right environment for businesses to grow through supporting vibrant town centres, an attractive environment and strong transport connections. We will maximise the amount of money going directly into road improvements and addressing potholes. New Capital investment of £10.8m and £10.5m will be made in the next two years to help address those issues. In addition, savings will be made through the new highways contract of £0.5m and from back office efficiencies of £0.1m. Car parking plans aim to meet the longer-term needs of the area, providing added convenience for users and funding for infrastructure projects. Overall net savings of £149,000 are anticipated from improvements in processes, such as phasing in of electronic payment methods, pay on foot opportunities and the provision of essential maintenance and resurfacing in car parks.

Current Vision	Impact of the 2012 – 2015 Business Plan
	Our Regulatory Services team will continue to support and advise local businesses in complying with legislation and ensure they can thrive and prosper during these difficult economic times. In particular we will tackle rogue traders to protect the trade of genuine businesses and their customers. Supporting local companies to grow is very important to Cheshire East. We remain one of the most successful economies in the UK despite current economic conditions but many businesses are finding current times very challenging. The Council has retained all services in this area and will continue to provide a range of business support and seminars on local procurement.

Priority 3: Unlock the potential of our towns

The diversity of our towns is seen as one of our greatest assets which needs to be supported and enhanced. We also want to ensure that Crewe and Macclesfield, our largest towns, are developed and revitalised so that we can benefit from their unique heritage in creating jobs for the future and reducing the inequalities that exist in the area.

Current Vision	Impact of the 2012 – 2015 Business Plan
Regenerate Crewe Crewe is the town which, overall, has the highest levels of deprivation in Cheshire East. Of those 16 neighbourhoods which fall within the bottom fifth of the 2010 England-wide Index of Multiple Deprivation, 11 are in Crewe. Crewe is an important gateway between the West Midlands and the North West and represents a significant growth opportunity for the sub-region. We want to make a breakthrough in Crewe so that we create more, higher- quality jobs for local people to lift communities out of poverty and ensure that we make the most of Crewe's unique assets.	**All Change for Crewe** Building on strong success during 2011/2012 in attracting government investment of over £24m into transport infrastructure, the Council will continue to deliver against the 'All Change for Crewe' economic-growth strategy. Priority will be given to stimulating investment in the town centre and delivering Phase 1 of the Crewe Rail Exchange project which will deliver major improvements to Crewe Station. The major employment sites Basford East and West will continue to be promoted and the Council will put forward proposals to Government to attract upfront investment to lead to the growth in jobs. The new private sector-led Partnership Board will drive forward the overall programme and ensure all public and private sectors work together to achieve the economic growth ambitions.
Revitalise Macclesfield The north of the Cheshire East economy is closely intertwined with that of Greater Manchester, and enjoys the highest levels of Gross Value Added per head and household incomes in the sub-region. We want to ensure that the economy of Macclesfield remains strong and in particular that investment in the town centre is achieved through our proposal for new retail development in the core of the town. The Council will also continue to bring forward proposals for South Macclesfield linked to the ambitions of Macclesfield Football Club and the wider leisure offer for the town.	**Make it Macclesfield** Specific support will be given to the new Make it Macclesfield Forum which was developed during 2011/2012 and which has made a major contribution over the last 12 months to increasing economic activity and cultural events in the town centre. Work will continue with our Development Partner, Wilson Bowden to bring forward town centre redevelopment but within a wider town centre vision. Investment in the existing high street, parking and public realm will work together to improve the overall performance of the town centre. Working with the Make it Macclesfield Forum, the Council will invest directly in develop a clear plan for improving and co-ordinating cultural and community activities across the town linked to continued investment in Council assets such as the Old Town Hall.

Current Vision	Impact of the 2012 – 2015 Business Plan
Deliver sustainable growth for our towns We need to focus on the key development priorities for each town that reflect the unique local character of each place. There is a need to ensure that the economies of our market towns, other towns and large villages are sustainable and can continue to deliver essential services, retail, leisure and employment opportunities.	Working with local Town and Parish Councils, we will continue to deliver sustainable growth for all our town centres by joining together developer contributions and business investment with the work of the Council to address local priorities such as public realm and conditions in the high streets. We will take account of the recent Government review by Mary Portas which supports many of the activities already underway across Cheshire East including supporting business networks, promoting specialist markets and focusing on independent retail. The Council will make available direct capital investment of £1.5m in 2012/2013 into town centres to support local priorities against a strong business case linked to supporting the local economy. We will reduce our town centre management support, by £120,000, across some areas for events and activities which have proved that they can operate without subsidy from the Council.

Priority 4: Support our children and young people

Our children and young people are the future of Cheshire East and we are proud of their many talents and achievements.
We want to make sure that all are helped to fulfil their enormous potential. To do this we need to ensure that there are excellent opportunities for all and, where necessary, support to get help early – before problems grow. A key priority is to ensure that our children and young people feel and are kept safe.
Giving our children and young people the best support we can afford and ensuring that they have a voice in shaping their own and our future is one of the best investments we can make in the future prosperity of our area.

Current Vision	Impact of the 2012 – 2015 Business Plan
Ensure good transitions and skills for the future Our schools and colleges are mostly very good and outstanding but there is still room for improvement and innovation. A key priority is ensuring that all our children and young people make good progress in their learning regardless of where they live.	The financial year 2011/2012 has seen a re-drawing of the Local Authority's relationship with its schools. The transfer of significant resources previously received, from the Local Authority to schools, ensures and supports the Government's approach to promote schools' autonomy. School performance continues to be above the national average although this continues to mask some areas of under performance. The Local Authority continues to be successful in using its reduced resources to best effect in targeting support to those schools that are most in need. Continued steps are being taken with schools to reduce the need to place pupils in special schools at a distance from home or outside the immediate confines of Cheshire East and it is intended that further savings will be made to the Dedicated Schools Grant (DSG) on behalf of schools. Alongside this work continues to shape the proposal for a new special school to support pupils on the autistic spectrum continuum (ASC), with initial funds of £1.6m identified within On-going Schemes within the Children & Families Capital Programme, and further funds available from within the schools-funded element of the programme. Over time and when opened (anticipated September 2013) further reductions in demand to place pupils with ASC outside of Cheshire East will be realised. The Capital Programme will continue to see new investment in schools generally, with over £7.3m of new funding available, within the Basic Need, Schools Maintenance and Devolved Formula Capital Grants. Against the backdrop of increasing autonomy for schools, the Local Authority is having to take steps to correct a previous and long-standing practice of meeting costs associated with on-going pension commitments and redundancy costs of school-based staff. Work is underway with the Schools Forum to examine this issue for any new situations that may emerge. However it is evident that there is a significant budget pressure of £2m per annum to fund on-going teacher pensions, an historical decision that cannot be sustained currently and is now reflected in the budget proposals.

Current Vision	Impact of the 2012 – 2015 Business Plan
	Linked to efforts to support the autonomy of schools, steps are progressing to ensure services provided to schools, including Academies are charged for at appropriate levels across the full range of Council services. The review of services provided / charged to schools is anticipated to generate a further £256,000 to help cover costs. To date nine schools in Cheshire East have converted to Academy status (seven High Schools and two Primaries) and one school has achieved Free School Status. Currently 17% of Cheshire East pupils are now educated in an Academy school, with Academies accounting for 6% of schools in the Borough. There is one further confirmed conversion for April 2012. **Annex 7** provides a breakdown of the Income & Expenditure changes related to items contained within the Dedicated Schools Grant.
Improve support to families and facilities for children and young people We want to make sure that all our children and young people have access to a wide range of interesting, challenging and engaging activities outside of school. We also recognise the need for more early support services to children, young people and their parents that will help them improve their own learning, health and wellbeing.	While increasing demand for statutory children's social care services continues to be a challenging feature of the Directorate's work, 2011/2012 has seen a stabilising and consolidation of service delivery to our most vulnerable children following the investment in infrastructure over the preceding two years. The numbers of children and young people in the care of the Council has stabilised at around the 440-450 level (and reduced from the high levels experienced in late 2009 and early 2010) while the numbers of young people subject to a Child Protection Plan also appears to have stabilised at a level that accords with statistical neighbour authorities. All indications are that safeguarding practice in Cheshire East is robust and the Council is earning a strong reputation in its work in relation to fostering and adoption. There is evidence that the social care workforce is settled and reliance upon agency staff has reduced considerably compared to 12 months ago. Against this backdrop, some refinements can be made to earlier investments. The strategy for the development of residential care provision is proceeding well and further efficiencies will be delivered in 2012/2013 as that Strategy is fully implemented. £820,000 of planned savings will be delivered from the rationalisation of the residential provision. The context to this remains the previous closure of traditional large children's homes and the development of smaller homes catering for fewer children. Two such homes are scheduled to open in 2012 in line with the planned strategy. Additionally, following the successful promotion campaign – FACE (Fostering and Adoption in Cheshire East) – an additional £0.2m of resources are required to continue to support the growth in fostering to meet the needs of our cared-for population, again this is a feature of the budget proposals.

Current Vision	Impact of the 2012 – 2015 Business Plan
	Now that the statutory part of the Directorate's business (social care) has stabilised, progress is now being made to drive our approach to intervening early and preventing the need for intervening at a statutory level into the needs of children and their families. A First Contact Service was launched in September which provides advice and support to professionals / agencies and the public where there are concerns regarding a child. It is expected that this will result in a reduction in the number of referrals to the statutory social care teams which do not go on to require fuller intervention at that level. In September 2011 the Cheshire East Family Service was launched with the focus on consolidating the range of resources and approaches to supporting families in the Borough. This combined with engagement in the Troubled Families Initiative recently launched by the Coalition Government will ensure further strengthening of safeguarding arrangements and ensuring children and families get approach-targeted support sooner, to prevent the issue escalating and becoming more costly. Efficiencies of £0.2m are expected from rationalising 16+ and cared-for support. We want to protect the Youth Offending Service and continue support for music in schools. In 2012/2013 Youth Offending funding will be secured at £443,000 and funding for Music in schools will be set at £200,000. Neither of these items were recognised in the 2011/2012 Budget. The spike in demand in social care experienced in 2011/2012 has been in the area of the number of young people over the age of 16 becoming homeless and coming into the care of the Local Authority. The impact of the Southwark Judgement is now being felt both within Cheshire East and by councils across the country. In Cheshire East while bringing pressures in relation to care placement costs, coupled with increased statutory responsibilities regarding youth custody and youth offending services, it is now timely that we focus efforts upon the needs of vulnerable teenagers to prevent them needing access to costly support from the Council either in the form of statutory care provision, or youth justice services. The investment proposal of £1m for 13 + Intervention aims, along with the development of a consolidated Youth Support Strategy, seeks to strengthen efforts to intervene earlier in the lives of vulnerable teenagers and their families to promote life chances and resilience.

Current Vision	Impact of the 2012 – 2015 Business Plan
Strengthen the voice of children and young people Children and young people in Cheshire East are best placed to present their needs and concerns. We want to ensure they have a say in shaping the services and facilities that affect them and that we all see and hear about the many positive achievements that they and we can be proud of.	Work is developing to ensure young people have a greater say in shaping the services they receive, whether this is through care placing processes, if they are in our care, or helping to shape youth support strategies. In 2011 several young people shadowed senior officers as part of the Children's Commissioner's Takeover Day. In 2012 it is anticipated that this national event will be extended across the Council and wider partner agencies.
Improve the health and wellbeing of children and young people We want to give our children and young people the best possible start in life by reducing differences in the early development of physical and emotional health, cognitive, linguistic and social skills. There are a number of specific health issues that we need to tackle if our children are to grow into healthy young adults.	Our Leisure Centre charges continue to be heavily discounted for Children and Young People (including students) to encourage participation in sports and leisure activities and support their physical and mental health and development. Additionally through our programme of Children's Centres, and with schools, work is ongoing with community health services to ensure child health checks are undertaken, innovative programmes are supported, advice and guidance is provided to new parents, and pupils in schools, on healthy lifestyles.

Priority 5: Ensure a sustainable future

Cheshire East is a beautiful place and offers a high quality of life.
We want to protect our many assets such as the beautiful countryside, biodiversity habitats and our historic buildings. However, nothing stands still and we also want to ensure that our plans help to meet the needs of future generations. This means that we will need to deliver sufficient new, well-designed homes to meet the needs of local people, ensuring there is enough affordable housing and accessible community services, and that we are actively contributing to reducing carbon emissions and making sure that our transport infrastructure is fit for purpose.

Current Vision	Impact of the 2012 – 2015 Business Plan
Development of the new Local Plan The development of a new Local Plan for Cheshire East will ensure that employment land to support jobs and new housing can be developed to meet the future needs of the economy and local communities.	The Council will continue to work with local Town and Parish Councils, businesses and the wider community to bring forward proposals to meet future needs for jobs and housing over the next 15 years. Specific focus will be given to ensuring the right infrastructure is planned to support investment and improve connectivity, the environment and ensure local communities have access to excellent services. Additional investment of £150,000 will be provided, within Spatial Planning, to deliver the new Plan over the next two years. One of the vital pieces of work for the Council over the next two years is the production of our new Local Plan. The Cheshire East Local Plan will set out the vision, objectives, spatial strategy and policies for the physical development of Cheshire East (outside the National Park) to 2030. It will ensure that the future development of the Borough is planned in a sustainable manner and reflect the aspirations set out in the Sustainable Community Strategy. The plan will comprise three main documents. An overall Core strategy will provide the central thrust of growth and development in the Borough and will include strategic sites (i.e. housing sites of 500 homes +). A more detailed Site Allocations Plan will sit alongside the overall strategy showing the detailed plans for each local area. There will also be a Cheshire East Infrastructure Plan which sets out all our infrastructure priorities for the next 15 years which will enable and complement the development ambitions.
Provide affordable and appropriate housing Housing plays a significant role in creating sustainable communities and addressing the wider determinants of health. Therefore we want to create places where people want to live, improve the quality of our housing stock and make sure that no	Additional investment of £113,000 will be provided to support our Homelessness service which is under considerable pressure in the current economic conditions. Efficiencies of £200,000 will also be found within the wider housing service through a review of how services are delivered.

Current Vision	Impact of the 2012 – 2015 Business Plan
group of people are disadvantaged because of the housing they have available to them.	
We want to ensure that sufficient affordable housing is provided across Cheshire East, especially in the northern part of the area where the gap between house prices and average earnings is the greatest. We want to ensure that we have appropriate housing for our changing population, particularly our increasing older population and our increasing number of single person households	Capital investment of £1m in 2012/2013 will go directly into the provision of new, quality affordable housing targeted towards working families, young people and our most vulnerable residents. Schemes to provide support for local families to get onto the housing ladder will continue, as will our focus on bringing empty properties back into use.
Encourage environmentally-sustainable living Given the global concerns about carbon emissions, the whole community will be expected to play its part in responding to climate change. Our levels of CO2 emissions need to be reduced and the rate at which we use resources needs to be more sustainable in the long term.	The Council is continuing to invest in modernising its waste collection and disposal services. There are short term savings achieved through diverting waste from landfill sites, saving £100,000 in 2012/2013, and re-negotiating landfill contracts, which will help offset increases in landfill tax and reduce running costs by a net £994,000. We will benefit from further savings from completing the harmonisation of our waste collection service, this includes routes optimisation (saving £300,000) and further structural savings (net £350,000). The Council is committed to reviewing its Household Waste Recycling Centres to provide modern facilities for customers. There is significant capital investment planned into reducing street lighting energy consumption to provide lower usage and on-going revenue savings of £275,000. The Council has set clear targets for reducing carbon emissions which will not only reduce our overall carbon footprint but minimise the amount of money we now have to pay to Government under the Carbon Reduction Commitment. Rising energy prices necessitate an increase in energy consumption budgets of £800,000 in 2012/2013. However net savings from investment in this area are estimated to realise savings of £330,000 in each of 2013/2014 and 2014/2015.
Improve transport connections and accessible services Good transport links are crucial for a successful economy, thriving towns and rural areas and a good quality of life for all our residents. We want to ensure that our public transport system enables people to get to the places they want to, when they want to, that people can walk and cycle as a real alternative to the car and that our transport system is integrated across all modes of transport.	The Council is continuing to challenge the overall spending in public and community services and is seeking to ensure greater value-for-money and efficiency when supporting commercial services whilst making appropriate provision for contractual increases. This challenge will deliver transport savings of £900,000 in 2012/2013. This work is being carried out in conjunction with Adults & Children's Services who are reviewing Transport Policy.

Current Vision	Impact of the 2012 – 2015 Business Plan
Given the diverse nature of our area and the mixture of urban and rural areas, the ease with which people can access services such as work, healthcare, education and shopping is an important and challenging issue. It is also recognised that access to services depends on more than improvements to transport – it also considers where key services are located and how they are planned and delivered. This may involve looking at ways to take 'services to the people', as well as transport solutions to take 'people to the services'.	The successful announcement of capital funding from Government for Crewe Green Link Road will be complemented by the Council's financial proposals and will meet its requirement to invest in this scheme with £1.3m allocated over the next three years. In addition to Local Transport Plan funding, the Council is seeking to spend a further £0.8m per annum on structural maintenance of the carriageway. Following the recent successful appointment of Ringway Jacobs as our highways partner, this will now deliver further revenue savings of £0.5m from next year. Resolution of arrangements for subsidised transport to schools and Further Education provision is expected over the next few months. This will follow the shortly expected report of the Task and Finish Group of Members on Transport. The report will inform further savings in the transport budget, which it is anticipated will save net budget of £0.6m in 2012/2013. Expenditure will further reduce in 2013/2014 by £0.6m, but then increase by £0.2m in 2014/2015 to reflect statutory requirements.
Protect and enhance our heritage and countryside The people of Cheshire East are rightly proud of the range of heritage and countryside assets that make the area a beautiful and interesting place to live. We want to ensure that they are protected and enhanced for the enjoyment of future generations.	The Council is seeking a commercial partner from 2012 to help manage and develop the cultural offer of the Lyceum Theatre, Crewe. In this way we hope to secure the future of this important asset and improve the programme of shows and events for all residents and visitors.

Priority 6: Prepare for an increasingly older population

We know with some certainty that the number of people aged over 65 will increase dramatically over the next 15 years. Our high life expectancy and ageing community is certainly something to celebrate, but we must also recognise that the 85 plus age group in particular is a potentially vulnerable group who will require more from both social and health services particularly in areas of higher deprivation.

To meet this demand there is a need to develop skills in our workforce that can be used to support our ageing population. There are also implications for housing, transport and how we plan and develop our towns and villages. We need to ensure that we are prepared for these challenges. But we also want to reap the great benefits this brings as many older people offer their experience and knowledge to others.

Current Vision	Impact of the 2012 – 2015 Business Plan
Help people stay fit and active for longer Ageing Well in Cheshire East remains a key priority. Our older people represent an enormous resource in terms of talent, experience and knowledge. We want to maximise the opportunities for older people to stay fit for longer and to continue to contribute to the generations following them.	Work continues to shape in developing models of care service delivery which can offer a broader range of activities and support for service users. This involves some degree of shaping the market locally as well as reforming what the Council offers through its libraries, leisure centres, as well as internal care provider Care4CE. Care delivery models will continue to be reviewed with investment to address increasing demand levels for care reflected in the budget proposals over the next three years of: £3.6m in 2012/2013; £5.9m in 2013/2014 and £5.9m in 2014/2015. It is also anticipated that savings and reductions from changing the delivery models will be achievable. Locally, the position of internally-delivered care provision (CARE4CE) remains to be resolved, with the inability of service users to use direct payments to purchase Council-delivered care provision an anomaly in law which is distorting the care market. Some restructuring is required to ensure the right services are delivered to meet the identified demand and some opportunities for efficiencies remain, with budget reductions of £1.1m in 2012/2013. This programme of change will be closely monitored and where personalisation results in divergence of usage of Care4CE facilities further reductions and proposals will be considered and reported to Members. The Council continues to progress proposals contained in the 2011/2012 budget on building-based services to where the shift from direct delivery to direct payments is creating under-usage of provisions. Inevitably this is a necessary but complex area that is raising understandable concerns in communities. £3m will be invested in Hollins View, Macclesfield, from 2013/2014 where services will remain or be concentrated.

	Local reablement strategies are proving effective. A higher number of older people (on average approx.200 per month) receive a free service through our reablement programme which supports them for a period of up to six weeks following discharge from hospital or recovery from a debilitating illness. The reablement programme is being funded from within the Council's base budget in 2012/2013 and continuing to support the NHS-funded programme, where £3.8m is anticipated as on-going funding. Continued review of this programme as an effective means of preventing service users to become dependent upon support and to resume a relatively normal life requiring little or no home support is underway. Continued review of care costs, smarter commissioning, and joining commissioning plans together with health to ensure joined up / connected delivery of care is underway. Part of the review of care delivery models and commissioning budgets generally includes a review and rationalisation of the Supporting People Programme with reductions anticipated. The scale of the challenge due to the trends of growth in demand requires that a radical programme of integration with the local health economy continues to take shape with the developing Clinical Commissioning Groups locally, as well as providers such as the East Cheshire Trust and Mid-Cheshire Foundation Trust. Front-line delivery is happening with successful embedding of the SMART teams (Skilled Multi-Agency Response Teams) in half of the Borough and plans to cover the full area underway with Community Services. This approach aims to continue to give a better experience and level of care and support for service users, while ensuring that the appropriate level of service delivery is targeted at those with the most acute level of need.
Improve care and support for those who need it We want to plan and deliver services which maximise people's opportunity to live independent lives and to ensure that all the care we provide is of a high standard.	Cheshire East like all councils is navigating 'the perfect storm' of increasing demand, reducing resources, increasing complexity of need, policy imperatives (personalisation), understandable public expectation and anxiety for appropriate care provision to be made, and a legal framework that increasingly is resulting in difficulties in addressing areas of change and reform. Additionally increasing numbers of 'self-funders' (people funding their own long-term care) are turning to Cheshire East Council for funding support due to capital depletion. Current numbers are averaging 12 cases every four weeks. It is difficult to anticipate and budget for increased numbers of self funders looking to the Council for support because their financial status is unknown in many cases. However, it is important to note that for every 100 returning individuals, the cost to the Council will be in the region of £2m per annum whilst in care.

	Against this backdrop, Adult Services continues to deliver high-quality services at the frontline to our vulnerable elderly population and those with disabilities. Budget to support this important area of work will continue to be increased, by £3.6m in 2012/2013, and by £15m over the medium term. Strong partnerships are evident with other statutory agencies and the voluntary, community and faith sectors. Good steps are being taken to secure a mixed economy of affordable care provision locally that offers genuine 'choice and control' to our service users. This includes significant collaboration across the Council in developing the lifestyle concept, as one element of provision in a continuum of care provision that will be available for some service users who choose it.

Priority 7: Drive out the causes of poor health

Whilst overall health is good, this masks some differences within the area.
Life expectancy at town level reveals significant inequalities or differences in health outcomes, which are considered to be unfair. In addition to an individual's lifestyle and health choices, we must consider the 'social determinants of health'. For example the quality of someone's housing can affect their health; the amount of income a family has can impact on their ability to enjoy a healthy standard of living; access to good transport may influence someone's ability to see their doctor or attend a local service.

Our challenge is to enable everyone to have the same opportunities as their neighbours and for no-one to be disadvantaged because of where they live or any other factor such as their age, gender, physical ability, ethnicity and so on. Only by focusing actions in this way will we make health fairer for everyone.

Current Vision	Impact of the 2012 – 2015 Business Plan
Target actions to reduce heart disease and cancer The Joint Strategic Needs Assessment has identified the two biggest causes of early death as cancer and cardiovascular disease. Cancer predominantly affects older people and is a priority for our ageing population. Cardiovascular disease is the biggest killer in Cheshire East, accounting for nearly 40% of all deaths, particularly in the most deprived neighbourhoods where rates are significantly higher. Cancer is the second biggest cause of premature mortality, causing 26% of all deaths, with breast, colorectal and lung cancers being the most significant causes. We know that the main contributors to cardiovascular disease and cancer are smoking, lack of exercise, obesity, diet and alcohol consumption.	Providing opportunities for exercise through leisure provision, green spaces and accessible public rights of way remains a priority. Health information, signposting and brief interventions will help residents lead more healthy lives to reduce the risk of cancer or cardiovascular disease. Acquisition of the new Public Health functions in shadow form during 2012/2013 will allow current NHS activities (smoking cessation, cancer screening, 'Cardiovascular Disease health checks') to inform and support this intention. This in turn will be enhanced by collaborative working with the new Clinical Commissioning Groups.
Tackle the impact of alcohol misuse on individuals and society The care needs of people who are classed as 'increasing and high risk drinkers' is increasing by £1m per annum. We want to reduce alcohol misuse which leads to many health problems as well as to anti-social behaviour and to reduce the number of high risk drinkers in the area.	The Council's Licensing section will increase their monitoring of problem licensed premises together with our community partners and in support of responsible landlords. Through the expansion of the ArcAngel initiative, alcohol-related crime and anti-social behaviour will be reduced together with the impact and incidence of binge drinking on communities and individuals.

Current Vision	Impact of the 2012 – 2015 Business Plan
	The Cheshire and Warrington Health and Wellbeing Commission is leading the work to reduce alcohol harm and the associated costs. The Authority is the lead Council and is playing an active leadership role.
Focus local actions on the wider determinants of health Through partnership working we will give greater emphasis to the wider determinants of health using the 'Marmot Review' as an evidence base for action. Partner contributions will be identified and included as part of the Cheshire East Reducing Health Inequalities Strategy and action plan post-2010.	Our Environmental Health team will continue their success on monitoring local Air Quality problems and identifying Contaminated Land sites across the Borough. Food Safety & Standards inspections will be prioritised to ensure our food is hygienically prepared and safe to eat, reducing the risk of food poisoning outbreaks and other associated illnesses. The transfer of responsibility for Public Health and "health improvement" to the Authority, as part of the Government's reform of the NHS (from April 2013), recognises the strong role that Local Authorities and their partners play particularly on the wider or social determinants of health. Building on their 'QUEST' quality accreditation, our network of Leisure Centres will continue to provide accessible and cost-effective activities and facilities for customers. We will seek to encourage increasing participation by people of all ages to provide 'Leisure for Life' and examine how we can provide sustainable investment into such facilities in the longer term. The Council is seeking to develop a number of Lifestyle Centres in key strategic locations across the Borough, taking advantage of major regeneration projects already planned. These 'lifestyle hubs' will be places where health, leisure, library and social care services can be co-located and integrated to deliver higher-quality services and financial savings. Whether newly built or through major refurbishment of existing buildings, they will provide state-of-the-art facilities that local communities can easily access and be proud of. This will form a key part of our future sustainable investment plans.

3. How will the Council Support Delivery of its priorities?

Enabling Strong Delivery

30. The Business Plan launch placed an imperative on Value for Money. And this approach in Corporate Services will ensure that funding is focused on delivering services to residents and not on merely managing processes.

31. Effective Corporate Services require significant investment to remain fit for purpose and to enable front-line services to focus on maximising benefits to residents.

32. This section of the Business Plan provides detail on how the Council proposes to improve service delivery through capital investment which is justified due to the planned and achieved reductions in overall costs.

Business Management

33. Technology is vital to unlocking the potential for services to continue to improve and to become more relevant and intuitive to the needs of Cheshire East residents.

34. The Business Plan demonstrates a strong commitment to invest in information and communication technology to ensure that the business is fit for purpose and can be built upon through new and innovative applications of technology.

35. The Council is committed to examining business processes across all services to ensure that, through the application of the lean process methodology, those processes are as efficient as possible. This ensures that limited available resources are applied where they are most beneficial to the service user.

36. The organisation requires quality, meaningful and timely management information. All Corporate Services have strong plans to improve the quality of data at source and to develop simple, easy-to-use and affordable management tools that support management decisions.

37. The Corporate Services are working hard to transform the delivery of key management processes including Finance, HR and Procurement. These processes need to operate effectively by providing good-quality training and the ability to measure compliance.

38. Corporate Services are also examining new delivery models to tap into greater opportunities for efficiencies and savings. The models being considered for Shared Services also seek to bring about partnership and trading opportunities.

39. The Council has made great progress in the development and delivery of its Performance Management model. This is now providing good information to managers and Members to demonstrate accountability for delivery and to provide the basis for continual improvement.

40. The development and implementation of the Corporate Landlord model is a very important transformation programme for the Council. It will ensure maximum efficiency in the management of assets and enabling Services to operate effectively from existing and new facilities. The Corporate Landlord function will combine all

corporate asset responsibilities and will be managed by the Asset Management Service. This will be a centre of excellence and a model of best practice.

Organisational Development

41. Our ambition is to make the leap from being a good Council to a great one, which to us means:

- Consistently delivering superior performance.
- Making a distinctive impact.
- Achieving lasting endurance.

42. We already have pockets of excellence – our ambition is to make that consistent across the Council. This requires the right balance to be struck across a number of areas for example – key performance indicators, long term investment, innovation, people management and development and use of resources.

43. We recognise that every organisation has its unique set of challenges and constraints, yet some make the leap from good to great while others facing the same environmental challenges do not. Becoming the best at anything takes time, discipline and effort and there is no quick fix to becoming a great Council and staying there. We are committed to achieving excellence over the long haul.

Governance

44. The Council is constantly working on improving its Governance framework and processes. Over the past three years, the Council has continued to improve its governance arrangements through the development of the Constitution and the refinement of its democratic structure.

45. This work continues and is now particularly influenced by significant new legislation e.g. the Localism Act. The Council has been examining the proposed changes for some time and has put in place robust mechanisms to keep up with the pace of change and to proactively take advantage of the opportunities that are arising from these changes.

46. The Council is also acutely aware of the changes to the national, regional and local approach to decision-making, the application of funding and inspection. Again strong mechanisms are being developed and implemented to ensure that these changes are fully understood and that the integrity of the Council's internal governance and controls is maintained.

47. The following tables set out the current vision and changes within the Business Plan.

Current Vision	Impact of the 2012 – 2015 Business Plan
Effective Information and Communication Technology	
The Council is moving towards its goal of a modern workforce supported by robust and flexible information technology. The Council's ICT Strategy is based on three key principles: – To transform services through prudent investment in technology. – To drive down costs. – To work with partners in ways which maintain Cheshire East's freedom to innovate and act, while at the same time achieving the benefits of economies of scale and understanding of industry good practice that come from sharing services.	**Core System Stability** All of the systems and technologies which underpin the organisation are required to be maintained, refreshed and reworked to sustain currency, fitness for purpose and compliance with mandatory standards. The objective of the project is to preserve the reliability and availability of core ICT infrastructure and to ensure that current service levels are maintained. Equipment is only considered for replacement if there is justifiable concern over its reliability to deliver service demands, or there is a strong business case for a migration to newer technologies. However, there is some scope to delay some replacement activities provided the risks are either accepted or mitigated in some way. The proposals for 2012/2013 include a capital investment of £4.2m in ensuring the stability of core ICT systems. Steps need to be taken to replace the dated and unsustainable software systems that support most of the Children, Families and Adults Services work. The PARIS system has to be replaced. This is a key system that records the work of social workers in relation to children and families, and is also used by the Adults Directorate. Currently a review of the Empower Card is underway to test progress and learning 12 months into its introduction, alongside a review of processes to administer and support client finance. Along with the need to replace dated core social care IT systems, the next 12 months will see major change and reform in 'back office' systems. This will be a major workstream in 2012/2013, with combined investment from across Adults, Children and Families of £1.5m over three years, excluding the cost of the system purchase (£0.5m each year 2012 to 2015 – split £0.25m in Children & Families and £0.25m in Adults). **Location-Independent Workforce** The exploitation of new systems and technologies to permit staff mobility and service flexibility will allow the Authority to work more effectively. The objective of this programme is to create an Authority that is organised around

Current Vision	Impact of the 2012 – 2015 Business Plan
	the needs of customers and employees rather than the constraints of building design, fixed hours and geographic locations. It gives rise to the potential to reduce accommodation costs and overall carbon footprint by making better use of the available space, reducing staff travelling expenses and improving delivery and access to public services. The business has clearly articulated that no vision for local authority delivery is feasible without multi-disciplinary and multi-agency working. Information sharing is vital and requires substantial changes in communications, security and work processes. Information must be available in a variety of formats and be accessible through a number of routes outside the originating office and its opening hours. The proposals for 2012/2013 include a capital investment of £2.7m to create a location-independent workforce. **Enabled Citizen / Business** The tools and technologies which put the citizen / business in control transform the way that services can be delivered. The development of on-line citizen access capability will permit services to maximise on-line transaction capability and reduce the number of transactions through the more expensive channels of face-to-face or telephone. The business has clearly stated that “self service” for citizens is a key requirement of the personalisation agenda. Assistive technologies reduce risk with older and isolated people. A Customer Portal will provide greater visibility and service access for citizens, enabling connectivity for partners and citizens and allowing more effective service delivery. This is accompanied by a Citizen Authentication project in order to ensure that data and services are protected. The proposals for 2012/2013 include a capital investment of £0.6m to enable citizens and businesses to access Council services more effectively. The ICT service will consider the scope for savings to ensure a lean structure, contracts deliver maximum value and make the best use of assets. Major applications such as Oracle will continue to be developed and optimised in order to increase self-service capacity and improve overall

Current Vision	Impact of the 2012 – 2015 Business Plan
	business efficiency, saving £0.1m in 2012/2013. Total Capital Impact (including Superfast Broadband) : 2012/2013 £7.9m, 2013/2014 £12.6m and 2014/2015 £9.3m = £29.8m (funded through capital receipts and prudential borrowing). The capital investment will drive revenue savings throughout the organisation.
Assets that are fit for purpose in supporting the Council's priorities.	
The Council has great ambition when it comes to the exploitation and maximisation of the opportunities associated with the effective use of its land and property assets. The Council's Asset Management Plan will be developed in line with the ambitions that will be set out in the Local Plan and will demonstrate how the Council will apply a number of strategic mechanisms to achieve the maximum benefit for the Cheshire East economy. The Council owns a significant property portfolio. This is being reviewed and reduced. However, maintenance of the stock is vital to ensure staff and customers are safe, the Council meets any legal requirements and the value is maintained.	The review is considering which properties the Council needs to run the business in terms of service delivery and accommodating support staff. The programme of refurbishment and modernisation means that more staff can be accommodated in existing buildings when combined with flexible / remote working improvements. This means a higher level of disposals can be achieved. These will help support the Capital costs and result in future savings in energy and other building-related costs. From 1st April 2012 the Council will centralise all budgets, building and property services under one team through the Corporate Landlord function and achieve considerable savings and efficiencies. The Council will continue to dispose or develop property which is surplus to operational requirements via a dedicated Disposals Team. The proposals include capital expenditure of £4.2m in 2012/2013 broken down into : - Planned Maintenance £3m. - Minor works £0.5m. - Compliance testing works £0.4m. Revenue savings from: - Reducing planned maintenance savings of £0.25m. - Accelerated disposals of £0.2m. - Reducing Assets supplies and services budget by £0.75m. - Review of service delivery (caretaking + cleaning) saving £0.26m. The Council is seeking to generate income from advertising on street furniture along the highway.

Current Vision	Impact of the 2012 – 2015 Business Plan
Enabled Staff	
The Council's workforce is its most valuable asset. There are several initiatives underway to transform the workforce. The Council employs 5,769 staff in the delivery of services (headcount - excluding schools).	Recently the Council has introduced revised Terms and Conditions which are fit for a modern Council and remove many of the outdated policies that were in place. Further savings of £0.4m are included in 2012/2013 bringing the total savings to £2.4m over two years. There has been a Council-wide management review to implement structures that are fit for purpose, reflect a reduced workforce and acknowledge the difficult financial climate. Savings of £0.8m have been included in the proposals from the Senior Management review. The Council has in place several salary sacrifice schemes for employees (childcare vouchers, green cars, bicycles and annual leave) and will continue to develop these schemes further in order to deliver savings to the Council and employees in respect of national insurance and tax savings. Savings of £0.1m have been included from these salary sacrifice schemes. Further savings are proposed from reviewing overtime in Social Care, reviewing the Waste Management Service, Environmental Health etc. However, key growth pressures must be funded including ongoing pensions commitments for teachers and other school redundancies. Funding of £2.3m is provided within the budget.
The Council, in partnership with Manchester Metropolitan University, proposes that a business case is made to create a Training Facility at Tatton Park based on a trading model that is aimed at contributing to the reduction in subsidy as part of the Tatton Vision.	Budgets for training are under pressure for Cheshire East and its partners at a time when we need to invest in training and development more than ever. The Training Facility will improve Value for Money in two ways: firstly by providing cost effective training for public facing organisations across Cheshire East and beyond and secondly by providing the partnership with a return on their investment. The proposal is to deliver a Training Facility targeting public-facing organisations. It will reframe business training to focus on the distinct drivers and problems faced by such organisations. The offer will be distinctive from that of traditional business schools. Methods of delivery will be varied and flexible including on-site, residential, blended and distance learning.

Current Vision	Impact of the 2012 – 2015 Business Plan
	The overall aim of the Training Facility is to provide quality training packages at a low cost with a healthy return on investment of £0.1m in 2012/2013 building by a further £0.1m in 2013/2014 and £0.1m in 2014/2015. Tatton Vision is aiming to transform Tatton Park into a thriving attraction and business. The Tatton brand will be a powerful marketing tool in drawing in users of the training provision.
Maximise Funding Opportunities and Reduce Subsidy	
The Council is comparatively low funded and must regularly review the charges and income opportunities it has to ensure they are maximised. In August the Council developed and launched a Charging and Trading Strategy to help service managers develop their approach to charging in terms of recovering full costs and considering new opportunities. In addition the Council is reviewing grant funding with a view to maximising income levels it uses.	A Council-wide income target of £0.1m has been introduced to acknowledge efforts already being made in specific areas. The non schools expenditure will be reviewed to save £0.3m by ensuring all appropriate costs are charged to the Dedicated Schools Grant. Bereavement fees will be further increased to generate an extra £0.15m. As part of a wider review, the impact of subsidies provided to leisure services has been considered. Existing spending pressure in Leisure Services of £0.1m will be mostly mitigated through savings in management costs of £0.1m. The level of subsidy will be reduced through reductions in other operating costs, of £0.2m, and increases in fees, £0.4m. Increasing fuel costs are also necessitating further income from fees of £0.25m. Blue badge fees will increase in line with Government guidance that allows local authorities to recover a greater proportion of the cost of administering the scheme. £0.04m. Registration income will be increased by £0.1m.
Provide Value for Money	
In addition to the key policy proposals in relation to Services, the Council is delivering some important savings in Corporate Support areas.	The Council will: - Reduce budgets for supplies and services by circa £1m. - Reduce budgets for Directorate support, training, grants and election expenses by £0.7m. - Reduce the Communications Service by £0.2m.(subject to consultation) - Save £0.1m in the cost of benefits administration and revenues collection through streamlining of processes and systems and new approaches to service delivery. - Making savings from insurance of £0.3m, over the next two years.

Current Vision	Impact of the 2012 – 2015 Business Plan
Create Economic Procurement Processes	
The Council is part of an exciting project through AGMA for the development of a Strategic Procurement Unit in partnership initially with four AGMA authorities and with the opportunity for more authorities to join in the future. The Council is joining forces, as an early adopter, with Rochdale, Stockport, Trafford and Warrington to shape the new unit. The project has an ambitious implementation date of 1st April 2012.	The Council set a Procurement savings target of £1.4m in 2011/2012, which will now only be partly achieved. However, many corporate procurement opportunities have been pursued and achieved in 2011/2012 saving up to £0.7m. The remaining £0.7m has now been removed from the base budget. The Council still has great ambition focused on gaining efficiencies through an effective Procurement delivery model. This ambition is expected to be achieved through a partnership approach. The AGMA project, led by Trafford, provides the launch pad for an efficient model that will support the Council in developing an innovative Procurement Strategy, a comprehensive three-year Procurement plan and strong procurement processes. This will be built upon quality base contract, supplier and spend data. Procurement efficiency savings are now identified through individual Service Plans, supported currently by the Corporate Procurement Unit and in the future by the Strategic Procurement Unit, with local delivery. There is a modest Procurement structure efficiency of £0.03m in 2012/2013 based on the existing set up. Any additional saving opportunities, not currently identified by Services, will be agreed as part of the AGMA project and will be fed into the next Business Planning cycle.
Support Shared Services to Deliver Efficiencies	
The Council, in partnership with Cheshire West and Chester Council, proposes that a business case is made for the development of the current ICT, HR and Finance and Occupational Health Shared Services into a viable Separate Legal Entity (SLE).	The ambition is that the SLE will be a leading public sector shared company providing high-quality, customer-focused services, demonstrating value for money and high levels of customer satisfaction. Some investment is required to set up the operation but it is anticipated that the potential savings are generated via a streamlined operating model, increased sharing through the introduction of new operational units (e.g. Revenues) and the addition of new partners. The savings target of £0.5m in 2013/2014 is expected to be achieved through the implementation of the SLE with a partner and £0.5m is expected to be achieved in 2014/2015 when further efficiencies and trading opportunities are realised. It is intended that the SLE will be capable of delivering collaborative and trading services. The new operating model will remove current difficulties concerning the employment of two different staff groups (Cheshire East and Cheshire West and Chester) on differing terms and conditions. The SLE will own assets and contracts and have the ability to flex its structure to take advantage of new technologies and changes in business demand.

Current Vision	Impact of the 2012 – 2015 Business Plan
	Work is currently underway to stabilise and improve the performance of the shared services under consideration for the SLE. This aims to ensure that the venture has robust baseline performance data on which it can build to effectively demonstrate increasing customer satisfaction, service quality and delivery driven by internal transformation and standardisation of processes and adoption of new technologies.
The Council also has ambitious plans for its wider Shared Services with Cheshire West and Chester Council e.g. Specialist Library Services. These plans are fully integrated with the front line Service Plans and joint opportunities for improvement and efficiencies are pursued through the Shared Services liaison groups.	Saving proposals related to the longer-term Shared Services are now being focused through the relevant front-line Services and performance against these targets is being supported through the Joint Officer Board and the Joint Committee. The corporate targets set for 2011/2012 (£0.3m) and 2012/2013 (£0.1m) have been removed from the base budget. In 2012/2013 the corporate saving has been replaced via individual service proposals.

4. Risk Management and Workforce Planning

Risk Management

Key Corporate Risks

48. Risk assessment is an integral part of the development of our Business Plan. We are committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve our priorities and deliver core services. It is acknowledged that some risks will always exist and will never be eliminated.

49. The key corporate risks to achieving our priorities and expected outcomes will be identified on our key corporate risk register. We have a Risk Management Policy and regularly review and monitor risks through our risk management framework.

50. Through the identification and treatment of risk we can ensure that our proposals are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised.

51. Some risks to achieving our priorities are cross-cutting: for example the risk ‘that we fail to manage expenditure within budget and maintain an adequate level of reserves’ would impact on our financial stability and service continuity and prevent the achievement of all of our key priorities. The actions necessary to manage and mitigate our key corporate risks are embedded in the programme of activity set out in the plan and in our service plans.

52. Individual services will identify, analyse and prioritise service risks on local risk registers as part of the service planning process. Progress and performance towards meeting objectives is monitored regularly and services will ensure that risks to achieving objectives are effectively managed in their service area in accordance with the risk management policy and procedures.

53. Understanding and setting a clear risk appetite or tolerance level is essential to achieving an effective risk management framework. There are risks for which the Council is custodian on behalf of the public and the environment, where tolerance levels may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged. Where we choose to accept an increased level of risk we will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

Workforce Planning

54. Making Cheshire East a great place to live and work is something we ***aspire*** to. Achieving this aim is not just about developing the right policies or establishing new processes and systems. It is also about the way we work, focusing equally on **how** we do things, as well as **what** we do – in order to be successful.

55. Our ***aspire*** values really do matter to us. They have a central role in driving performance improvement by helping to define the behaviours and practices that guide the way we work. Our aspire values are summarised as:

- Take the ***action*** with ***integrity,***
- ***Support*** and ***recognise*** others,
- Achieve ***excellence*** for ***people*** across Cheshire East.

Workforce priorities

56. In order to achieve our ambitious corporate and community agenda, it is essential that we develop an integrated workforce that is ready, willing and able to rise to the challenges ahead. Five strategic workforce priorities have been identified as follows:

Workforce priority one: Developing the organisation

- **Customer focus** - delivering great services within this challenging climate requires robust insight into customer and community needs, the building of new or changing relationships and radical changes in delivery methods.

- **Continuous improvement** - we are committed to a Lean systems philosophy which puts customers at the heart of everything we do, simplifies the way we work, builds a culture of improvement and reduces our operating costs.

Workforce priority two: Developing leadership and management capacity

- **Management development** – we will build the capability of managers at all levels as they have a crucial enabling role in unlocking barriers, developing talent and delivering changes necessary to achieve high performance.

- **Engaging leadership** - leaders and managers play a crucial role in the engagement of staff, partners, suppliers and volunteers. Harnessing their skills, ideas and energy will be essential to achieving great things.

Workforce priority three: Developing workforce skills and capacity

- **Developing capability** - we will continue to encourage our staff to grow and develop so that they have the skills required to meet the challenges of today and in the future. This will include core, occupational and professional skills as well as generic competencies which enhance performance.

- **Collaborative learning** - to broaden and improve the learning experience for our employees we will seek opportunities to commission from and learn with other public sector partners and the trades unions.

Workforce priority four: Resourcing local government

- **Integrated workforce** – many of our services are delivered in partnership with others. We will focus on strengthening those relationships and effectively transferring delivery of health responsibilities to local government.

- **Employing young people** – Cheshire East Council is the largest employer in the Borough. We will seek to expand opportunities for young people to take their first step into employment, by working with partners to offer inspiring apprenticeships.

Workforce priority five: Pay and Rewards

- **Total contribution** - we want our employees to be recognised for both what they do and how they do it, and to receive fair and equal pay which reflects the individual contribution they make.

- **Wider rewards** - we recognise that reward goes beyond remuneration by embracing our culture and values, and our aim is to give all employees opportunities to grow, develop, be recognised and have a voice in how we deliver services.

Measuring the outcomes

57. The key outcomes of achieving the workforce priorities are summarised below:

    - We continually learn and improve what we do and proactively share that learning with others.
    - We attract and retain the best people from all sectors of the community to work for the Council.
    - We have and retain an agile, skilled, engaged, and **high performing** workforce – fit for whatever the future holds.

58. These outcomes will be measured through formal assessment and recognition against national standards and benchmarks alongside key performance indicators.

Risks

59. Without a systematic approach to the recruitment, retention and development of employees the Council may be in a situation where it is:

    - Unable to deliver statutory duties and deliver key services.
    - Failing to achieve its national and locally-agreed priorities.
    - Ineffective in competing for and retaining the best people.
    - Incurring unnecessary expenditure on temporary and agency staff and external consultants.
    - Ill equipped to initiate and respond positively and quickly to change.

5. Impact Assessment

Household Calculator

The following tables set out an analysis of the impact of the Budgetary proposals compared to inflation:

Example Groups	Annual Charges £	Service Impacts	
2 Adults **2 Dependent Children**	**Council Tax**		
	**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)		Inflation affects the cost of providing Council services, especially from rising utility bills, fuel costs and business rates. But, for the second consecutive year, the impact of the Council Tax freeze, and the Council's commitment to value for money, will minimise the impact of rising costs on residents' finances.
Typical Household Facts: Adults both working (full or part time) with combined **net income of £42,800pa** Children attending **local schools** Living in a **Band E** Property	**Total Charges in 2011/2012**	**£3,179**	A review of the Council's home to school transport policy and arrangements is underway which may have an impact upon future arrangements.
	Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase)	**£153**	
	Actual proposed increase in charges for 2012/2013	**£41**	Regular users of the Council's leisure facilities can benefit from different membership options which offer reduced prices for juniors and students together with unlimited usage of some facilities.

Pensioner Couple 	**Council Tax** **Fees & Charges** Swimming Car Parking (2 hours a week) Aqua Fit (2 sessions a week) Other spending on services (Bulky Waste, renting a DVD monthly)		During the year the new Lifestyle Concept will be tested at a number of our Leisure centres, where working with colleagues within Health we will aim to make better use of our facilities to improve the health of our communities.
Typical Household Facts:	**Total Charges in 2011/2012**	**£1,806**	Regular users of the Council’s leisure facilities can benefit from different membership options which offer reduced prices for senior citizens together with unlimited usage of some facilities.
Private pension with combined **net income of £23,200pa**	**Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase)**	**£87**	The Council’s Capital Programme includes £1.5m for Disabled Facilities Grants in 2012/2013 to help people to live independently in their own homes.
Living in a **Band D** property	**Actual proposed increase in charges for 2012/2013**	**£44**	

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)

Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow. The Council's Economic Development & Regeneration team operates as a key broker for relationships between businesses and Council services and other public agencies. It also takes the leading role in promoting regeneration across the Borough, creating the conditions for job creation and economic growth.

The team provides:

- A programme of business engagement events on specific issues, e.g. procurement, business support.
- Bespoke support for new and expanding companies, in terms of property finding, recruitment, etc.
- Information web pages including a business directory and property search facility.
- Support for targeted groups of businesses, such as independent retailers, by promoting local purchasing and advice on increasing sales.

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2012/2015 period, through an additional £6m investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

New multipliers for 2012/2013

- Multiplier set by Government is Index linked to September RPI (5.6%)
- Provisional 2012/2013 Multiplier at 45.8p* in the £
- Small business multiplier provisionally 45p** in the £

* Includes supplement to fund small business relief
** From 1st April 2012 all occupied properties with a rateable value below £18,000 will be charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief

Deferment Scheme for 2012/2013

Ratepayers can defer 60% of the RPI increase in their 2012/2013 rates bill.
Deferred payments will need to be paid back equally in 2013/2014 and 2014/2015.
Businesses can apply to defer payments after they receive their 2012/2013 bill.

Supplementary Business Rates

There are no proposals for Cheshire East to charge supplementary rates in 2012/2013.

Small Business Rate Relief

From 2012/2013 legislation will be changed so that ratepayers no longer need to complete a form in order to receive SBRR.

Local Discretionary Rate Relief

From 2012/2013 Cheshire East will be able to award discretionary relief to any ratepayer. Cheshire East will need to fully fund any relief awarded.

Council Partners & Stakeholders  For Example: Town & Parish Councils, PCT, Fire, Police, Schools, Local Area Partnerships	The Council is continuing to implement its programme of transfer and devolution of services to Town and Parish Councils, and this is reflected in specific proposals in the business plan such as asset transfers. An earmarked reserve “Enabling Local Delivery” remains to support this work. As in previous years reductions in funding to community, voluntary and not for profit groups have been kept to a minimum wherever possible. We will make best use of the opportunities for services to be delivered by community and voluntary groups, and Town and Parish Councils, and build on the good progress made this year in developing more community-run assets. Support to Local Area Partnerships (LAP) continues through the funding of the Partnerships team, but with a reduction in running costs. 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. The Council is working with Town and Parish Councils to ensure all taxpayers pay a fair amount. In 2012/2013 the Council will compensate all such councils for those services funded by Cheshire East Council in the un-parished areas of Crewe and Macclesfield. In 2013/2014 the Council intends to introduce a special expense levy in those two areas to address this issue.
The Local Environment 	The Council is committed to reducing its energy consumption and will continue to develop existing strategies during 2012/2013 and the coming 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. The Council is continuing to work towards its Carbon Management Plan target of reducing our carbon emissions by 25% by 2015/2016. The Council’s Capital Programme includes a proposed £2m investment in the adaptation of existing street lighting to enable street lights to be either turned off or have reduced brightness between specific times. This proposal will enable a reduction in energy costs and CO2 outputs achieving our corporate plan objective of environmental sustainability and a reduced carbon footprint. Without the required investment, the Council will face significant increases in energy fuel bills and in future years, new Carbon Reduction Commitment taxes, affecting the overall ability to adequately maintain effective operational delivery of front-line Services.

Equality Impact Assessment

60. We have a statutory duty to understand the equality impacts of our decisions, policies, strategies and functions.

61. We want to ensure that our budget decisions do not discriminate against any group and promote equality of opportunity and good community relations so we have carried out an impact screening process on our proposed savings and investments. This has helped us to understand if our budget proposals:

- have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,
- result in direct or indirect discrimination.

62. The process has assisted us to consider what actions could address or alleviate any adverse impact and helped us to recognise where investment could alleviate an adverse impact from a saving.

63. The completed Equality Impact Assessments will be placed on the website at: http://www.cheshireeast.gov.uk/Budget

Annexes to Business Plan 2012 / 2015

Ambition
Action
Achievement

February 2012

Annex 1 - A Profile of the Authority

Introduction

1. 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 and castles built of the distinctive local sandstone.
4. The main rivers of Cheshire East are the Bollin and the Dane which flow into the Mersey. A number of canal systems (The Trent and Mersey 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.
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. Another main trunk road running through Cheshire East is the A556 from Knutsford to Bowden which connects people to Manchester.

Cheshire East and its Citizens

7. Cheshire East has an area of 116,638 hectares. The population is 363,800 (2010), making it the 3rd largest in the North West and 12th largest authority in England. Principal concentrations of population are in the towns of Crewe (61,800), Macclesfield (51,100), and Wilmslow (29,120). Other main towns within Cheshire East are Congleton (26,530), Sandbach (17,770), Poynton (13,080), Nantwich (14,540), Middlewich (13,780), Knutsford (12,650) and Alsager (12,190)[1].
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 19 years, from 340,500 in 1991 to 363,800 in 2010 – an increase of 7%. 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 2010, 6% of Cheshire East's residents were aged under 5, 11% were aged 5 to 14 and 19% 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 30% from around 54,200 in 1991 to 70,300 in 2010.

1 = 2010 Mid Year Estimates, and using Middle-layer Super Output Area geography.

10. The number of children (aged 0-15) in 2010 has increased marginally (235) since 1991, to 65,800 in Cheshire East; however, whilst numbers have increased by 9% in Crewe & Nantwich they have decreased by 3% in Congleton and 4% in Macclesfield. It is forecast that by 2029 there will be around 4% fewer children living in Cheshire East than there were in 2009 whilst the number of people aged 85 or above will have doubled within the same period.

11. Cheshire East has a strong local economy, with 5% of the North West region's total population contributing to 7% of the regional output. Average household income is above the national average. The largest three industries in terms of economic output (Gross Value Added) in 2008 were Professional Services (12%), Pharmaceuticals (10%) and Banking & Finance (8%).

12. However, the local economy is not immune from the national economic recession and unemployment has been rising rapidly. Similar to national trends, the number of young people (18-24 year olds) out of work and claiming unemployment benefits is considerably higher than for other age groups. The population aged 16-64 is expected to fall by 7% between 2009 and 2029, so limiting the capacity to expand the labour supply.

13. Residents enjoy better health than elsewhere in the region and nationally. Life expectancy is above the national average and incidence of smoking cigarettes is lower.

14. Educational attainment among school pupils in terms of achieving five or more GCSE 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.

15. 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.

16. 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 market looks.

17. 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 16 Lower Super Output Areas among the 20% most deprived in England, according to the national measure 'Index of Multiple Deprivation' – this is an increase of 2 Lower Layer Super Output Areas since the previous index was produced. These 16 areas contain 7% of the Borough's population.

Annex 2 – Organisational Structure Charts

Cheshire East Council Cabinet

Cheshire East Council 82 Members

Cllr Wesley Fitzgerald
Leader of the Council
(Cabinet has 10 Members)

Overview and Scrutiny (includes 51 Members)

The Council has established an effective, robust and constructive overview and scrutiny function comprising six Committees. The role of scrutiny is to hold the Cabinet and others to account in discharging their functions, including developing and reviewing the major plans, policies and strategies of the Council, the specific review of the Council's organisation and service delivery, and the review of health service provision.

- Cllr Roland Domleo — Deputy Leader of the Council; Adults Portfolio Holder
- Cllr Rachel Bailey — Safer and Stronger Communities Portfolio Holder
- Cllr Michael Jones — Resources Portfolio Holder
- Cllr Rod Menlove — Environmental Services Portfolio Holder
- Cllr David Brown — Performance and Capacity Portfolio Holder
- Cllr Peter Mason — Procurement and Shared Services Portfolio Holder
- Cllr Hilda Gaddum — Children and Family Services Portfolio Holder
- Cllr Jamie Macrae — Prosperity Portfolio Holder
- Cllr Janet Clowes — Health and Wellbeing Portfolio Holder

Cheshire East Council Corporate Management Team

Erika Wenzel
Chief Executive

John Nicholson
Strategic Director Places and Organisational Capacity

1) Waste, Recycling and Streetscape
   - Recycling and Waste, Streetscape, Greenspaces Bereavement
2) Highways and Transport
   - Highways, Transport, Fleet, Public Rights of Way
3) Community Services
   - Leisure Services, Arts, Heritage and Cultural Services, Parking and Neighbourhood Enforcement, Regulatory Services, Emergency Planning
4) Development
   - Strategic Planning and Housing, Assets, Development Management, Economic Development, Visitor Economy
5) Performance, Customer Services and Capacity
   - Communications, Customer Services and Libraries, Partnership and Performance, Organisational Capacity

Number of staff in the Directorate:
1,687 FTE

Lorraine Butcher
Strategic Director Children, Families and Adults

1) Children and Families
   - Strategy, Planning and Organisation.
   - Early Intervention and Prevention,
   - Children's Social Care and Safeguarding
   - Schools

2) Adults
   - Care4CE
   - Local Independent Living Service
   - Strategic Commissioning and Safeguarding
   - Business Management, Performance and Standards

Number of staff in the Directorate:
Schools: 4,199 FTE
Non -Schools: 1,880 FTE

Lisa Quinn
Director of Finance and Business Services

1) Finance
2) IT
3) Procurement
4) Audit
5) Shared Services

Number of staff in the Directorate:
401 FTE

Paul Bradshaw
Head of Human Resources and Organisational Delivery

1) Human Resources Delivery
2) Human Resources Strategy & Policy
3) Corporate Health and Safety
4) HR / Payroll and Occupational Health Shared Services

Number of staff in the Directorate:
58 FTE

Caroline Elwood
Borough Solicitor

1) Legal and Democratic and Electoral Services

Number of staff in the Directorate:
83 FTE

Public Health

1) Health Improvement
   - Wider determinants of health
   - Service commissioning
   - Support and advice
2) Health Protection
   - Protection of public from health threats
   - screening for disease and immunisation
3) Public health advice to the NHS and commissioners
4) Strategic health Intelligence and needs assessment

Annex 3 – The Business Planning Process

1. This Annex includes the following sections:

Background

2. The Council uses a financial model to show the effects of changes to funding and expenditure. The overall position is becoming very challenging with the following issues to manage:

- A track record of substantial savings of £79m over three years.
- Formula Grant does not recognise the local demographics, in terms of an older population, due to the high Taxbase.
- Business Rates ~ high base but 56% of the rates collected are allocated elsewhere.
- Specific grants ~ ring-fencing removed but expectations remain.
- Need to use Council Taxbase ~ but restricted by successive Council Tax freezes which do not offer a permanent solution.
- One year Council Tax freeze grant does not help manage year on year pressures.
- Overall fees and charges are at acceptable levels.
- No contingencies, and reserves close to risk assessed minimum level.

Funding Revenue Expenditure in the Medium Term

3. The sources of funding for local services are influenced by many factors. For example, schools funding is affected by pupil numbers whereas other grants from Government may relate to meeting performance targets or the needs of local people relative to other local authority areas.

4. Funding received directly from local citizens and businesses, however, will be affected by the ability to pay, the levels of service delivery, and even market forces where there is competition or choice in services.

5. The current method of calculating central Government financial support to the Council means very limited financial assistance is given due to the relative affluence of local people as determined by the number of properties.

6. The Council must therefore rely heavily on Council Tax payments to support service delivery. It is therefore highly accountable to local service users. This is positive in many ways as it can help to engage local residents in establishing how local services should be delivered. However, if the control over Council Tax is removed it places great pressure on service budgets.

Government Grant Funding of Local Expenditure

7. Cheshire East receives two main types of grants, Formula Grant (including National Non Domestic Rates (NNDR) and Revenue Support Grant (RSG)) and Specific Grants.

8. The provisional settlement was released on 8th December 2011 and provides the basis for the analysis below.

9. In 2012/2013 Cheshire East Council expects to receive £67.7m from Formula Grant and Business Rates.

10. Specific Grant, most of which relates to education funding, is also expected to reduce to £334.5m. This is mainly due to the on-going reductions to schools funding as a result of schools becoming academies and receiving funding directly.

11. Grant funding to Cheshire East Council is relatively low when compared with other Councils. Even within our family group of councils, or “Nearest Neighbours” (a group which is determined by statistical similarities), the Council receives significantly less support from grants than others.

12. **Charts 1 and 2** demonstrate the Authority’s position in relation to NNDR and RSG provided by Central Government, when compared with our Nearest Neighbours in 2012/2013. The graphs show that we receive much lower levels of funding per head of population. The result is that Formula Grant funding per head is below our Nearest Neighbours.

Chart 1 ~ Cheshire East Council receives less Business Rates per head than similar councils.

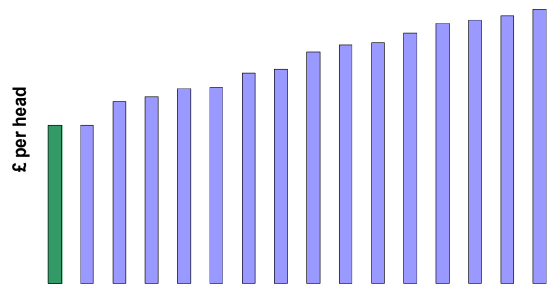
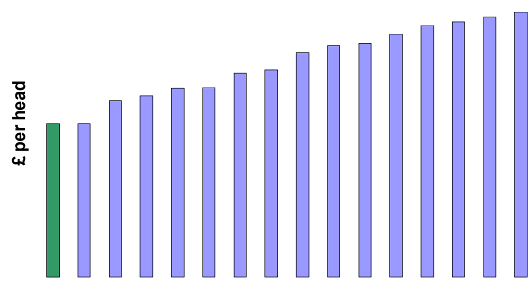


Chart 2 ~ Cheshire East Council receives less Revenue Support Grant per head than similar councils.



Source: DCLG Provisional Settlement December 2011

Council Tax issues

13. Council Tax is raised locally. The current Band D Council Tax is £1,216.34.

14. For 2012/2013 a further offer of a one-year freeze grant was made by the Coalition Government in October 2011. The offer, which Cabinet is minded to accept, represents a specific grant payment equivalent to a Council Tax increase of 2.5%. At this stage the assumption of no change in Council Tax remains in place and therefore the freeze grant is assumed to be receivable.

15. In 2011/2012 Cheshire East Council expects to raise £178.7m from Council Tax. It is expected that the Taxbase will decrease slightly for 2012/2013 and that £178.6m will be raised in that year.

16. For 2012/2013 onwards referendums will be introduced by the Localism Bill to allow the local electorate to determine if any proposed increase in the level of Council Tax is deemed to be excessive.

17. An increase will be deemed to be excessive if it contravenes a number of principles to be set out by the Secretary of State. This effectively replaces the 'capping' regime operated previously and represents additional costs for councils considering such a route. The provisional settlement has announced the Council Tax increase level that triggers a referendum to be above 3.5% compared to 2011/2012.

18. In terms of comparisons, **Chart 3** shows that the Council Tax requirement per head is second highest when compared to our Nearest Neighbours for 2011/2012. **Chart 4** shows that Cheshire East Council's Band D Council Tax (excluding parish councils) is 7th highest when compared with our Nearest Neighbours for 2011/2012.

Chart 3 – Cheshire East Council already raises a high level of Council Tax per head

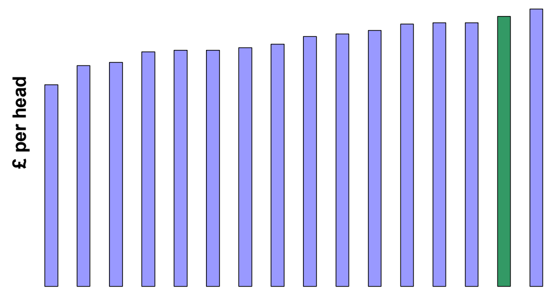
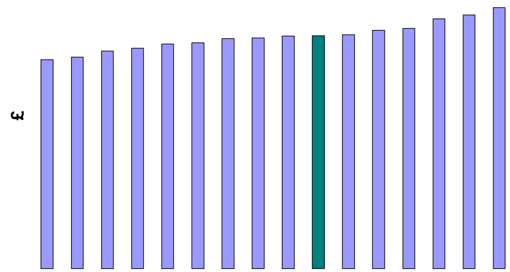


Chart 4 – Absolute Band D levels are average in comparison.



Source: CIPFA Council Tax Demands and Precepts Statistics 2011/2012

Collection Fund

19. 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 Taxbase do not occur or if payments are delayed.

20. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2012. This represents no change from the position forecast at 31st March 2011.

Council Tax on Second Homes

21. During 2006 the Cheshire Local Government Association (CLGA) 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:

    - 50% to be retained by local authorities.

- The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

22. Under this agreement a small charge is made to the Police and Fire authorities for administration.

23. The final figures cannot be calculated until each authority has set it's 2012/2013 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 2012/2013 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is shown in the table below.

24. The further reduction in the Second Homes discount from 25% to 10% (made in 2011/2012) is not part of the CLGA agreement and therefore the additional income from that reduction is not included in the figure shown in **Table 4**.

Table 4 – CDRP Contribution

	2012/2013 £000
Contribution to CDRP by Cheshire East Council for the employment of Police Community Support Officers and other local activities	133

Source: Cheshire East Finance

Revenue Funding - Conclusion

25. This section has established that the Council is not well funded by grant compared to its statistical neighbours and already raises an above average level of income from Council Tax.

26. The key issues are why the Council is in this position, what the Council is doing about it and what the opportunities are.

27. With potential changes to local government finance ahead that could set the Council's funding at the current inadequate level for five to 10 years these issues become critical.

Why is the Council in this position?

28. A key issue here is the ability of the Council to raise income locally through Council Tax. This is taken into account in the calculation of formula grant.

29. However, the Council has acted prudently in previous years to restrict the impact of Council Tax meaning it does not have previous year's increases built into the base budget going forward.

30. The Council has reached a point where a very significant level of efficiencies have been driven out of the organisation since its creation. This factor, combined with on-going work on transformation programmes and lean service delivery, mean that it is very difficult to continue to reduce spend without removing services. In addition, demand for services and cost pressures through inflation and new responsibilities continue to grow.

31. Therefore, the Council is expected to consider increasing Council Tax to meet such costs. However, this permanent increase in the Council's funding sources is being restricted by the announcement of successive Council Tax freeze grants.

32. Specific grants are also low when compared to the Council's comparators. The reasons for this are not as straightforward as formula grant as they are often distributed on a different basis. The issues include:

    - Generally lower levels of deprivation in Cheshire East.
    - The high Taxbase leading to assumptions over a wealthy area.
    - The existing success in attracting businesses.
    - The above-average attainment in schools.

What is the Council Doing About it?

33. There are several areas where the Council is attempting to ensure its voice is heard. These are:

i. **Responding to Key Consultations**

34. 2011 has seen several major consultations on local government finance take place. The Council has responded to all of these and a summary is set out below:

Local Government Resource Review – Phase 1 –Business Rates Retention

35. This consultation was launched in July and closed in October 2011. The aim was to consult on a scheme to allow local authorities to keep a greater proportion of their business rates income thereby providing an incentive to promote economic growth. Inevitably complex scheme design makes predicting the outcome of any new scheme difficult and the Council provided a balanced response based on available information.

36. The Government response to the consultation was issued on 19th December 2011. This helps to clarify some of the complexities but there is further work to do to understand the full impact. To that end there are no specific assumptions over any additional (or reduction in) business rates built into the scenario model as a result of the scheme.

Local Government Resource Review – Phase 2 – Community Budgets

Progress of Neighbourhood-level community budgets

37. The DCLG opened a community budgeting pilot process in November 2011. This focused on two levels of budgeting: whole place community budgeting and neighbourhood-level community budgeting. The aim is to develop locally-appropriate mechanisms for partners to pool certain budgets, for local use, that can be replicated in other areas, to improve service delivery, and support the Open Public Services White Paper. Expressions of Interest were invited during November 2011 for both pilot levels.

38. The Moss Estate Community Budgeting Steering Group submitted an Expression of Interest (EOI) to become one of the DCLG neighbourhood-level community budget pilot programme areas. (The Steering Group brings together key public service providers and an active community group to improve conditions for those living in the area).

39. The EOI was successful, and the Moss Estate area was one of 24 areas shortlisted for interview with DCLG. The interview was held in early December but was not selected as one of the pilot areas. However, the Steering Group will continue to progress their efforts towards sharing pooled budgets. The next stage is to complete high-level resource mapping of all spend in the neighbourhood area. This will identify thematic areas of spend between partners that share intended outcomes that could be more efficiently aligned / co-designed to offer better value for money.

Progress of Total Community Improvement Pilot

40. The Total Community Improvement Pilot is a short-term project funded by Cheshire & Warrington Improvement & Efficiency Commission. It has the aim of learning how organisations work with families facing multiple issues to improve health inequalities and safeguarding of vulnerable citizens through effective partnership working. The pilot has focused on a small number of families in St Barnabas (Crewe) involved with a local primary school with some of the highest deprivation factors in Cheshire East.

41. Manchester Metropolitan University has been involved with this project to provide independent evaluation of the outcomes. The next stage is an evaluation of the project which will be shared with the pilot families.

Localisation of Council Tax Benefit

42. The Consultation was launched in July and closed in mid October. The aim was to consult on the detail of a proposal to hand Council Tax Benefit schemes to local authorities so they can design local schemes with the aim of reducing the overall level of benefits paid through increasing employment.

43. The Council's response highlighted the key concerns over:

    - The very challenging timetable.
    - The disproportionate impact of the reductions on certain groups as a result of protecting others.
    - The need to hold a higher level of reserves to cover any shortfall between benefits paid and funding available.

44. The Government's response was issued on 16th December and work is underway to determine the impact.

Schools Funding

45. Several consultations on schools funding took place and were responded to during 2011 including:

    - Consultation on proposals for school funding reform.
    - Consultation on the basis of appropriate funding for academies.
    - Consultation on Capital Investment (James Review).

46. These have been supplemented by a further consultation on the Local Authorities Central Services Equivalent Grant. This was launched on 8th December 2011 and closed on 12th January 2012. It considered the corresponding reduction to Formula Grant made in 2011/2012 and 2012/2013 as a result of reduced support costs arising from Academies transfer. The results of this consultation are awaited.

ii. Membership of Collective Groups.

47. The Council has membership of several collective groups which provide a stronger voice at a national level. They are:

    - The Local Government Association
    - The Society of County Treasurers
    - The Sparse Rural Network
    - The F40 Group

48. In addition the Council uses specialists in Local Government Finance for in depth analysis of key announcements and consultations.

iii. On-going briefing with Members of Parliament.

49. The Council provides an update on key issues to local MPs every six weeks, or when special updates are required. At certain times these focus on the Budget and funding issues.

The Shortfall in the Revenue Budget

50. The August 2011 Cabinet report set out the basis for the Council's budget, policy planning activity and the estimated funding gap for the next three years. The Draft Business Plan set out the process and resulting changes made by the Council to reach the Draft stage (see paragraphs 54 to 84 on pages 63 to 68 of the Draft Business Plan).

51. The closing position is set out in **Table 5**.

Table 5 - Cheshire East Council Revenue Budget

	2011/2012	2012/2013	2013/2014	2014/2015
Funding	**£m**	**£m**	**£m**	**£m**
Formula Grant Funding	-74.8	-67.7	-67.2	-62.2
Specific Grant Funding	-356.1	-334.5	-321.0	-314.5
Council Tax	-178.7	-178.6	-179.1	-179.6
Central Adjustments	18.1	20.0	24.1	13.5
Funding Available to Services	**-591.5**	**-560.8**	**-543.1**	**-542.8**
Budget for the Year				
Children and Families	56.5	58.4	56.3	56.6
Schools Ringfenced Expenditure (inc DSG)	234.9	205.4	199.5	193.5
Adults	93.5	92.0	97.0	102.8
Places & Organisational Capacity	81.4	76.5	76.3	74.2
Corporate Services	24.6	25.3	24.2	23.5
Council Tax and Housing Benefit Expenditure	95.5	95.5	93.5	93.5
Total Budget	**586.4**	**553.2**	**546.8**	**544.1**
Planned Contribution to Reserves / Surplus	5.1	7.6	9.5	6.1
Planned Contribution from Reserves / Deficit	0.0	0.0	0.0	0.0
Funding Gap / (Surplus)	**0.0**	**0.0**	**13.1**	**7.4**

Source: Cheshire East Council Finance

Balancing the Three-Year Position

52. While 2012/2013 has been balanced, the scenario for 2013/2014 and 2014/2015 currently reflects funding gaps of £13.1m and £7.4m respectively.

53. The Business Planning Process has not yet developed proposals to close the funding gaps in those two years. This has been done with good reason in that there are some major uncertainties surrounding the available funding levels in those years.

54. This will bring a number of further challenges, potential benefits and opportunities which are detailed below. All these issues will require in depth evaluation and potential consultation before any decisions are taken.

55. These include:

- **Autumn Statement ~** the Chancellor of the Exchequer announced the Autumn Statement on 29th November 2011. There were several specific announcements in relation to local government. These included:
  - Further pay restraint with a further two years capped at 1%. This has been factored in to 2013/2014 and 2014/2015 leading to an increase in the funding gap in those years (£1.3m pa).
  - Overall departmental spending totals for 2015/2016 and 2016/2017 which is expected to lead to further budgetary reductions. No change at this stage.
  - A number of increases in funding for schools and Capital. At this stage no changes have been made as a result of the announcements.
- **Retention of Business Rates** ~ the Government has consulted on a new system of funding for local authorities which aims to enable them to retain a larger share of locally-collected business

rates (over and above a set amount) from April 2013. It is not possible at this stage to predict how much that will be but Cheshire East has a strong business rates yield and plans to improve this in future.

- **Tax Increment Financing** ~ The Government will make it possible to borrow against future business rates income under the new business rates scheme. This may provide additional investment opportunities if future growth is certain. No assumptions at this stage.

- **Supplementary Business Rates** ~ the Council may consider setting a local supplement to the business rate in agreement with local business to generate investment for specific projects. No assumptions at this stage.

- **New Homes Bonus** ~ the Capital Programme includes a scheme to increase the supply of affordable homes and therefore increase the new homes bonus reward grant as a result. At this stage the Council has acted prudently and not included any additional estimates of new homes bonus in the scenario but has accounted for the borrowing costs of this scheme.

- **New Savings Initiatives** ~ the Cabinet is exploring several strands of work to deliver significant savings in future years with work underway to develop these options. They include:

    - More economic purchasing.
    - More efficient processes.
    - More effective service delivery.

56. At the same time there are several issues which could worsen the position:

- **Localisation of Council Tax Benefit** ~ the Government has consulted councils on a scheme whereby the design of Council Tax benefit schemes is handed to local authorities and they have the incentive to reduce the level of benefit paid by increasing employment. This will be accompanied by a 10% reduction in grant. However, certain groups such as pensioners and vulnerable people will be protected. This may result in the Council having to fund benefits from its existing budget.

- **Academies** ~ a growing number of schools are now moving to Academy status where they are independent of the Council and can make choices about the level of support they buy back from the local authority such as schools support, music etc. As schools convert the budget is transferred from the local authority to the school. If the conversion to Academy status continues at the current rate and they decide not to buy back, the Council will have to attempt to down size these services as they may no longer become viable.

- **Local Authorities Central Services Equivalent Grant (LACSEG)** ~ in addition to losing schools funding when the schools convert to Academies, the Council will also lose a proportion of non schools funding (through formula grant) to reflect spend on support function such as payroll. This will have to be found through downsizing services or reductions elsewhere. The Council's formula grant for 2011/2012 and 2012/2013 has already been reduced. The basis for this is being reviewed and may result in further changes.

- **Public Health Transfer** ~ the Council is expecting to receive funding for its new public health role. However, at this stage the expectation in terms of service delivery and therefore whether this funding is sufficient or some of the Council's current base budget is needed is unknown.

- **Further reductions in grant funding** ~ in addition to the above items the funding levels for these years, which are based on analysis of the October 2010 Comprehensive Spending Review could be changed nationally and become worse.

Council Tax

57. The amount of Council Tax charged to occupied properties in 2012/2013 will be frozen at the 2011/2012 amounts. For 2012/2013 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34. This reflects the acceptance of the Council Tax freeze grant. The level of Council Tax for each band is shown in **Table 6** below:

Table 6 – Impact of Council Tax on each Band

Band	**A**	**B**	**C**	**D**
Council Tax £	810.89	946.04	1,081.19	**1,216.34**
No of Dwellings	29,381	34,341	32,738	24,298
Band	**E**	**F**	**G**	**H**
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,773	12,836	11,839	1,736

Source: Cheshire East Finance

58. **Council Tax increase ~** the Council has reached a point where it can no longer sustain a position of no increase on Council Tax levels. Residents have been protected during the period 2009/2010 to 2011/2012 with a cumulative increase of 1.7% compared to cumulative inflation of over 12% during the same period. The Council cannot continue this and, assuming there are no further freeze grant offers beyond 2012/2013, the Council anticipates the need for a Council Tax increase over the following two years.

Key changes from Draft Business Plan to Final Business Plan

59. The following key changes have been made since the Draft Business Plan:

- Refinement of Corporate Landlord Base Budget adjustments.

- Additional grant payment to Town and Parish Councils to compensate for special expenses pending for the un-parished areas of Crewe and Macclesfield. This has been included in **Chapter Two, Priority One** and the Performance, Customer Services and Capacity page.

- Refinement of proposals within Adults and Corporate Service pages.

General Reserve Balances

60. The management of Reserves is an important part of financial planning. The Budget Report for 2011/2012 anticipated an opening balance for 2012/2013 of £15m. The latest estimate is set at £13.2m based on the three-quarter-year review.

61. The planned contribution in 2012/2013 was £6.1m; however, this has been increased to £7.6m through Council Tax Freeze Grant and an additional contribution offset by repayment of excess relocation costs to Cheshire West and Chester, payment of grant to Town and Parish Councils, and funding one-off cost of investment items of £3.9m. The investment will provide vital money for pump priming that will secure future savings.

62. A summary of the updated forecast reserves position for the life of the Business Planning Process is shown in **Table 7** below.

Table 7 – Summary of Reserve Levels

	2011/12 £m	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**
Opening Balance	12.5	13.2	20.8	30.4
Change [1]	0.7	7.6	9.6	6.1
Closing Balance	**13.2**	**20.8**	**30.4**	**36.5**

Source: Cheshire East Finance

Note
1. The 2011/2012 change is as per the Third Quarter Review estimate.

Earmarked Reserves

63. The Council also holds Earmarked Reserves which provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives.

64. It is anticipated that at 1 April 2012, balances on existing revenue earmarked reserves held by Cheshire East Council will be £6.1m (excluding Schools balances estimated at £8m and Grants reserves).

Reserves Strategy

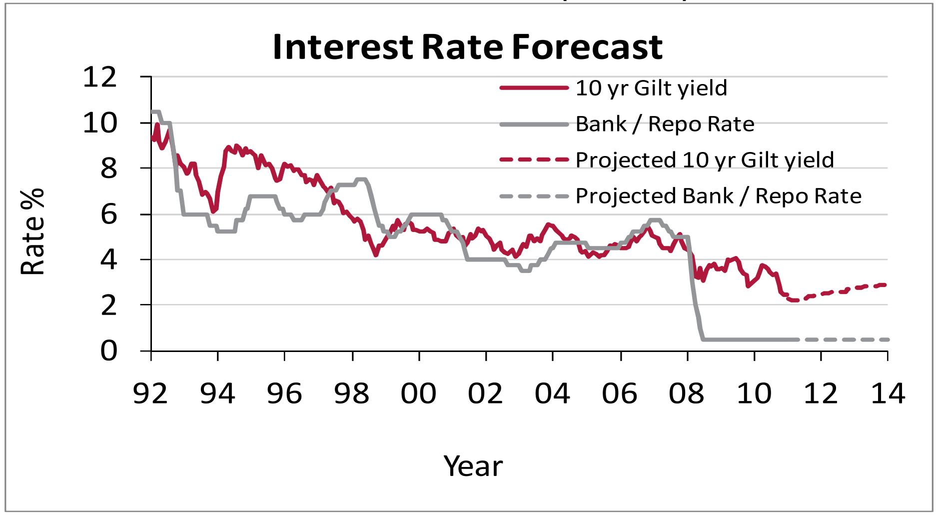
Further information on the Council's Reserves can be found in **Annex 8.**

Investment, Borrowing & the Capital Programme

65. Conditions in the world's money and capital markets remain volatile. The concerns over the financial standing of the world's major financial institutions have been replaced by concerns over sovereign debt.

66. The latest economic forecast indicates that any momentum in economic growth is scarce. Conventional monetary policy has become largely redundant and the Bank of England and the US Federal Reserve have signalled that their respective official interest rates will be on hold through to the end of 2012 (see **Chart 5**). The current forecast is that it could be 2016 before official interest rates rise.

Chart 5: UK Interest Rates 1992 to 2015 (forecast)



Source: Arlingclose

Capital Financing Costs

67. The capital financing budget for 2012/2013 is £14.8m as shown in **Table 8**. This includes 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 budgeted amount of interest the Council anticipates earning from the temporary investment of its cash balances during the year. The budget is based on current commitments within the Capital Programme. Therefore, it should be noted that this budget is set to increase in forthcoming years as new schemes are included in the capital programme.

Table 8 Capital Financing Budget 2012/2013

	£m
Repayment of Outstanding Debt	9.5
Interest on Long Term Loans	6.4
Contribution from services towards the cost of borrowing	-0.8
	15.1
Less Interest Receivable on Cash Balances	-0.3
Net Capital Financing Budget	14.8

Source: Cheshire East Finance

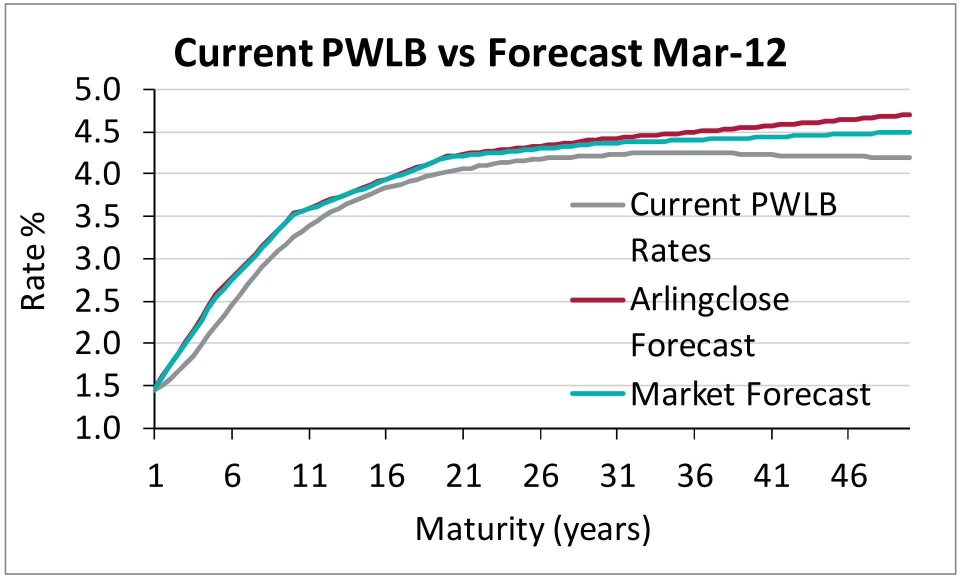
68. The amount of interest paid on the Council's portfolio of long-term loans is mainly at fixed rate of interest (circa 4.04%). This provides a degree of certainty to the capital financing budget.

69. Currently, long-term fixed interest rates for periods longer than 10 years are around 4.1% (see **Chart 6**).

70. The rate of interest to be earned on the Council's cash balances that are temporarily invested (estimated at £27m) pending them being used is budgeted to be 1% during 2012/2013.

71. In line with many other local authorities, Cheshire East has taken the decision to use internal resources to fund capital expenditure in recent years, opting to "internally borrow". This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.

Chart 6: Implied Interest Rate Forecasts



Source: Arlingclose

72. Investment balances will be significantly lower in 2012/2013 and periods of temporary borrowing will be required to cover short-term shortfalls in cashflow.

73. The decision on the timing of longer-term borrowing will be made with consideration to a number of factors. The securing of low-rate debt before an interest rate rise has to be balanced against the credit risk of our current investments.

74. Given the credit risk it is important that the Council examines how much borrowing is actually required. The Capital Financing Requirement represents the underlying need to borrow for capital purposes. However, in reality the Council is unlikely to fully externalise this borrowing requirement.

75. Analysis of cashflows during 2012/2013 will consider the level and maturity of investment balances and planned use of reserves, in addition to estimates on expenditure, the capital financing requirement and maturing debt. It will also include an analysis of working capital and schedules of planned receipts and payments.

76. The successful management of cashflow will enable the Council to reduce net treasury costs and significantly reduce counterparty risks. If liquidity becomes an issue, the Public Work Loans Board continue to provide access to funding at competitive levels at short notice.

77. The current effect of the heightened credit risk and the benign interest-rate outlook suggest that borrowing decisions are more likely to be delayed but this situation will be kept under constant review and estimates for additional interest payments are included within the 2012/2013 capital financing budget.

Capital Programme Funding

78. The Capital Programme is resourced by a combination of capital resources.

79. The Council has discretion over the use of internally-generated capital resources which mainly include capital receipts from the sale of surplus assets, prudential borrowing and revenue contributions. It is important that this discretion is used to ensure that these scarce capital resources are used to support capital schemes that make a major contribution to ensuring the Council's assets are suitable for delivering the future priorities, improving service delivery and generating revenue savings.

Central Government Grants

80. Government grants are generally allocated by specific Government departments to fund projects and therefore are used by the Council to support the spending programmes for which they are approved. The Council seeks to maximise such allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs in the community. Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and the Local Transport Plan. Over the period 2012/2015, these resources equate to £49m.

Capital Receipts

81. A capital receipt is an amount of money which is generated from the sale of an asset. The Asset Challenge process will continue to explore opportunities to generate capital receipts by rationalising the estate and disposing of surplus property assets. This will also have revenue benefits by reducing costs relating to those assets. Capital Receipts form an important financing source for the capital programme in each financial year.

82. Under the Council's Capital Receipts Policy, all receipts are pooled centrally in the capital reserve and are allocated in line with corporate priorities as part of the overall development of the capital programme. The Head of Assets maintains an asset disposal schedule which indicates the timing and estimated values of future receipts. As part of this budget setting process, capital receipts of £6m have been allocated to fund the capital programme in 2012/2013 and £5m has initially been allocated for both 2013/2014 and 2014/2015. This will be continually reviewed as part of the monitoring process of the capital programme.

83. A summary of the updated forecast capital reserves position for the life of the Business Planning Process is shown in **Table 9**.

Table 9: Capital Reserve

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Opening Balance	25.4	11.0	4.3	2.1
Change	-14.4	-6.7	-2.2	-1.6
Closing Balance	11.0	4.3	2.1	0.5

Source: Cheshire East Finance

Borrowing

84. The Council's capital investment falls within, and needs to comply with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.

85. As funding sources for capital are expected to be limited during this planning period, there will be a requirement to finance schemes from Prudential Borrowing. The revenue consequences have been considered as part of the Business Planning Process to ensure they can be afforded in future years.

Revenue

86. Capital expenditure may be funded directly from revenue. However, the general pressure on the Council's revenue budget limits the extent to which this may be used as a source of capital funding and therefore no revenue contributions are planned for new starts.

Other Contributions

87. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments. These contributions are usually earmarked for specific purposes in planning agreements.

Capital Programme Planning

88. New capital projects have been reviewed alongside uncommitted schemes in the current programme. The objective of the review has been to identify priorities that are affordable given the constraints on capital resources.

89. The programme will continue to contribute to various areas of the economy and includes major investment in the school estate, other Council buildings, highway improvements and major regeneration.

90. Investment in public buildings and infrastructure is crucial in ensuring much-needed facilities, used by the public, are also kept open as lack of investment will lead to health and safety issues and potential closures. It is even more of a priority that in the short term, the Council's capital investment plans support both our local residents and the business community.

91. The current three-year capital programme 2011/2012 to 2013/2014, originally approved by the Cabinet in February 2011, is being implemented and has been updated for the amendments and additions approved by the Cabinet throughout the year. As part of the budget process, the Programme has been reviewed to ensure it continues to meet Council priorities and remains affordable within the level of resources available.

92. The programme has been reviewed at key stages throughout the Business Planning Process to determine the final position. The capital programme is determined by reference to the Council's aims, the Capital Strategy and the available funding. Government support has significantly reduced in recent years, which has led to a smaller capital programme and an emphasis on the affordability of prudential borrowing.

93. The proposed new capital schemes for the 2012/2013 programme take into account the following factors:

- Essential investment in the Council's ICT and property infrastructure.
- Invest to save – capital investment required to deliver revenue saving proposals.
- Available external funding.
- Available capital receipts.
- Affordable levels of Prudential Borrowing.

94. The programme is set out in **Table 10** below and further details are provided in **Annex 7**.

Table 10 – Capital Programme

	2012/13 £m	2013/14 £m	2014/15 £m
Proposed New Starts	42.6	41.4	24.4
Committed schemes	41.2	6.4	1.6
Total Capital Programme	**83.8**	**47.8**	**26.0**
FINANCING			
Prudential Borrowing	30.9	26.4	19.4
Supported Borrowing	1.8	0.5	0.0
Government Grants	36.1	13.1	0.0
Capital Receipts	14.3	7.2	6.6
External Contributions	0.2	0.1	0.0
Other Revenue Contributions	0.5	0.5	0.0
Total Sources of Funding	**83.8**	**47.8**	**26.0**

Source: Cheshire East Finance

Central Adjustments

95. The Council is providing for Central Adjustments in 2012/2013 of £20m as shown in **Table 5**. As explained in the preceding paragraphs:

- £14.8m relates to Capital financing costs.
- £4.0m has been included to meet the additional contributions to the Cheshire Pension Fund associated with the early release of pensions on severance.
- Based on the actuarial valuation of the Pension Fund, £0.7m has also been provided to meet the 0.5% increase in the employer pension contributions rate in 2012/2013.
- The final element is a repayment of £0.5m to Cheshire West and Chester Council of excess funding provided for LGR relocation costs.

Annex 4 – Grant Funding Schedule

The estimated Grant Funding Schedule for 2012/2015 is shown below.

Specific Grants	2012/2013 £000	2013/2014 £000	2014/2015 £000
Ringfenced Grants			
Dedicated Schools Grant	193,822	188,482	183,143
Pupil Premium Grant	2,696	3,263	3,787
Sixth Form funding	8,898	7,756	6,613
Council Tax Benefit [(1)]	20,408	18,367	18,367
Housing Benefit	75,128	75,128	75,128
Total Ringfenced Grants	**300,952**	**292,996**	**287,038**
Unringfenced Grants			
Early Intervention Grant	12,908	12,263	11,374
Learning Disabilities & Health Reform	4,124	3,918	3,634
New Homes Bonus 2011/12	870	870	870
New Homes Bonus 2012/13	1,844	1,844	1,900
New Homes Bonus 2013/14	0	870	870
New Homes Bonus 2014/15	0	0	870
Affordable Homes	85	85	100
Council Tax Freeze Grant	4,505	0	0
Housing & Council Tax Benefit Admin	2,094	1,989	2,100
Business Rates Admin Grant	519	493	458

Specific Grants	2012/2013 £000	2013/2014 £000	2014/2015 £000
Unringfenced Grants (continued)			
NHS Funding	3,756	3,568	3,310
Local Service Support Grant -			
- Preventing Homelessness Grant	253	241	223
- Lead Local Flood Authorities	176	168	155
- Community Safety Fund	148	140	130
- Extended Rights to Free Transport	385	366	339
Children's Workforce in Schools Modernisation Grant	79	0	0
Youth Offending Team Grant	411	0	0
Learner Support Funds	37	0	0
16+ Transport Partnership grant	68	0	0
Further Education Funding (16-18)	9	0	0
Adult and Community Learning	675	641	595
Train to Gain Grant	216	205	190
Grants claimed retrospectively	382	363	336
Total Unringfenced Grants	**33,545**	**28,024**	**27,454**
TOTAL SPECIFIC GRANTS	**334,497**	**321,020**	**314,492**

Note
1. This reflects the effect of the Localisation of Council Tax Benefit proposed by the DCLG from April 2013.

Annex 5 – Minimum Revenue Provision

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 1st 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.

[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

- **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.

  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 1st 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 2009/2010.

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

12. The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2012/2013 and subsequent years.

13. 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.

14. 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 6 – Prudential Borrowing Indicators

Prudential Indicators 2012/2013 to 2014/2015

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.

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 Director of Finance and Business Services reports that the authority had no difficulty meeting this requirement in 2011/2012, 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	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Total	77.0	73.7	83.9	47.8	26.0

5. Capital expenditure will be financed as follows:

Capital Financing	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Capital receipts	15.3	16.5	14.3	7.2	6.6
Government grants	35.1	36.9	36.1	13.1	0.0
External contributions	1.4	3.0	0.2	0.1	0.0
Revenue contributions	1.1	1.0	0.6	0.5	0.0
Supported borrowing	4.1	5.5	1.8	0.5	0.0
Unsupported borrowing	20.0	10.8	30.9	26.4	19.4
Total	**77.0**	**73.7**	**83.9**	**47.8**	**26.0**

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 in the Prudential Code.

7. The ratio is based on costs net of investment income.

No. 2	Ratio of Financing Costs to Net Revenue Stream	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
	Total	5.59	5.59	6.01	7.15	8.56

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.

No. 3	Capital Financing Requirement	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Total CFR	221	211	233	247	252

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. 4	**Actual External Debt as at 31/03/2011**	**£m**
	Borrowing	134
	Other Long-term Liabilities	26
	Total	**160**

Incremental Impact of Capital Investment Decisions:

10. 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	2011/12 Approved £	2012/13 Estimate £	2013/14 Estimate £	2014/15 Estimate £
	Increase in Band D Council Tax	2.33	6.02	19.05	21.00

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) 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	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Borrowing	213	222	245	259	265
	Other Long-term Liabilities	22	25	23	22	22
	Total	**235**	**247**	**268**	**281**	**287**

13. 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.

14. The Director of Finance and Business Services 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	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Borrowing	203	212	235	249	255
	Other Long-term Liabilities	22	25	23	22	22
	Total	**225**	**237**	**258**	**271**	**277**

Adoption of the CIPFA Treasury Management Code:

15. 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 revised 2011 CIPFA Treasury Management Code at its Council meeting on 6 February 2012.

16. The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Gross and Net Debt:

17. The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need.

Upper Limit on Net Debt Compared to Gross Debt No. 9	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m	2014/15 Estimated £m
Outstanding Borrowing (at nominal value)	129	210	225	230
Other Long-term Liabilities (at nominal value)	25	23	22	22
Gross Debt	**154**	**233**	**247**	**252**
Less: Investments	(13)	(34)	(29)	(25)
Net Debt	**141**	**199**	**218**	**227**

18. Note: CIPFA has acknowledged that the upper limit does not work as was intended and is working on a revised indicator. This indicator will be amended once revised guidance has been received from CIPFA.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

19. 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).

20. 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

		2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
No. 10	**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

21. 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:

22. 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.

23. 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 06/02/12 %	Lower Limit %	Upper Limit %
	under 12 months	13%	0	25%
	12 months and within 24 months	4%	0	25%
	24 months and within 5 years	18%	0	35%
	5 years and within 10 years	14%	0	50%
	10 years and within 20 years	14%	0	100%
	20 years and within 30 years	13%	0	100%
	30 years and within 40 years	7%	0	100%
	40 years and within 50 years	17%	0	100%
	50 years and above	0%	0	100%

Upper Limit for total principal sums invested over 364 days:

24. 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	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
		40	40	40	40	40

Credit Risk:

25. The Authority considers security, liquidity and yield, in that order, when making investment decisions.

26. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

27. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

28. The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Annex 7 – Financial Summary Tables

Note the 2011/2012 Budget shown as the starting point takes account of any permanent changes made during the 2011/2012 financial year to date. There may be differences to the quarterly monitoring reports where all permanent and temporary budget changes are shown. Further details are available on request.

Cheshire East Council
Revenue Budget Summary

REVENUE

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	302,287	-245,803	**56,484**	278,644	-220,858	**57,786**	271,231	-214,944	**56,287**
Adults	145,015	-51,559	**93,456**	142,945	-51,559	**91,386**	148,530	-51,559	**96,971**
Places and Organisational Capacity	136,873	-55,437	**81,436**	130,672	-56,088	**74,584**	132,896	-56,572	**76,324**
Corporate Services	126,995	-102,386	**24,609**	127,068	-102,495	**24,573**	126,655	-102,508	**24,147**
Base Budget	711,170	-455,185	**255,985**	679,329	-431,000	**248,329**	679,312	-425,583	**253,729**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Children and Families	-23,643	24,945	**1,302**	-7,413	5,914	**-1,499**	-5,840	6,110	**270**
Adults	-2,070	0	**-2,070**	5,585	0	**5,585**	5,835	0	**5,835**
Places and Organisational Capacity	-6,201	-651	**-6,852**	2,224	-484	**1,740**	-1,774	-350	**-2,124**
Corporate Services	73	-109	**-36**	-413	-13	**-426**	-623	0	**-623**
Financial Impact of Policy Proposals	**-31,841**	**24,185**	**-7,656**	**-17**	**5,417**	**5,400**	**-2,402**	**5,760**	**3,358**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**679,329**	**-431,000**	**248,329**	**679,312**	**-425,583**	**253,729**	**676,910**	**-419,823**	**257,087**
Cost of Investment Items									
Children and Families	650		**650**						
Adults	650		**650**						
Places and Organisational Capacity	1,901		**1,901**						
Corporate Services	730		**730**	30		**30**			
Total Cost of Investment Items	**3,931**	**0**	**3,931**	**30**	**0**	**30**	**0**	**0**	**0**
Total Budget for the Year	**683,260**	**-431,000**	**252,260**	**679,342**	**-425,583**	**253,759**	**676,910**	**-419,823**	**257,087**

Cheshire East Council
Summary of the Three Year Position

	2011/2012 Budget (Restated)		2012/2013 Budget		2013/2014 Budget		2014/2015 Budget	
Funding Sources	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Formula Grant	-74,802		-67,677		-67,171		-62,155	
Ringfenced Specific Grants	-330,391		-300,952		-292,996		-287,038	
Unringfenced Specific Grants	-25,699		-33,545		-28,025		-27,454	
Council Tax	-178,679		-178,568		-179,103		-179,641	
		-609,571		**-580,742**		**-567,295**		**-556,288**
Central Adjustments								
Provision for Pay Inflation					1,348		2,696	
Pensions - Employers contribution			668		1,336		2,004	
Capital Financing	13,916		14,800		17,605		20,706	
Early Retirement - ongoing costs	4,167		4,002		3,837		1,205	
Relocation costs [1]			500					
Funding gap to be addressed							-13,103	
		18,083		**19,970**		**24,126**		**13,508**
Available Funding for Services		**-591,488**		**-560,772**		**-543,169**		**-542,780**
Budget for the Year (incl Cost of Investment)	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Children and Families	56,484		58,436		56,287		56,557	
Schools Ringfenced Expenditure (incl DSG)	234,855		205,416		199,501		193,543	
Adults	93,456		92,036		96,971		102,806	
Places and Organisational Capacity	81,436		76,485		76,324		74,200	
Corporate Services	24,609		25,303		24,177		23,524	
Council Tax and Housing Benefit Expenditure	95,536		95,536		93,495		93,495	
Total Budget for the Year		**586,376**		**553,212**		**546,755**		**544,125**
Planned Contribution to Reserves / Surplus		5,112		7,560		9,517		6,100
Planned Contribution from Reserves / Deficit		0		0		0		0
Gap		**0**		**0**		**13,103**		**7,445**

Notes -
1. This relates to the repayment of excess relocation costs to Cheshire West and Chester Council in 2012/2013.

CHILDREN AND FAMILIES — REVENUE

The Children & Families Directorate delivers services to schools and other education services, social care provision and the delivery of early intervention strategies.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Directorate	732	0	**732**	3,346	0	**3,346**	3,346	0	**3,346**
Schools (Individual School Budgets)	200,385	-200,385	**0**	175,825	-175,825	**0**	168,971	-168,971	**0**
Other Schools Provision	15,152	-15,152	**0**	11,072	-11,072	**0**	11,444	-11,444	**0**
Pupil Premium	0	0	**0**	2,696	-2,696	**0**	3,263	-3,263	**0**
Safeguarding and Specialist Support	27,015	-123	**26,892**	26,995	-123	**26,872**	26,115	-123	**25,992**
Early Intervention and Prevention	11,449	-817	**10,632**	11,449	-817	**10,632**	11,449	-817	**10,632**
Strategy, Planning and Performance	47,554	-29,326	**18,228**	47,262	-30,326	**16,936**	46,643	-30,326	**16,317**
Base Budget	302,287	-245,803	**56,484**	278,645	-220,859	**57,786**	271,231	-214,944	**56,287**

Note: the above includes total Dedicated Schools Grant (DSG) of £218m (2011/2012), £193m (2012/2013) and £188m (2013/2014).

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Directorate	2,614	0	**2,614**	0	0	**0**	0	0	**0**
DSG Adjustments - Academy Conversions	-25,945	25,945	**0**	-5,914	5,914	**0**	-6,110	6,110	**0**
Safeguarding and Specialist Support	-20	0	**-20**	-880	0	**-880**	100	0	**100**
Early Intervention and Prevention	0	0	**0**	0	0	**0**	0	0	**0**
Strategy, Planning and Performance	-292	-1,000	**-1,292**	-619	0	**-619**	170	0	**170**
Financial Impact of Policy Proposals	**-23,643**	**24,945**	**1,302**	**-7,413**	**5,914**	**-1,499**	**-5,840**	**6,110**	**270**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**278,644**	**-220,858**	**57,786**	**271,232**	**-214,945**	**56,287**	**265,391**	**-208,834**	**56,557**
Cost of Investment Items	650		650						
Total Cost of Investment Items	**650**	**0**	**650**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**279,294**	**-220,858**	**58,436**	**271,232**	**-214,945**	**56,287**	**265,391**	**-208,834**	**56,557**

Note.

1. DSG policy proposals are not included within the "Changes to Budget Requirement" analysis, as changes within DSG do not represent changes to the Council funded budget requirement. Further details are set out on the memorandum page.

Children and Families Directorate

REVENUE

The budget incorporates the costs of the Directorate Management Team and support for specific initiatives corporately across the Directorate.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Management	534	0	**534**	534	0	**534**	534	0	**534**
Corporate Initiatives	198	0	**198**	2,812	0	**2,812**	2,812	0	**2,812**
Base Budget	732	0	**732**	3,346	0	**3,346**	3,346	0	**3,346**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Alleviation of Prior Year Pressures (See note 1)	849		**849**			**0**			**0**
Funding ongoing Teacher's Pensions Commitment	2,000		**2,000**			**0**			**0**
Reduction in Corporate Support Budgets (See note 2)	-235		**-235**			**0**			**0**
Financial Impact of Policy Proposals	**2,614**	**0**	**2,614**	**0**	**0**	**0**	**0**	**0**	**0**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**3,346**	**0**	**3,346**	**3,346**	**0**	**3,346**	**3,346**	**0**	**3,346**
Cost of Investment Items									
Total Cost of Investment Items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**3,346**	**0**	**3,346**	**3,346**	**0**	**3,346**	**3,346**	**0**	**3,346**

1. The 2011/2012 budget did not include expenditure budgets for two specific grants that were previously held in the Directorate. They are Music (£0.4m) and Youth Offending Service (£0.45m).

2. The Reduction in Corporate Support Budgets includes a reduction of £0.2m in the budget retained for Directorate wide initiatives and £0.35m in the catering subsidy.

Dedicated Schools Grant

REVENUE

This Dedicated Schools Grant is ring-fenced funding used to support schools. The largest proportion of the grant is allocated directly to schools, with a proportion also held back to fund Local Authority schools related expenditure.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Nursery Schools	232		**232**	232		**232**	232		**232**
Primary Schools	104,693	-47	**104,646**	100,784	-47	**100,737**	99,117	-47	**99,070**
Secondary Schools	89,203	-13,450	**75,753**	68,552	-10,424	**58,128**	63,364	-9,282	**54,083**
Special Schools	6,257	-22	**6,235**	6,257	-22	**6,235**	6,257	-22	**6,235**
Sandbach Free School	5,357	-1,010	**4,347**						
Academies	931		**931**	2,208		**2,208**	2,581		**2,581**
Private Voluntary and Independent Nurseries	7,517		**7,517**	7,517		**7,517**	7,517		**7,517**
Pupil Referral Unit	1,347		**1,347**	1,347		**1,347**	1,347		**1,347**
Central Spend	17,418		**17,418**	17,418		**17,418**	17,418		**17,418**
Base Budget	232,955	-14,529	**218,426**	204,315	-10,493	**193,822**	197,833	-9,351	**188,483**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Academy Conversions	-22,630	3,026	-19,604	-6,854	1,142	-5,712	-6,854	1,142	-5,712
Sandbach Independent Free School Conversion	-5,357	1,010	-4,347						
Inflationary requirements	2,086		2,086	1,939		1,939	1,862		1,862
Pupil Premium Adjustment	-1,930		-1,930						
Autism Special School	200		200	200		200	50		50
Increase in complex need places	200		200						
Academies Special Educational Needs Funding	1,277		1,277	373		373	372		372
Initiatives and savings to be determined by schools	-3,386		-3,386	-3,007		-3,007	-2,748		-2,748
Pupil number fluctuation	900		900	868		868	836		836
Financial Impact of Policy Proposals	**-28,640**	**4,036**	**-24,604**	**-6,481**	**1,142**	**-5,339**	**-6,482**	**1,142**	**-5,340**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**204,315**	**-10,493**	**193,822**	**197,834**	**-9,351**	**188,483**	**191,351**	**-8,209**	**183,143**

Safeguarding and Specialist Support

REVENUE

The service is responsible for the delivery of the full range of children's social care, safeguarding and support.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children in Need and Child Protection	1,938	-25	**1,913**	1,938	-25	**1,913**	1,938	-25	**1,913**
Children's Assessment Team	1,255	0	**1,255**	1,255	0	**1,255**	1,255	0	**1,255**
16+ and Cared for Support	5,135	-98	**5,037**	4,935	-98	**4,837**	4,935	-98	**4,837**
Disability / Short Breaks	4,164	0	**4,164**	3,964	0	**3,964**	3,764	0	**3,764**
Residential Services	3,626	0	**3,626**	2,806	0	**2,806**	2,026	0	**2,026**
Placements	10,897	0	**10,897**	12,097	0	**12,097**	12,197	0	**12,197**
Base Budget	27,015	-123	**26,892**	26,995	-123	**26,872**	26,115	-123	**25,992**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Review Disability / Short Breaks Placements	-200		**-200**	-200		**-200**			**0**
Rationalise Residential Provision	-820		**-820**	-780		**-780**			**0**
Invest in Fostering & Support	200		**200**	100		**100**	100		**100**
Invest in 13+ Early Intervention	1,000		**1,000**			**0**			**0**
Rationalise 16+ and Cared For Support	-200		**-200**			**0**			**0**
Financial Impact of Policy Proposals	**-20**	**0**	**-20**	**-880**	**0**	**-880**	**100**	**0**	**100**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**26,995**	**-123**	**26,872**	**26,115**	**-123**	**25,992**	**26,215**	**-123**	**26,092**
Cost of Investment Items									
Total Cost of Investment Items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**26,995**	**-123**	**26,872**	**26,115**	**-123**	**25,992**	**26,215**	**-123**	**26,092**

Early Intervention & Prevention

REVENUE

Supports the delivery of early intervention to prevent children and young people needing further social care, and the delivery of targeted youth and youth offending services.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Early Intervention and Prevention Service	333	**0**	**333**	333	0	**333**	333	0	**333**
Targeted Youth Service	3,100	0	**3,100**	3,100	0	**3,100**	3,100	0	**3,100**
Family Service	6,241	-70	**6,171**	6,241	-70	**6,171**	6,241	-70	**6,171**
First Contact	570	0	**570**	570	0	**570**	570	0	**570**
Youth Offending Service	1,205	-747	**458**	1,205	-747	**458**	1,205	-747	**458**
Base Budget	11,449	-817	**10,632**	11,449	-817	**10,632**	11,449	-817	**10,632**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
No proposals									
Financial Impact of Policy Proposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**11,449**	**-817**	**10,632**	**11,449**	**-817**	**10,632**	**11,449**	**-817**	**10,632**
Cost of Investment Items									
Rationalise the Connexions Contract	350		350						
Total Cost of Investment Items	**350**	**0**	**350**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**11,799**	**-817**	**10,982**	**11,449**	**-817**	**10,632**	**11,449**	**-817**	**10,632**

Strategy, Planning & Performance

REVENUE

Comprises a wide range of services that support schools and the delivery of central educational support to other areas of the Directorate.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
School Support	16,368	-5,163	**11,205**	16,262	-6,163	**10,099**	15,643	-6,163	**9,480**
Special Education	12,439	-11,873	**566**	12,439	-11,873	**566**	12,439	-11,873	**566**
Targeted Intervention	4,393	-3,972	**421**	4,393	-3,972	**421**	4,393	-3,972	**421**
Early Years	8,841	-7,517	**1,324**	8,841	-7,517	**1,324**	8,841	-7,517	**1,324**
Workforce Development & Commissioning	2,522	-391	**2,131**	2,522	-391	**2,131**	2,522	-391	**2,131**
Business Support	1,399	-47	**1,352**	1,213	-47	**1,166**	1,213	-47	**1,166**
Safeguarding	1,592	-363	**1,229**	1,592	-363	**1,229**	1,592	-363	**1,229**
Base Budget	47,554	-29,326	**18,228**	47,262	-30,326	**16,936**	46,643	-30,326	**16,317**
Changes to Budget Requirement									
Rationalisation of Home to School Transport	356	-1,000	**-644**	-619	-	**-619**	170	-	**170**
Review of Staffing Related Budgets (See Note 1)	-186	-	**-186**						
Reduction in Music Services	-206		**-206**						
Review Services charged to Schools	-256	-	**-256**						
Financial Impact of Policy Proposals	**-292**	**-1,000**	**-1,292**	**-619**	**-**	**-619**	**170**	**-**	**170**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**47,262**	**-30,326**	**16,936**	**46,643**	**-30,326**	**16,317**	**46,813**	**-30,326**	**16,487**
Cost of Investment Items									
Redundancy Costs	300		300						
Total Cost of Investment Items	**300**	**0**	**300**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**47,562**	**-30,326**	**17,236**	**46,643**	**-30,326**	**16,317**	**46,813**	**-30,326**	**16,487**

1. Salary budgets across the service have been reduced as a consequence of pay harmonisation, the salary sacrifice schemes for cars and annual leave; and a reduction in the ratio of personal assistants to senior managers.

ADULTS REVENUE

The Adult Social Care service provides social care for adults, including older people, people with disabilities and vulnerable adults. The service primarily provides the assessment; commissioning / contracting and some delivery functions of social care within Cheshire East.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Care4CE	21,063	-21,063	**0**	19,919	-21,063	**-1,144**	20,279	-21,063	**-784**
Strategic Commissioning	49,009	-13,608	**35,401**	44,386	-13,608	**30,778**	44,086	-13,608	**30,478**
Joint Commissioning	2,949	-77	**2,872**	2,940	-77	**2,863**	3,065	-77	**2,988**
Individual Commissioning	71,994	-16,811	**55,183**	75,700	-16,811	**58,889**	81,100	-16,811	**64,289**
Base Budget	145,015	-51,559	**93,456**	142,945	-51,559	**91,386**	148,530	-51,559	**96,971**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Care4CE	-1,144	0	**-1,144**	360	0	**360**	360	0	**360**
Strategic Commissioning	-4,623	0	**-4,623**	-300	0	**-300**	-300	0	**-300**
Joint Commissioning	-9	0	**-9**	125	0	**125**	-125	0	**-125**
Individual Commissioning	3,706	0	**3,706**	5,400	0	**5,400**	5,900	0	**5,900**
Financial Impact of Policy Proposals	**-2,070**	**0**	**-2,070**	**5,585**	**0**	**5,585**	**5,835**	**0**	**5,835**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**142,945**	**-51,559**	**91,386**	**148,530**	**-51,559**	**96,971**	**154,365**	**-51,559**	**102,806**
Cost of Investment Items	650		650						
Total Cost of Investment Items	**650**	**0**	**650**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**143,595**	**-51,559**	**92,036**	**148,530**	**-51,559**	**96,971**	**154,365**	**-51,559**	**102,806**

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Care4CE deliver the internal care provision (including day centres, community support centres and homecare re-ablement service) across the Cheshire East area.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Provider Management	653	-19,212	**-18,559**	248	-19,212	**-18,964**	248	-19,212	**-18,964**
Building Based Review Savings	-1,024	0	**-1,024**	-1,024	0	**-1,024**	-1,024	0	**-1,024**
Community Support Reablement	4,064	-100	**3,964**	3,552	-100	**3,452**	3,552	-100	**3,452**
Day Services (Adults)	3,404	-168	**3,236**	3,400	-168	**3,232**	3,400	-168	**3,232**
Day Services (Older People)	560	-122	**438**	560	-122	**438**	560	-122	**438**
Intermediate Care	874	-521	**353**	873	-521	**352**	873	-521	**352**
Community Support Centres	3,161	-144	**3,017**	2,955	-144	**2,811**	3,315	-144	**3,171**
Social Inclusion	8,672	-624	**8,048**	8,657	-624	**8,033**	8,657	-624	**8,033**
Respite	457	-172	**285**	457	-172	**285**	457	-172	**285**
Shared Lives	242	0	**242**	241	0	**241**	241	0	**241**
Base Budget	21,063	-21,063	**0**	19,919	-21,063	**-1,144**	20,279	-21,063	**-784**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Provider Management									
Review overtime working	-200		**-200**						
Care4CE Trading Options review funding	-200		**-200**						
Community Support Reablement									
Reduce commission for Care4CE reablement	-500		**-500**						
CSC's									
Investment in Buildings				360		**360**	360		**360**
Supported Living Networks Assistive Technology	-200		**-200**						
Other Policy Proposals (See note 1)	-44		**-44**						
Financial Impact of Policy Proposals	**-1,144**	**0**	**-1,144**	**360**	**0**	**360**	**360**	**0**	**360**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**19,919**	**-21,063**	**-1,144**	**20,279**	**-21,063**	**-784**	**20,639**	**-21,063**	**-424**
Cost of Investment Items									
Total Cost of Investment Items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**19,919**	**-21,063**	**-1,144**	**20,279**	**-21,063**	**-784**	**20,639**	**-21,063**	**-424**

1. The other policy proposals line includes pay harmonisation.

Strategic Commissioning

REVENUE

Strategic Commissioning monitors and commissions contracts with third sector organisations. This area also holds joint budgets with Health and other Local Authorities for services such as LD Pooled Budget, Community Equipment Service and Extra Care Housing. Strategic Commissioning also holds Supporting People funding and contracts and manages the Domestic Abuse and Safeguarding teams.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	2,986	0	**2,986**	3	0	**3**	3	0	**3**
Social Care Redesign	-800	0	**-800**	-800	0	**-800**	-800	0	**-800**
Increasing Population Growth	0	0	**0**	0	0	**0**	0	0	**0**
Prevention	17,714	0	**17,714**	17,658	0	**17,658**	17,658	0	**17,658**
NHS & Safeguarding	28,938	-13,572	**15,366**	27,354	-13,572	**13,782**	27,054	-13,572	**13,482**
Health Improvement	171	-36	**135**	171	-36	**135**	171	-36	**135**
Base Budget	49,009	-13,608	**35,401**	44,386	-13,608	**30,778**	44,086	-13,608	**30,478**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Directorate									
Management Restructure Savings	-190		**-190**						
Temporary alleviation	-2,800		**-2,800**						
Prevention									
Rationalisation of hot meals	-50		**-50**						
NHS & Safeguarding									
Review of Strategic Commissioning Contracts	-1,250		**-1,250**						
Removing voids from Supported Living tenancies	-300		**-300**	-300		**-300**	-300		**-300**
Other Policy Proposals (See note 1)	-33		**-33**						
Financial Impact of Policy Proposals	**-4,623**	**0**	**-4,623**	**-300**	**0**	**-300**	**-300**	**0**	**-300**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**44,386**	**-13,608**	**30,778**	**44,086**	**-13,608**	**30,478**	**43,786**	**-13,608**	**30,178**
Cost of Investment Items									
Public Health Transition	50		50						
Total Cost of Investment Items	**50**	**0**	**50**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**44,436**	**-13,608**	**30,828**	**44,086**	**-13,608**	**30,478**	**43,786**	**-13,608**	**30,178**

1. The other policy proposals line includes pay harmonisation, salary sacrifice and annual leave purchase.

Joint Commissioning

REVENUE

This service supports the overall operation of the Adults service and includes the following areas: client finance, business information, workforce development, system development, complaints and business support

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Joint Commissioning	2,949	-77	**2,872**	2,940	-77	**2,863**	3,065	-77	**2,988**
Base Budget	2,949	-77	**2,872**	2,940	-77	**2,863**	3,065	-77	**2,988**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Joint Commissioning									
Invest in new Service Business Systems				125		**125**	-125		**-125**
Other Policy Proposals (See note 1)	-9		**-9**						
Financial Impact of Policy Proposals	**-9**	**0**	**-9**	**125**	**0**	**125**	**-125**	**0**	**-125**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**2,940**	**-77**	**2,863**	**3,065**	**-77**	**2,988**	**2,940**	**-77**	**2,863**
Cost of Investment Items									
Investment in Core System Stability	300		300						
Total Cost of Investment Items	**300**	**0**	**300**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**3,240**	**-77**	**3,163**	**3,065**	**-77**	**2,988**	**2,940**	**-77**	**2,863**

1. The other policy proposals line includes pay harmonisation.

Individual Commissioning

REVENUE

This part of the service delivers front line support and assessment to clients through social workers, occupational therapists and social care assessors. Care package costs, including nursing and residential packages; direct payments and community based packages are reflected in this service.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Individual Commissioning Manager	443	0	**443**	442	0	**442**	442	0	**442**
Skilled Multi-Agency Response Teams	7,253	-454	**6,799**	7,214	-454	**6,760**	7,214	-454	**6,760**
Specialist Teams	1,654	-147	**1,507**	1,645	-147	**1,498**	1,645	-147	**1,498**
Delayed Discharges	602	0	**602**	602	0	**602**	602	0	**602**
Traditional Care Packages	47,045	-16,210	**30,835**	50,300	-16,210	**34,090**	56,200	-16,210	**39,990**
Direct Payments	14,329	0	**14,329**	14,329	0	**14,329**	14,329	0	**14,329**
Transport Service Level Agreement	668	0	**668**	1,168	0	**1,168**	668	0	**668**
Base Budget	71,994	-16,811	**55,183**	75,700	-16,811	**58,889**	81,100	-16,811	**64,289**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Traditional Care Package									
Impact of Increasing demand / costs	3,606		**3,606**	5,900		**5,900**	5,900		**5,900**
Review Care Cost	-150		**-150**						
Extra Care Housing	-200		**-200**						
Transport Service Level Agreement									
Transport reduction costs / savings	500		**500**	-500		**-500**			
Other Policy Proposals (See note 1)	-50		**-50**						
Financial Impact of Policy Proposals	**3,706**	**0**	**3,706**	**5,400**	**0**	**5,400**	**5,900**	**0**	**5,900**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**75,700**	**-16,811**	**58,889**	**81,100**	**-16,811**	**64,289**	**87,000**	**-16,811**	**70,189**
Cost of Investment Items									
Care Provision	300		300						
Total Cost of Investment Items	**300**	**0**	**300**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**76,000**	**-16,811**	**59,189**	**81,100**	**-16,811**	**64,289**	**87,000**	**-16,811**	**70,189**

1. The other policy proposals line includes pay harmonisation.

PLACES AND ORGANISATIONAL CAPACITY REVENUE

Service includes: Waste, Recycling and Streetscape, Highways & Transport, Community Services, Development, Performance, Customer Services & Capacity.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Waste, Recycling & Streetscape	33,159	-5,318	**27,841**	31,005	-5,017	**25,988**	32,840	-5,017	**27,823**
Highways & Transport	37,975	-20,243	**17,732**	36,437	-20,236	**16,201**	36,730	-20,236	**16,494**
Community Services	16,599	-15,045	**1,554**	15,744	-15,603	**141**	15,530	-15,662	**-132**
Development	37,902	-13,508	**24,394**	36,888	-13,894	**22,994**	37,407	-14,319	**23,088**
Performance, Customer Services and Capacity	11,238	-1,323	**9,915**	10,598	-1,338	**9,260**	10,389	-1,338	**9,051**
Base Budget	136,873	-55,437	**81,436**	130,672	-56,088	**74,584**	132,896	-56,572	**76,324**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Waste, Recycling & Streetscape	-2,154	301	**-1,853**	1,835	0	**1,835**	-2,090	0	**-2,090**
Highways & Transport	-1,538	7	**-1,531**	293	0	**293**	272	0	**272**
Community Services	-855	-558	**-1,413**	-214	-59	**-273**	0	-59	**-59**
Development	-1,014	-386	**-1,400**	519	-425	**94**	94	-291	**-197**
Performance & Capacity	-640	-15	**-655**	-209	0	**-209**	-50	0	**-50**
Financial Impact of Policy Proposals	**-6,201**	**-651**	**-6,852**	**2,224**	**-484**	**1,740**	**-1,774**	**-350**	**-2,124**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**130,672**	**-56,088**	**74,584**	**132,896**	**-56,572**	**76,324**	**131,122**	**-56,922**	**74,200**
Cost of Investment Items	**1,901**	**0**	**1,901**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**132,573**	**-56,088**	**76,485**	**132,896**	**-56,572**	**76,324**	**131,122**	**-56,922**	**74,200**

Waste, Recycling & Streetscape

REVENUE

This service includes Waste Collection & Recycling services, Waste Disposal, Strategy & Minimisation, Streetscape Services (Grounds Maintenance (including Verges), Street Cleansing, Bereavement Services, Public Conveniences and Markets), Greenspaces (Parks, Open Spaces & Playing Fields).

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Waste & Recycling	24,381	-753	**23,628**	22,647	-832	**21,815**	24,521	-832	**23,689**
Streetscape	8,280	-4,375	**3,905**	8,002	-4,010	**3,992**	7,963	-4,010	**3,953**
Greenspaces	498	-190	**308**	356	-175	**181**	356	-175	**181**
Base Budget	33,159	-5,318	**27,841**	31,005	-5,017	**25,988**	32,840	-5,017	**27,823**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Waste & Recycling									
Waste disposal - decreased / increased running costs	-994		**-994**	823		**823**	909		**909**
Waste disposal - diversion from landfill	-100		**-100**	-475		**-475**	-635		**-635**
Waste disposal - HWRC site review			**0**	1,500		**1,500**	-2400		**-2400**
Waste Collection & Recycling - Route Optimisation	-400		**-400**	26		**26**	36		**36**
Structure, running costs & income review	-300	-50	**-350**						
Streetscape									
Local Service Delivery - Transfers	-411	324	**-87**	-39		**-39**			
Grounds Maintenance 2011/2012 pressures	240		**240**						
Structure & running costs review	-250		**-250**						
Auto-Public Conveniences - running costs review	-100		**-100**						
Bereavement Services - review of charges		-150	**-150**						
Greenspaces									
Structure & running costs review	-140		**-140**						
Other policy proposals (See note 1)	301	177	**478**						
Financial Impact of Policy Proposals	**-2,154**	**301**	**-1,853**	**1,835**	**0**	**1,835**	**-2,090**	**0**	**-2,090**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**31,005**	**-5,017**	**25,988**	**32,840**	**-5,017**	**27,823**	**30,750**	**-5,017**	**25,733**
Cost of Investment Items									
Potential VR costs	380		**380**						
Review auto public convenience agreements	500		**500**						
Total Cost of Investment Items	**880**	**0**	**880**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**31,885**	**-5,017**	**26,868**	**32,840**	**-5,017**	**27,823**	**30,750**	**-5,017**	**25,733**

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, fuel inflation and Greenspace - review of charges and income pressures.

Highways & Transport

REVENUE

This service includes Highways (Strategic Client, Cheshire Highways & Public Rights of Way / Countryside), Transport and Fleet.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Highways	12,305	-1,529	**10,776**	11,700	-1,522	**10,178**	11,700	-1,522	**10,178**
Transport	19,059	-12,186	**6,873**	18,202	-12,186	**6,016**	18,495	-12,186	**6,309**
Fleet	6,611	-6,528	**83**	6,535	-6,528	**7**	6,535	-6,528	**7**
Base Budget	37,975	-20,243	**17,732**	36,437	-20,236	**16,201**	36,730	-20,236	**16,494**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Highways									
Highways - non pay and income review	-60	-40	**-100**						
Highways - new contract savings	-500		**-500**						
Transport									
Public Transport - subsidy reduction (subject to consultation)	-500		**-500**						
Other service efficiency measures (subject to consultation)	-300		**-300**						
Review concessionary bus pass entitlement for community transport (subject to consultation)	-100		**-100**						
Other Policy Proposals (See note 1)	-78	47	**-31**	293		**293**	272		**272**
Financial Impact of Policy Proposals	**-1,538**	**7**	**-1,531**	**293**	**0**	**293**	**272**	**0**	**272**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**36,437**	**-20,236**	**16,201**	**36,730**	**-20,236**	**16,494**	**37,002**	**-20,236**	**16,766**
Cost of Investment Items									
Potential VR costs	163		163			0			0
Flexible Transport investment	100		100			0			0
Total Cost of Investment Items	**263**	**0**	**263**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**36,700**	**-20,236**	**16,464**	**36,730**	**-20,236**	**16,494**	**37,002**	**-20,236**	**16,766**

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, review transport grants, Local Bus and Concessionary Fares exceptional inflation, PROW underlying pressures & running costs review and Fleet structure & running costs review.

Community Services

REVENUE

This service includes: Parking Services, Neighbourhood Enforcement, CCTV, Regulatory Services (Environmental Health, Licensing, Trading Standards), Leisure and Cultural Services .

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Parking, Neighbourhood Enforcement & CCTV	3,087	-6,467	**-3,380**	2,899	-6,585	**-3,686**	2,760	-6,644	**-3,884**
Regulatory Services	2,911	-1,123	**1,788**	2,854	-1,123	**1,731**	2,854	-1,123	**1,731**
Leisure and Cultural Services	10,395	-7,455	**2,940**	9,825	-7,895	**1,930**	9,750	-7,895	**1,855**
Directorate Training	206	0	**206**	166	0	**166**	166	0	**166**
Base Budget	16,599	-15,045	**1,554**	15,744	-15,603	**141**	15,530	-15,662	**-132**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Parking, Neighbourhood Enforcement & CCTV									
Emergency Planning review shared service	-60		**-60**						
Neighbourhood Policing transfer of Grant to Police and Crime Commissioner				-150		**-150**			
Car Parking developments	-31	-118	**-149**	23	-59	**-36**		-59	**-59**
Leisure and Cultural Services									
Additional income school swim / reduction of options card discount		-20	**-20**						
Sport Cheshire Grant	-22		**-22**						
Transfer of Town & Civic Halls under Local Service Delivery	-118		**-118**						
Cheshire Records Office - Shared Service Budget Challenge	-60		**-60**						
Leisure Management Review	-100		**-100**						
Inherited budget pressures	121		**121**						
Review Leisure Centre operations	-210		**-210**	-75		**-75**			
Review Leisure fees and charges		-410	**-410**						
Review Grants	-50		**-50**						
Other Policy Proposals (See note 1)	-325	-10	**-335**	-12		**-12**			
Financial Impact of Policy Proposals	**-855**	**-558**	**-1,413**	**-214**	**-59**	**-273**	**0**	**-59**	**-59**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**15,744**	**-15,603**	**141**	**15,530**	**-15,662**	**-132**	**15,530**	**-15,721**	**-191**
Cost of Investment Items									
Car Parking VR Costs	**32**		**32**						
Review Leisure Centre Agreements - VR Costs	**40**		**40**						
Total Cost of Investment Items	**72**	**0**	**72**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**15,816**	**-15,603**	**213**	**15,530**	**-15,662**	**-132**	**15,530**	**-15,721**	**-191**

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management savings, pay harmonisation, review of Drug and Alcohol Action Team contribution, Environmental Out of Hours, Directorate training, 2012/2013 Coordinator, CCTV reduction in premises and infrastructure rationalisation.

Development

REVENUE

This service includes Spatial Planning, Housing, Development Management, Building Control, Economic Development, Assets, Visitor Economy & Tatton Park.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Strategic Planning & Housing	3,003	-797	**2,206**	2,810	-802	**2,008**	2,935	-802	**2,133**
Development Management & Building Control	4,417	-3,853	**564**	4,425	-3,878	**547**	4,425	-3,878	**547**
Economic Development	1,756	0	**1,756**	1,519	0	**1,519**	1,519	0	**1,519**
Assets	24,935	-5,814	**19,121**	24,425	-6,059	**18,366**	24,770	-6,059	**18,711**
Visitor Economy and Tatton Park	3,791	-3,044	**747**	3,709	-3,155	**554**	3,758	-3,580	**178**
Base Budget	37,902	-13,508	**24,394**	36,888	-13,894	**22,994**	37,407	-14,319	**23,088**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Strategic Planning & Housing									
Housing: increase Homelessness service	113		**113**						
Spatial Planning: Local Development Framework Public Enquiry Examination				150		**150**			
Housing: Review Service / Private Sector Housing	-200		**-200**						
Development Management & Building Control									
Transformation efficiencies	-100		**-100**						
Reinstate Flood Defence Levy budget	135		**135**						
Economic Development									
Town Centre Management review	-120		**-120**						
Assets									
Planned Programme of Inspections	400		**400**	400		**400**			
Increase in Energy Consumption Budgets	800		**800**	510		**510**	510		**510**
Energy Consumption Invest to Save project				-330		**-330**	-330		**-330**
Asset Management Efficiencies	-258		**-258**						
Caretaking & Cleaning Review				-100		**-100**			
Reductions in street lighting energy costs	-275		**-275**	-125		**-125**	-125		**-125**
Reduce Assets supplies & services budgets	-750		**-750**						
Reduce Assets Planned Mtce Budget	-250		**-250**						
Fuel Levy re: Leisure Fees and Charges		-240	**-240**						
Savings linked to accelerated disposal of assets	-200		**-200**						
Visitor Economy and Tatton Park									
Reduce Council's subsidy to Tatton Park	-73	-111	**-184**	54	-395	**-341**	64	-291	**-227**
Other Policy Proposals (See note 1)	-236	-35	**-271**	-40	-30	**-70**	-25		**-25**
Financial Impact of Policy Proposals	**-1,014**	**-386**	**-1,400**	**519**	**-425**	**94**	**94**	**-291**	**-197**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**36,888**	**-13,894**	**22,994**	**37,407**	**-14,319**	**23,088**	**37,501**	**-14,610**	**22,891**
Cost of Investment Items									
Assets & Housing VR costs	391		391			0			0
LDF Infrastructure Planning	100		100			0			0
Macclesfield Cultural Strategy	40		40			0			0
Total Cost of Investment Items	**531**	**0**	**531**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**37,419**	**-13,894**	**23,525**	**37,407**	**-14,319**	**23,088**	**37,501**	**-14,610**	**22,891**

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, review of Housing service, virement of Town Partnerships funding, Make it Macclesfield Economic Forum contribution, Review Sub-Regional Funding and Sustainable Towns activity, Remove Nantwich Food & Drink Festival subsidy, Visitor Information Centres income generation, street lighting exceptional inflation and review costs of illumination of traffic signs and street lighting.

Performance, Customer Services and Capacity

REVENUE

The service includes Policy, Corporate Performance, Research and Intelligence, Customer Services and Libraries and Communications.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Customer Services	2,985	-123	**2,862**	2,836	-163	**2,673**	2,836	-163	**2,673**
Performance & Partnerships	2,265	0	**2,265**	2,334	0	**2,334**	2,125	0	**2,125**
Communications	1,016	-43	**973**	853	-43	**810**	853	-43	**810**
Organisational Change	394	0	**394**	43	0	**43**	43	0	**43**
Libraries	4,578	-1,157	**3,421**	4,532	-1,132	**3,400**	4,532	-1,132	**3,400**
Base Budget	11,238	-1,323	**9,915**	10,598	-1,338	**9,260**	10,389	-1,338	**9,051**
Changes to Budget Requirement									
	2012/2013			2013/2014			2014/2015		
Customer Services									
Remove transition funding	-150		**-150**						
Increase in Blue Badge income		-40	**-40**						
Performance & Partnerships									
Review voluntary sector funding	-70		**-70**						
Performance & Partnerships efficiencies	-155		**-155**						
External funding team	50		**50**				-50		**-50**
One off Grants to Town and Parish Councils	209		**209**	-209		**-209**			
Communications (subject to consultation)									
Rationalisation of corporate communication function	-230		**-230**						
Cheshire East news	70		**70**						
Organisational Change									
Rationalise Corporate Improvement Service	-250		**-250**						
Corporate Lean Review	-100		**-100**						
Libraries									
Inherited pressures	288	44	**332**						
Review of Library services (subject to consultation)	-125		**-125**						
Review Library book fund	-90		**-90**						
Shared service budget challenge plus savings	-118		**-118**						
Other Policy Proposals (See note 1)	31	-19	**12**						
Financial Impact of Policy Proposals	**-640**	**-15**	**-655**	**-209**	**0**	**-209**	**-50**	**0**	**-50**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**10,598**	**-1,338**	**9,260**	**10,389**	**-1,338**	**9,051**	**10,339**	**-1,338**	**9,001**
Cost of Investment Items									
VR costs	155		155			0			0
Total Cost of Investment Items	**155**	**0**	**155**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**10,753**	**-1,338**	**9,415**	**10,389**	**-1,338**	**9,051**	**10,339**	**-1,338**	**9,001**

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, management restructure savings, increase in fees and charges, pay harmonisation and virements to Development.

CORPORATE SERVICES REVENUE

Corporate Services includes Finance and Business Services, HR and Organisational Development, Borough Solicitor and retained cross-cutting Corporate savings.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	**Income £000**	**Net £000**	**Expenditure £000**	**Income £000**	**Net £000**	**Expenditure £000**	**Income £000**	**Net £000**
Finance and Business Services	115,797	-99,830	**15,967**	116,173	-99,860	**16,313**	115,908	-99,873	**16,035**
HR and Organisational Development	4,383	-1,354	**3,029**	4,179	-1,360	**2,819**	4,004	-1,360	**2,644**
Borough Solicitor	6,815	-1,202	**5,613**	6,716	-1,275	**5,441**	6,743	-1,275	**5,468**
Base Budget	126,995	-102,386	**24,609**	127,068	-102,495	**24,573**	126,655	-102,508	**24,147**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Finance and Business Services	376	-30	**346**	-265	-13	**-278**	-600	0	**-600**
HR and Organisational Development	-204	-6	**-210**	-175	0	**-175**	0	0	**0**
Borough Solicitor	-99	-73	**-172**	27	0	**27**	-23	0	**-23**
Financial Impact of Policy Proposals	**73**	**-109**	**-36**	**-413**	**-13**	**-426**	**-623**	**0**	**-623**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**127,068**	**-102,495**	**24,573**	**126,655**	**-102,508**	**24,147**	**126,032**	**-102,508**	**23,524**
Cost of Investment Items	**730**		**730**	**30**		**30**			**0**
Total Budget for the Year	**127,798**	**-102,495**	**25,303**	**126,685**	**-102,508**	**24,177**	**126,032**	**-102,508**	**23,524**

Finance and Business Services

REVENUE

This service includes Service Finance teams, Finance Back Office Shared Service, Revenues and Benefits, Internal Audit, ICT and Procurement

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accountancy	6,186	-1,375	**4,811**	5,748	-1,405	**4,343**	5,548	-1,418	**4,130**
Finance Shared Service	779	-110	**669**	777	-110	**667**	777	-110	**667**
Revenues	1,873	-709	**1,164**	1,854	-709	**1,145**	1,814	-709	**1,105**
Benefits	98,864	-96,295	**2,569**	98,835	-96,295	**2,540**	98,775	-96,295	**2,480**
Audit	473	0	**473**	471	0	**471**	471	0	**471**
ICT	8,153	-1,341	**6,812**	7,737	-1,341	**6,396**	8,272	-1,341	**6,931**
Procurement	301	0	**301**	273	0	**273**	273	0	**273**
Cross Directorate	-832	0	**-832**	478	0	**478**	-22	0	**-22**
Base Budget	115,797	-99,830	**15,967**	116,173	-99,860	**16,313**	115,908	-99,873	**16,035**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Accountancy									
Insurance re-tendering and efficiencies	-150		**-150**	-150		**-150**			
Oracle Optimisation Project	-141		**-141**						
Investment in a Training Facility	-50		**-50**	-50		**-50**	-100		**-100**
Revenues and Benefits									
Optimisation of Revenues and Benefits Service Delivery	-29		**-29**	-100		**-100**			
ICT									
Investment in Core System Stability				650		**650**			
ICT Harmonisation of Contracts / Sweating Assets	-335		**-335**	-50		**-50**			
Cross Directorate									
Salary Sacrifice / Reed Agency	310		**310**						
Non Delivery of Council-Wide Cross Cutting	1,000		**1,000**						
Develop Separate Legal Entity				-500		**-500**	-500		**-500**
Other									
Other Policy Proposals (See note 1)	-229	-30	**-259**	-65	-13	**-78**			**0**
Financial Impact of Policy Proposals	**376**	**-30**	**346**	**-265**	**-13**	**-278**	**-600**		**-600**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**116,173**	**-99,860**	**16,313**	**115,908**	**-99,873**	**16,035**	**115,308**	**-99,873**	**15,435**
Cost of Investment Items									
Investment in Core System Stability	50		**50**			**0**			**0**
Strategy Structure Reductions	30		**30**	30		**30**			
ICT Shared Services Rationalisation	650		**650**			**0**			
Total Cost of Investment Items	**730**	**0**	**730**	**30**	**0**	**30**	**0**	**0**	**0**
Total Budget for the Year	**116,903**	**-99,860**	**17,043**	**115,938**	**-99,873**	**16,065**	**115,308**	**-99,873**	**15,435**

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in fees and charges, finance SBSA, supplies and services rationalisation, optimisation of Revenues and Benefits processes, ICT Strategy structure reductions and Procurement structure savings.

HR & Organisational Development

REVENUE

This service includes HR Strategy and Policy (including the Occupational Health Unit), Organisation and Workforce Development, HR Delivery and HR Shared Back Office

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
HR Strategy & Policy	1,112	-145	**967**	1,108	-145	**963**	1,108	-145	**963**
HR Strategy & Policy (Shared Service)	330	-235	**95**	330	-235	**95**	330	-235	**95**
Organisation and Workforce Development	678	0	**678**	592	0	**592**	592	0	**592**
HR Delivery	1,087	-384	**703**	1,003	-386	**617**	1,003	-386	**617**
HR Delivery (Shared Services)	1,176	-590	**586**	1,146	-594	**552**	971	-594	**377**
Base Budget	4,383	-1,354	**3,029**	4,179	-1,360	**2,819**	4,004	-1,360	**2,644**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
HR Delivery (Shared Services)									
Develop Separate Legal Entity	-25		**-25**	-175		**-175**			
Other									
Other Policy Proposals (See note 1)	-179	-6	**-185**						
	-204	**-6**	**-210**	**-175**	**0**	**-175**	**0**	**0**	**0**

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	**4,179**	**-1,360**	**2,819**	**4,004**	**-1,360**	**2,644**	**4,004**	**-1,360**	**2,644**
Cost of Investment Items									
Total Cost of Investment Items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**4,179**	**-1,360**	**2,819**	**4,004**	**-1,360**	**2,644**	**4,004**	**-1,360**	**2,644**

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in fees and charges and management savings.

Borough Solicitor

REVENUE

This service includes Legal Services, Democratic Services, Scrutiny, Executive Office, Member Services, Coroner and Registration Services

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Democratic & Registration	5,083	-1,080	**4,003**	5,031	-1,153	**3,878**	5,058	-1,153	**3,905**
Legal Services	1,732	-122	**1,610**	1,685	-122	**1,563**	1,685	-122	**1,563**
Base Budget	6,815	-1,202	**5,613**	6,716	-1,275	**5,441**	6,743	-1,275	**5,468**

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Other									
Other Policy Proposals (See note 1)	-99	-73	**-172**	27		**27**	-23		**-23**
	-99	**-73**	**-172**	**27**	**0**	**27**	**-23**	**0**	**-23**
	2012/2013 Budget			**2013/2014 Budget**			**2014/2015 Budget**		
Budget Carried Forward	**6,716**	**-1,275**	**5,441**	**6,743**	**-1,275**	**5,468**	**6,720**	**-1,275**	**5,445**
Cost of Investment Items									
Total Cost of Investment Items	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Budget for the Year	**6,716**	**-1,275**	**5,441**	**6,743**	**-1,275**	**5,468**	**6,720**	**-1,275**	**5,445**

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in Registration and Legal Services fees and charges, increase to Legal Services capacity, rationalisation of staffing and supplies and services within the Democratic Services & Scrutiny functions, review of Twinning Association grants and the Electoral Registration Service.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Children & Families	16,465	8,060	**24,525**	1,543	808	**2,351**	0	250	**250**
Adults	503	905	**1,408**	0	3,300	**3,300**	0	3,270	**3,270**
Places and Organisational Capacity									
Waste, Recycling & Streetscape	562	0	**562**	0	4,000	**4,000**	0	150	**150**
Highways & Transport	5,060	14,000	**19,060**	2,819	11,758	**14,577**	1,615	1,050	**2,665**
Community Services	1,727	699	**2,426**	150	113	**263**	0	59	**59**
Development	12,615	10,944	**23,559**	801	8,904	**9,705**	0	10,300	**10,300**
Performance, Customer Services and Capacity	379	100	**479**	0	0	**0**	0	0	**0**
Places and Organisational Capacity Sub Total	**20,343**	**25,743**	**46,086**	**3,770**	**24,775**	**28,545**	**1,615**	**11,559**	**13,174**
Corporate Services	3,920	7,915	**11,835**	1,099	12,582	**13,681**	0	9,345	**9,345**
Total	41,231	42,623	**83,854**	6,412	41,465	**47,877**	1,615	24,424	**26,039**

Funded By

Prudential Borrowing	13,841	17,021	**30,862**	445	25,957	**26,402**	0	19,424	**19,424**
Supported Borrowing	1,867	0	**1,867**	484	0	**484**	0	0	**0**
Grants	16,524	19,602	**36,126**	2,610	10,508	**13,118**	0	0	**0**
Capital Receipts	8,273	6,000	**14,273**	2,248	5,000	**7,248**	1,615	5,000	**6,615**
Developer / Other Contributions	176	0	**176**	80	0	**80**	0	0	**0**
Revenue Contributions	550	0	**550**	545	0	**545**	0	0	**0**
	41,231	**42,623**	**83,854**	**6,412**	**41,465**	**47,877**	**1,615**	**24,424**	**26,039**

Scheme	2012/2013 Committed £000	2012/2013 New Starts £000	2012/2013 Total £000	2013/2014 Committed £000	2013/2014 New Starts £000	2013/2014 Total £000	2014/2015 Committed £000	2014/2015 New Starts £000	2014/2015 Total £000
Ongoing Schemes	16,465		**16,465**	1,543		**1,543**	0		
Schools Basic Need Grant		1,389	**1,389**						
Schools Capital Maintenance Grant		4,961	**4,961**						
Devolved Formula Capital		902	**902**						
System Replacement		250	**250**		250	**250**		250	**250**
Hurdesfield Centre / Ethel Elks Family Centre		558	**558**		558	**558**			
Total	16,465	8,060	**24,525**	1,543	808	**2,351**	0	250	**250**

Funded By	2012/2013 Committed £000	2012/2013 New Starts £000	2012/2013 Total £000	2013/2014 Committed £000	2013/2014 New Starts £000	2013/2014 Total £000	2014/2015 Committed £000	2014/2015 New Starts £000	2014/2015 Total £000
Prudential Borrowing	3,989	808	**4,797**		808	**808**		250	**250**
Supported Borrowing	1,849		**1,849**	60		**60**			
Grants	10,397	7,252	**17,649**	1,483		**1,483**			
Capital Receipts	230		**230**						
Developer / Other Contributions									
Revenue Contributions									
Total	16,465	8,060	**24,525**	1,543	808	**2,351**	0	250	**250**

Further Details

Schools Basic Need Grant
Basic need funding is allocated from the Department of Education according to relative need for new places, based on forecast data.

Schools Capital Maintenance Grant
Maintenance grants are awarded to local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in the area.

Devolved Formula Capital (DFC)
DFC is a Standards Fund Grant devolved directly to schools to enable them to have independence in spending capital on building projects and ICT in line with School Development Plan requirements.

Systems Replacement
Investment in the ICT infrastructure to support the transition to a new integrated system. (see also Adults)

Hurdesfield Centre / Ethel Elks Family Centre
Investment to either significantly refurbish or replace the Hurdsfield Centre in Macclesfield and refurbish the Ethel Elks Family Centre in Crewe.

Scheme	2012/2013 Committed £000	New Starts £000	Total £000	2013/2014 Committed £000	New Starts £000	Total £000	2014/2015 Committed £000	New Starts £000	Total £000
Ongoing Schemes	503		**503**						
Hollins View					3,000	**3,000**		3,000	**3,000**
Service Business Systems		655	**655**		50	**50**		20	**20**
System Replacement		250	**250**		250	**250**		250	**250**
			0						
Total	503	905	**1,408**	0	3,300	**3,300**	0	3,270	**3,270**

Funded By	Committed	New Starts	Total	Committed	New Starts	Total	Committed	New Starts	Total
Prudential Borrowing	72	905	**977**		3,300	**3,300**		3,270	**3,270**
Supported Borrowing									
Grants	431		**431**						
Capital Receipts									
Developer / Other Contributions									
Revenue Contributions									
Total	503	905	**1,408**	0	3,300	**3,300**	0	3,270	**3,270**

Further Details

Hollins View
To demolish existing facility & replace with new 60 bed facility

Service Business Systems
Investment in business systems including Common Assessment Framework (CAF), Home Care Roster and Resources Allocation System (RAS).

System Replacement
Investment in the ICT infrastructure to support the transition to a new integrated system. (see also Children & Families)

	2012/2013 Committed £000	2012/2013 New Starts £000	2012/2013 Total £000	2013/2014 Committed £000	2013/2014 New Starts £000	2013/2014 Total £000	2014/2015 Committed £000	2014/2015 New Starts £000	2014/2015 Total £000
Recycling, Waste & Streetscape									
Ongoing Schemes	562		**562**						
Extension of Weston Cemetery								150	**150**
HWRC Sites Review					4,000	**4,000**			
	562	0	**562**	0	4,000	**4,000**	0	150	**150**
Funded By									
Prudential Borrowing			**0**		4,000	**4,000**		150	**150**
Supported Borrowing			**0**			**0**			**0**
Grants			**0**			**0**			**0**
Capital Receipts	81		**81**			**0**			**0**
Developer / Other Contributions	31		**31**			**0**			**0**
Revenue Contributions	450		**450**			**0**			**0**
Total	562	0	**562**	0	4,000	**4,000**	0	150	**150**

Further Details

Extension of Weston Cemetery
Land was acquired by Crewe and Nantwich Borough Council and full planning consent has been attained for the development of the land, which is situated across the road from the existing cemetery.

HWRC Sites Review
To reduce the number of Household Waste Recycling Centres across Cheshire East from nine sites ranging in size and effectiveness to a maximum of three supersites.

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Highways & Transport									
Ongoing Schemes	5,060		**5,060**	2,819		**2,819**	1,615		**1,615**
Integrated Transport Block Funding		2,281	**2,281**		2,281	**2,281**			
Highways Maintenance Block Funding		8,469	**8,469**		8,227	**8,227**			
Crewe Green Link Road		500	**500**		500	**500**		300	**300**
Street Lighting Carbon Reduction		2,000	**2,000**						
Structural Maintenance		750	**750**		750	**750**		750	**750**
	5,060	14,000	**19,060**	2,819	11,758	**14,577**	1,615	1,050	**2,665**
Funded By									
Prudential Borrowing	570	3,250	**3,820**	20	1,250	**1,270**		1,050	**1,050**
Supported Borrowing	18		**18**	424		**424**			
Grants	4,167	10,750	**14,917**	871	10,508	**11,379**			
Capital Receipts	160		**160**	1,424		**1,424**	1,615		**1,615**
Developer / Other Contributions	145		**145**	80		**80**			
Revenue Contributions									
Total	5,060	14,000	**19,060**	2,819	11,758	**14,577**	1,615	1,050	**2,665**

Further Details

Crewe Green Link Road
Key infrastructure project of the All Change for Crewe Strategy. It will open up the Basford East Development site and deliver wide ranging transport / congestion benefits for Crewe.

Street Lighting Carbon Reduction
The introduction of dimming and trialling of control and management systems will include the upgrade of the lighting equipment.

Scheme	2012/2013 Committed £000	2012/2013 New Starts £000	2012/2013 Total £000	2013/2014 Committed £000	2013/2014 New Starts £000	2013/2014 Total £000	2014/2015 Committed £000	2014/2015 New Starts £000	2014/2015 Total £000
Community Services									
Ongoing Schemes	1,727		**1,727**	150		**150**			
Parking Penalty Charge Notice Processing		112	**112**						
Macclesfield Car Park Management Plan		242	**242**						
Other Car Parking Improvements		295	**295**		63	**63**		9	**9**
CCTV - Infrastructure rationalisation		50	**50**		50	**50**		50	**50**
	1,727	699	**2,426**	150	113	**263**	0	59	**59**
Funded By									
Prudential Borrowing	344	699	**1,043**	150	113	**263**		59	**59**
Supported Borrowing									
Grants	10		**10**						
Capital Receipts	1,373		**1,373**						
Developer / Other Contributions									
Revenue Contributions									
	1,727	699	**2,426**	150	113	**263**	0	59	**59**

Further Details

Parking Penalty Charge Notice Processing
Upgraded software both for initial enforcement (handheld computers) and subsequent appeals processing.

Macclesfield Car Park Management Plan
Replacement of existing Pay and Display terminals on selected sites with card accepting machines.

Other Car Parking Improvements
Mobile automated number plate recognition.
Resurface / Refurb of Car Parks.
Other card payment terminals to offer improved range of payment method to customers.

CCTV - Infrastructure rationalisation
Rationalisation of CCTV Camera network following creation of new single control room in 2011/2012.

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Development									
Ongoing Schemes	12,615		**12,615**	801		**801**			
Visitor Information Centres		30	**30**						
Tatton Vision		1,314	**1,314**		654	**654**			
Town Centre Regeneration		1,500	**1,500**		2,000	**2,000**		2,500	**2,500**
Housing Development		1,000	**1,000**		2,000	**2,000**		3,000	**3,000**
Disabled Facilities Grant		1,500	**1,500**						
Private Sector Assistance		300	**300**		300	**300**		300	**300**
Gypsy and Traveller Sites		540	**540**						
Corporate Landlord - Planned Maintenance		3,000	**3,000**		3,000	**3,000**		4,000	**4,000**
Corporate Landlord - Minor Works		500	**500**		500	**500**		500	**500**
Municipal Buildings Office Refurbishment		200	**200**		450	**450**			
Energy Consumption - Invest to Save		660	**660**						
Compliance		400	**400**						
	12,615	10,944	**23,559**	801	8,904	**9,705**	0	10,300	**10,300**
Funded By									
Prudential Borrowing	7,060	9,344	**16,404**		8,904	**8,904**		10,300	**10,300**
Supported Borrowing									
Grants	1,119	1,600	**2,719**	256		**256**			
Capital Receipts	4,336		**4,336**						
Developer / Other Contributions									
Revenue Contributions	100		**100**	545		**545**			
Total	12,615	10,944	**23,559**	801	8,904	**9,705**	0	10,300	**10,300**

Further Details

Visitor Information Centres - Refurbishment of centre
Tatton Vision - Stable yard and functions facilities at Tatton Park.
Town Regeneration & Development - Regeneration and development of the Council's own land and property assets to deliver economic benefits to the whole of Cheshire East
Housing Development - Increase in housing either built or bought back into use which will result in a bonus payment
Disabled Facilities Grant - Administered under the Housing Grants, Construction and Regeneration Act 1996 to enable residents to remain living independently within their own homes.
Private Sector Assistance - Assist vulnerable homeowners and reduce the negative impact of poor housing on their health and wellbeing.
Assisted Purchase Scheme - The ability for first time buyers to access the housing market, a 25 per cent loan which is interest free and repayable after a period of 10 years.
Gypsy and Traveller Sites - Part of larger project where Plus Dane Housing has bid for grant funding to part fund the bigger picture
Corporate Landlord - Planned Maintenance - Essential maintenance works to ensure that premises remain wind and watertight and operationally effective.
Corporate Landlord - Minor Works - Ensure that the corporate premises continue to meet operational Service delivery requirements and maintain effective compliance with any existing statutory requirements and changes in legislation.
Municipal Buildings Office Refurbishment - Bring the existing office accommodation within the building to the same standards already established in the Council's corporate offices.

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Performance & Capacity									
Ongoing Schemes	379		**379**						
Website and Telephony Harmonisation		100	**100**						
	379	100	**479**	0	0	**0**	0	0	**0**
Funded By									
Prudential Borrowing	254	100	**354**						
Supported Borrowing									
Grants									
Capital Receipts	125		**125**						
Developer / Other Contributions									
Revenue Contributions									
Total	379	100	**479**	0	0	**0**	0	0	**0**

Further Details

Website and Telephony Harmonisation
Website and telephony transformation to simplify and enhance the customer experience.

	2012/2013			2013/2014			2014/2015		
	Committed £000	**New Starts £000**	**Total £000**	**Committed £000**	**New Starts £000**	**Total £000**	**Committed £000**	**New Starts £000**	**Total £000**
Corporate									
Ongoing Schemes	3,920		**3,920**	1,099		**1,099**			
Superfast Broadband		400	**400**		690	**690**		110	**110**
ICT Investment - Local Independent Workforce		2,682	**2,682**		3,685	**3,685**		3,239	**3,239**
ICT Investment - Enabled Citizens and Businesses		640	**640**		600	**600**		460	**460**
ICT Invesment - Core System Stability		4,193	**4,193**		7,607	**7,607**		5,536	**5,536**
	3,920	7,915	**11,835**	1,099	12,582	**13,681**	0	9,345	**9,345**
Funded By									
Prudential Borrowing	1,552	1,915	**3,467**	275	7,582	**7,857**		4,345	**4,345**
Supported Borrowing									
Grants	400		**400**						
Capital Receipts	1,968	6,000	**7,968**	824	5,000	**5,824**		5,000	**5,000**
Developer / Other Contributions									
Revenue Contributions			**0**						
Total	3,920	7,915	**11,835**	1,099	12,582	**13,681**	0	9,345	**9,345**

Further Details

Superfast Broadband
Cheshire East requires access to superfast broadband so it can continue to be recognised as a good place to do business and live. Attracting and winning public sector grant funding and private sector investment.

ICT Investment - Local Independent Workforce
New systems and technologies to permit staff mobility and service flexibility will allow the authority to work more effectively.

ICT Investment - Enabled Citizens and Businesses
'Connecting Cheshire' to deliver superfast broadband to areas of market failure, which are largely rural.

ICT Invesment - Core System Stability
Core System Stability – All the systems and technologies which underpin the organisation are required to be maintained, refreshed and reworked to sustain currency, fit for purpose and compliance with mandatory standards.

Annex 8 – Reserves Strategy

Reserves Strategy

Ambition
Action
Achievement

2012/2015

Contents

Executive Summary

February 2012

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 is revised annually, in line with the process to determine the Council's Business Plan, and 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 2012/2015.

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

Director of Finance & Business Services
Section 151 Officer

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual Business Plans the Council considers 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 of 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 Business Planning process, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- 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 Director of Finance and Business Services 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 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 Business Plan 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 11** 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 11: 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 Director of Finance 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 Business Planning Process 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. The Finance Procedure Rules set the parameters for the use of general reserves.

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 Director of Finance and Business Services.

Opening Balances

14. At 1st April 2012, Cheshire East Council is anticipated to hold general reserves of £13.2m. This balance is calculated from:

Amount of General Fund Balance generally available for new expenditure (£12.5m)
(source: 2010/2011 Statement of Accounts)

adjusted for

The estimated impact of performance against the 2011/2012 Revenue Budget (£0.7m)
(source: 2011/2012 Third Quarter Review of 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 Third Quarter Review of Performance Report, and figures are therefore still provisional at this stage.

Estimated Movement in Reserves (2011/2012 onwards)

16. **Table 12** (overleaf) summarises the current estimated movements in general reserves from 2011 to 2015. 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 overleaf).

Table 12: Reserves will increase to create strategic flexibility.

Detail	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Estimated Balance @ 1st April	**12.5**	**13.2**	**20.8**	**30.4**
Projected Increases in Reserves				
- Estimated Impact of 2011/2012 Spending	0.7			
- Planned Contribution to Reserves		7.6*	9.6*	6.1*
Forecast General Reserves @ 31st March	**13.2**	**20.8**	**30.4**	**36.5**
Risk Assessed Minimum Level		15.0		
Un-Allocated Balance		**5.8**		

*c. £4.5m of each 'Planned Contribution' represents Council Tax Freeze Grant (see paragraph 22)
Source: Cheshire East Finance ~ February 2012

18. Upfront costs, for 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 2012/2013, as detailed in **Table 12** (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 transformation and invest-to-save opportunities.

20. In February 2011 the Reserves Strategy estimated a planned contribution to reserves of £6.1m in 2012/2013. This reflected the continuing commitment to pay back to reserves from the previous allocations to enable staff reductions. However, **Table 13** (overleaf) shows how this figure has been adjusted for a number of factors including providing funding that can pump-prime savings proposals contained within the 2012/2013 Business Plan.

21. The decision to strategically reduce the planned contribution, to support one-off expenditure in 2012/2013, provides greater resilience to the estimates contained within the Business Plan. Of the £3.9m funding for pump priming, £2.1m will be used to support redundancy costs.

Council Tax Freeze Grant

22. The coalition Government has provided access to grant funding for local authorities that agree to freeze Council Tax levels. The funding provides welcome support to residents, and Cheshire East accepted the proposal in 2011/2012 and proposes to accept it in 2012/2013. A consequence of this grant is the temporary distortion of funding levels in the short to medium term. When the grant ends the Council would only be able to replace this level of funding through increasing Council Tax, or could choose not to replace the funding and instead reduce expenditure on services.

23. To minimise the impact when freeze grant funding ends the Council's strategy is to remove reliance on the grant and instead apply the value of the grant to reserves for strategic use.

24. Freeze Grant awarded in 2011/2012 is payable from 2011/2012 through to 2014/2015. Freeze Grant awarded in 2012/2013 is payable in 2012/2013 only.

25. £4.4m of Freeze Grant is supporting revenue expenditure in 2011/2012 and 2012/2013 financial years. However, **Table 12** shows how the remaining freeze grant will support planned contributions to general reserves in 2012/2013 through to 2014/2015. This approach removes the dependency on this grant in the medium term.

Table 13: Planned Contribution to Reserves have Increased.

	£m	£m
Planned Contribution to General Reserves @ 23rd February 2011		**6.1**
Adjustment for:		
Pump Priming funded in 2012/2013		
- Children & Families	-0.7	
- Adults	-0.6	
- Places & Organisational Capacity	-1.9	
- Corporate Services	-0.7	
Total		**-3.9**
Council Tax Freeze Grant		**4.5**
Impact of Business Planning Proposals		**1.6**
Repayment due to CWAC for relocation costs		**-0.5**
Grants for Town and Parish Councils		**-0.2**
Total Adjustments		**1.5**
Planned Contribution to General Reserves @ 23rd February 2012		**7.6**

General Fund Reserves - Risk Assessment

26. The risks facing each local area will vary, and in the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies and pressure on public services to reduce overall expenditure are key issues. These present the potential for significant emerging risk.

27. 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.

28. 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 excessive financial pressure in a single year by smoothing the impact on citizens.

29. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 14** (overleaf) shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.

30. It is possible that a number of events could happen in a single year. It is also possible that Cheshire East Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

31. 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 14: A robust level of reserves is guided by an assessment of potential risks

Risk Assessment to inform Cheshire East General Reserves ~ 2012/2013 Budget

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	**£400,000**
	Loss of income	Substantial disruption to income streams / 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	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	**£900,000**
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Budget Pressures	Opening Balances vary from current predictions Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs. Higher than anticipated Inflation arising in year Increasing risk following Government proposals to change local government financing. Cost reduction or increased income targets revised following consultation exercises.	Impact on opening balances / apply prudent assumptions to opening balances Impact of 2011/2012 projected outturn / robust remedial plans and monitoring of progress Increased inflation on contracts and services / contract management and robust remedial plans Financial stability varies year on year / model the impacts of policies and give early consideration to the Council's approach. Potential deficit / transparent policies based on sound business cases.	**£8,300,000**
Litigation: ICT & Security	Legal challenges to Council service delivery Data corruption and need to improve security	Court costs and Compensation / clear processes and good workforce management ICT service days to repair, loss of service / robust security policies and firewalls	**£900,000**
Industrial relations / External organisations	Disruption to service and possible costs of arbitration/tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget / emergency planning	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Strategic Reserve		Strategic/Emergency risk cover, potential further invest to save options and future pay and structure changes	**£4,500,000**
		OVERALL RISKS	**£15,000,000**
		% of Net Revenue Budget	**6.2%**

Source: Cheshire East Finance February 2012

32. 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 **£15m**.

33. It should be noted that these risks reflect the net effect of issues relating to performance against the 2012/2013 Revenue Budget. The key factors are:
    - the capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely,
    - potential underachievement of cost reduction targets following consultation processes,
    - demand for services rising above estimated trends,
    - changes to Government settlements.

Adequacy of General Reserves

34. A duty of the Chief Finance Officer is to comment on the adequacy of financial reserves (**see Annex A**).

35. 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 Business Plan Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

36. 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.

37. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Director of Finance and Business Services, to ensure balances are spent in line with their purpose.

38. **Table 15** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

Table 15: 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.	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
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

39. 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).

40. 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.

41. The protocol for Cheshire East Council earmarked reserves is set out below. The Director of Finance will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

42. Earmarked Reserves will be:
    - Set up by Full Council, on recommendation by the Director of Finance and Business Services,
    - 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.

43. Services may also carry forward balances in accordance with Financial Procedure Rules.

Opening Balances

44. At 1st April 2012 it is anticipated that the balances on existing earmarked reserves held by Cheshire East Council will be **£6.1m**. **Table 16** (overleaf) shows the position on each earmarked reserve.

45. 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 Cheshire East 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.

Table 16: Earmarked Reserves that are statutory or essential have been retained for 2012/2013

Directorate / +Description	Opening Balance 1 April 2011 £000	Estimated movement to 31 March 2012 £000	Estimated Available Balances for 2012/13 £000	Reason / Use
CHILDREN & FAMILIES				
Long Term Sickness	517	-27	**490**	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks	257	-257	**0**	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
ADULTS				
Extra Care Housing (PFI)	892	0	**892**	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Section 117 Care Costs	133	-133	**0**	To meet potential claims for reimbursement of care costs under S117 of the Mental Health Act
PLACES & ORGANISATIONAL CAPACITY				
Landfill Allowance Trading Scheme	235	150	**385**	Carried forward unused allowances to offset future years landfill usage
Streetscape	31	-31	**0**	Fixed Penalty notice income set aside to meet public realm improvements
Community Safety	25	-25	**0**	Balance for Community Safety Initiatives in 2011/2012.

Directorate / +Description	Opening Balance 1 April 2011 £000	Estimated movement to 31 March 2012 £000	Estimated Available Balances for 2012/13 £000	Reason / Use
Local Development Framework	39	-39	**0**	Assessing deliverability of potential growth sites
Building Control	337	-135	**202**	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Housing Strategy	26	-26	**0**	Balance for completion of Housing Stock condition survey
Tatton Park	309	-57	**252**	Ring-fenced surplus on Tatton Park trading account
Economic Development Projects	463	-251	**212**	Support for town centres and economic development initiatives
Enabling Local Delivery	625	-275	**350**	Available to promote local delivery
People into Jobs	57	-57	**0**	Balance of funds committed for 2011/2012 to finalise project
Recession Task Group	48	-15	**33**	Economic recovery planned expenditure
Climate Change	67	0	**67**	Renewable Energy project
Partnerships & Grants Support	92	0	**92**	Funding issued to groups who meet the Cheshire East Council's criteria
FINANCE & BUSINESS SERVICES				
Invest-to-Save Projects	1,093	-443	**650**	Central reserve to support invest-to-save projects
Insurance Reserve	3,590	-1,071	**2,519**	To settle insurance claims and manage excess costs.
Totals	**8.836**	**-2,692**	**6,144**	

Source: Cheshire East Finance, February 2012

4. Capital Reserves

46. Cheshire East Council retains a capital receipts reserve to finance future capital expenditure. This reserve is largely financed by capital receipts set aside on the disposal of land, buildings and other assets but can be supplemented from revenue reserves if required.

47. 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.

48. The nature of this reserve determines that the balance will vary with the timing of Cheshire East Council's capital expenditure. Based upon the 2011/2012 capital programme being delivered, the balance of this reserve is forecast to be £11m at the end of this financial year. In 2012/2013, Cheshire East Council is forecast to generate capital receipts of £10m and has committed £6m of this to support new starts in the capital programme.

49. Funding held in capital reserves can be released to fund new capital schemes. 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

50. Overall Cheshire East Council is establishing reserves that initially match, and then over time exceed, the minimum risk levels. This recognises local issues and allows the Director of Finance and Business Services to comment favourably on the adequacy of reserves.

51. The 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 Cheshire East Council's financial 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 2011

Cheshire East Council - Final Accounts 2010/2011:

Cheshire East Council Budget Report 2011/2012

Quarter Three Review of Performance 2011/2012

Cheshire East Council Business Plan 2012/2013

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 Business Planning report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the additional contribution 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 9 – Abbreviations

1. This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
AGMA	Association of Greater Manchester Authorities
ArcAngel	Initiative run by Cheshire Police and other agencies including Cheshire East Council to tackle Alcohol Related Crime.
ASC	Autistic Spectrum Continuum
CFO	Chief Finance Officer
DCLG	Department for Communities and Local Government – Government department responsible for supporting local government and communities.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
FE	Further Education – such as colleges or sixth forms etc.
ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
NNDR	National Non Domestic Rates – contribution to local authority costs by businesses. Rate is set by central Government.
PWLB	Public Work Loan Board – a Government agency providing loans to public bodies for capital works.
QUEST	Quality mark awarded to Leisure Services.
RSG	Revenue Support Grant – an element of Formula Grant given to local authorities by central Government.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	6th February 2012
Report of:	Director of Finance and Business Services
Subject/Title:	Treasury Management Strategy and MRP Statement 2012/13
Portfolio Holder:	Councillor Michael Jones

1.0 Report Summary

1.1 To present the Treasury Management Policy and Strategy Statements for 2012/13 to 2014/15 including the prudential indicators and limits required under Part 1 of the Local Government Act 2003 and the Annual Investment Strategy 2012/13 and Annual Policy Statement on Minimum Revenue Provision (MRP) for the redemption of debt 2012/13.

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

Cabinet is requested to recommend to Council the approval of the:-

- Treasury Management Policy Statement (Appendix A)
- Treasury Management Strategy and the MRP Statement for 2012/13 (Appendix B)
- Revisions to the Treasury Management Strategy 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.

3.0 Reasons for Recommendations

3.1 The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2012/13. The Strategy for 2012/13 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 Director of Finance and Business Services)

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's Treasury Management in the Public Services: Code of Practice, 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 Strategy for the year 2012/13 is contained in Appendix B. It links closely with the Council's Capital Strategy 2011-2014, 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 2012/13 has been broadly calculated as 4% of the estimated outstanding debt at the end of the year 2011/12. This is based on the assumption that debt will generally be repaid over 25 years. 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 2012-13 and therefore receipts of £6m will be made available to fund new schemes within the 2012/13 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 Government support in capital terms has reduced significantly in recent years, which has particularly affected the schools, highways and housing strategy programmes.

10.6 Given the reductions in available funding the Council has undertaken prudential borrowing to fund £17m of new starts in 2012-13. 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 £3m 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 2012-13**

	£m
Repayment of outstanding debt	9.5
Interest on long term loans	6.4
Contribution from services towards the cost of borrowing	(0.8)
Total Debt Repayment	**15.1**
Less Interest receivable on cash balances	(0.3)
Net Capital Financing Budget	**14.8**

10.9 The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 4.04%). This provides a degree of certainty to the capital financing budget. The rate of interest payable on the £32 million of new long term loans that it is planned to raise during the year 2012/13 is budgeted to be 4.5%. Currently long term interest rates are around 4.1%. However, within the Treasury Management Strategy, the Council will use internal balances where possible to reduce the cost of carry in the short term of external borrowing.

10.10 The Council currently has debt outstanding of £129.3m. 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%. The aim, based on refinancing of maturing date at 4.21%, was to generate savings over the next ten years of £4.47m of which £0.7m relates to 2012/2013. As debt has not been refinanced due to the use of temporary cash balances the actual savings achieved to date are £0.2m higher than anticipated

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 £23 million) is budgeted to be 1.00%.

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 2011 the balance sheet included investments with Heritable Bank of £1.54m of which £0.8m is expected to be repaid to Cheshire East BC by 31st March 2012. The remainder is expected to be received in instalments ending in January 2013. The accounts currently provide for recovery of 85% of the original investments, however, it is now anticipated that around 88% will be recovered. This will enable the impairment to be reduced and the revenue account increased by £200k in the 2011/12 accounts.

10.13 The principal changes to the 2012/13 Treasury Strategy (and amendments to the 2011/12 Treasury Strategy) have been:

- The lowering of the minimum long-term credit rating of financial institutions from A+/A1 to A-/A3.

  The Council will select financial institutions with a minimum long-term rating of A-/A3 and short-term rating of F1/P-1/A-1. The long-term rating of A- is two notches lower than the minimum of A+ adopted in 2011/12 and is in response to downgrades in the autumn of 2011 to the ratings of many institutions considered to be systemically important.

  The Council will also assess other indicators, such as credit default swaps, share prices, the sovereign's economic fundamentals, corporate developments highlighted through news articles and market sentiment. If any of these indicators give rise to concern, the counterparty may be suspended from further use irrespective of the existing credit rating.

  The revision to the credit criteria, once approved by Council for use in 2012/13, will also apply to the residual period of 2011/12.

- The inclusion of the gross and net debt prudential indicator. The effect of this indicator is to highlight where an authority may be borrowing in advance of cash requirement. CIPFA recommended the inclusion of this PI in the revised TM Code, issued in November 2011.

- The inclusion of a credit risk prudential indicator, as recommended in CIPFA's revised TM Code.

- The addition of Bank Nederlandse Gemeenten. Bank Nederlandse Gemeenten NV is a bank for local authorities and public sector institutions. The Bank specialises in providing medium and long-term lending to municipal authorities and their agencies in the Netherlands. The Bank is owned by the Dutch Government and also by the country's municipalities.

11.0 ***Access to Information***

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

Name: Lisa Quinn
Designation: Director of Finance and Business Services
Tel No: 01270 686628
Email: lisa.quinn@cheshireeast.gov.uk

Appendices:

Appendix A – Treasury Management Policy Statement
Appendix B – Treasury Management Strategy Statement & Investment Strategy 2012/13 – 2014/15

TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for the execution and administration of treasury management decisions to the Director of Business and Finance, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Audit and Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

2.1 The Council defines its treasury management activities as:

"The management of the Council'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."

2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.

APPENDIX B

Treasury Management Strategy Statement and Investment Strategy 2012/13 to 2014/15

Contents

Annexes

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:

- Revisions to the Treasury Management Strategy and Prudential Indicators for 2011/12
- Treasury Management Strategy for 2012-13 (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 Useable Reserves are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are set out below:

Table 1

	31/03/2012 Estimate £m	31/03/2013 Estimate £m	31/03/2014 Estimate £m	31/03/2015 Estimate £m
Capital Financing Requirement	210.8	232.9	247.0	251.6
Less: Existing Profile of Borrowing and Other Long Term Liabilities	-153.9	-147.9	-141.7	-130.9
Cumulative Maximum External Borrowing Requirement	56.9	85.0	105.3	120.7
Usable Reserves	-58.8	-53.3	-59.1	-62.1
Cumulative Net Borrowing Requirement/ (Investments)	**-1.9**	**31.7**	**46.2**	**58.6**

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 2012 is:

Table 2

	31 Mar 12 Estimate £m	%
External Borrowing:		
Fixed Rate – PWLB	(111.5)	72
Fixed Rate – Market	(17.8)	12
Variable Rate – PWLB	-	-
Variable Rate – Market	-	-
Total External Borrowing	(129.3)	84
IFRS Long Term Liabilities:		
- PFI	(22.3)	14
- Finance Leases	(2.3)	2
Total Gross External Debt	**(153.9)**	**100**
Investments:		
Managed in-house		
- Short-term monies (Deposits/ monies on call /MMFs)	3.0	23
- Long-term investments *(maturities over 12 months)*	-	-
Managed externally		
- By Fund Managers	-	-
- Pooled Funds *(Investec)*	10.0	77
Total Investments	**13.0**	**100**
(Net Borrowing Position)/ Net Investment position	**(140.9)**	-

2.5 The estimate for interest payments in 2012/13 is £6.4m and for interest receipts is £0.3m.

3. Interest Rate Forecast

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 in response to evolving economic, political and financial events.

4. Borrowing 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 Treasury management and borrowing strategies in particular continue to be influenced not only by the absolute level of borrowing rates but also the relationship between short and long term interest rates. The interest rate forecast provided in Annex B indicates that an acute difference between short and longer term interest rates is expected to continue. This difference creates a "cost of carry" for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment. Whilst the cost of carry can be assumed to be a reasonably short-term issue since borrowing is often for longer dated periods (anything up to 50 years) it cannot be ignored against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position.

4.5 As indicated in Table 1, the Authority has a gross and net borrowing requirement and will be required to borrow up to £31.7m in 2012/13. The Authority will adopt a flexible approach to this borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source.

4.6 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

4.7 The cost of carry has resulted in an increased reliance upon shorter dated and variable rate borrowing. This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and alignment of borrowing costs with investment returns. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review by reference to the difference or spread between variable rate and longer term borrowing costs. A narrowing in the spread by 0.5% will result in an immediate and formal review of the borrowing strategy to determine whether the exposure to shorter dated and variable rates is maintained or altered.

4.8 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 2012/13. 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 2012/13, be the most cost effective means of financing capital expenditure.

4.9 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.

5. Debt Rescheduling

5.1 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.

5.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertaken meaningful debt restructuring although occasional opportunities arise. The rationale for undertaking any debt rescheduling would be one or more of the following:

- Savings in risk adjusted interest costs
- Rebalancing the interest rate structure of the debt portfolio
- Changing the maturity profile of the debt portfolio

5.3 Borrowing and rescheduling activity will be reported to the Cabinet in the Annual Treasury Management Report and the regular treasury management reports presented to the Cabinet.

6. Annual Investment Strategy

6.1 Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

6.2 In accordance with Investment Guidance issued by the CLG and best practice this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yields earned on investments is important but are secondary considerations.

6.3 Credit markets remain in a state of distress as a result of the excessive and poor performing debt within the financial markets. In some instances, Greece and Italy being the most notable examples, the extent and implications of the debt it has built up have lead to a sovereign debt crisis and a banking crisis with the outcome still largely unknown. It is against this backdrop of uncertainty that the Authority's investment strategy is framed.

6.4 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 Director of Finance and Business Services 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.

6.5 A number of changes have been implemented to investment strategy for 2012/13 in response to changes in the CLG Guidance and evolving conditions in financial markets. This results in the inclusion of corporate bonds which the CLG have indicated will become an eligible non-capital investment from 1st April 2012. However, the principal amendments are in relation to the individual institutions with which the Authority is prepared to lend its funds.

Investments managed in-house

6.6 The Council's shorter term cash flow investments are made with reference to the outlook for the UK Bank Rate and money market rates.

6.7 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.).

6.8 The Authority and its advisors, Arlingclose Ltd, select countries and financial institutions after analysis and ongoing monitoring of:

- Published credit ratings for financial institutions (minimum long term rating of A- or equivalent for counterparties; AA+ or equivalent for non-UK sovereigns) – this is lower than the A+ minimum adopted in 2011/12 and is in response to downgrades in credit ratings below A+ of many institutions considered to be systemically important to the financial system.
- Credit Default Swaps (where quoted)
- Economic fundamentals (for example Net Debt as a percentage of GDP)
- Sovereign support mechanisms
- Share Prices
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay – or, put more simply, common sense.

Any institution can be suspended or removed should any of the factors identified above give rise to concern.

6.9 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.

6.10 The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2012/13. 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.

6.11 With short term interest rates low for even longer, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk. In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties in order to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty will be set to ensure prudent diversification is achieved.

6.12 Money market funds (MMFs) will be utilised but good treasury management practice prevails and whilst MMFs provide good diversification the Authority will also seek to diversify any exposure by utilising more than one MMF.

Investments managed externally

Collective Investment Schemes (Pooled Funds):

6.13 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.

6.14 Investments in pooled funds will be undertaken with advice from Arlingclose. In December 2010 the Council agreed to invest in a Pooled Fund with Investec who were demonstrating good performance. Contracts were signed in May 2011 and £20m was invested (£10m in a standard model and £10m in a dynamic model). Performance has been mixed with the debt crisis in Europe affecting returns in August and September. The investments have not performed as well as originally intended although they are showing signs of picking up. These investments will vary with market conditions and are designed to deliver returns over a longer period of time. The performance of these investments will be kept under continual review.

7. Balanced Budget Requirement

7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8. 2012/13 MRP Statement

8.1 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.

8.2 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.

8.3 MRP in 2012/13: 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).

8.4 The MRP Statement will be submitted to Council before the start of the 2012/13 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.

8.5 The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.

8.6 MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

9. Reporting on the Treasury Outturn

9.1 The Director of Finance and Business Services 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.

9.2 An update on Treasury Management Investments and key activity will be reported to Corporate Management Team and Cabinet members on a weekly basis.

10. <u>Other items</u>

Training

10.1 CIPFA's Code of Practice requires the Director of Finance and Business Services 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.

10.2 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.

10.3 Treasury management training for those members charged with governance will also be arranged during the 2012/13 financial year.

Investment Consultants

10.4 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.

10.5 Cheshire East BC had appointed Arlingclose Ltd to advise on investments following a joint tender exercise carried out with Cheshire West and Chester Council. This arrangement came to an end on 31st December 2011 and interested parties were invited to tender. After evaluation a new contract was awarded to Arlingclose for a 3 year period ending on 31st December 2014. 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 2012/13 TO 2014/15

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 Director of Finance and Business Services reports that the authority had no difficulty meeting this requirement in 2011/12, 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	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Total	**77.0**	**73.7**	**83.9**	**47.8**	**26.0**

3.2 Capital expenditure will be financed as follows:

Capital Financing	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Capital receipts	15.3	16.5	14.3	7.2	6.6
Government grants	35.1	36.9	36.1	13.1	0.0
External contributions	1.4	3.0	0.2	0.1	0.0
Revenue contributions	1.1	1.0	0.6	0.5	0.0
Supported borrowing	4.1	5.5	1.8	0.5	0.0
Unsupported borrowing	20.0	10.8	30.9	26.4	19.4
Total	**77.0**	**73.7**	**83.9**	**47.8**	**26.0**

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 in 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	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
	Total	**5.59**	**5.59**	**6.01**	**7.15**	**8.56**

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.

No. 3	Capital Financing Requirement	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
	Total CFR	**221**	**211**	**233**	**247**	**252**

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 31/03/2011	£m
	Borrowing	134
	Other Long-term Liabilities	26
	Total	**160**

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	2011/12 Approved £	2012/13 Estimate £	2013/14 Estimate £	2014/15 Estimate £
	Increase in Band D Council Tax	2.33	6.02	19.05	21.00

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**	**2011/12 Approved £m**	**2011/12 Revised £m**	**2012/13 Estimate £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**
	Borrowing	213	222	245	259	265
	Other Long-term Liabilities	22	25	23	22	22
	Total	**235**	**247**	**268**	**281**	**287**

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 Director of Finance and Business Services 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**	**2011/12 Approved £m**	**2011/12 Revised £m**	**2012/13 Estimate £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**
	Borrowing	203	212	235	249	255
	Other Long-term Liabilities	22	25	23	22	22
	Total	**225**	**237**	**258**	**271**	**277**

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 revised 2011 CIPFA Treasury Management Code at its Council meeting on 6 February 2012.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Gross and Net Debt:

10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need.

Upper Limit on Net Debt Compared to Gross Debt No. 9	**2011/12 Estimated £m**	**2012/13 Estimated £m**	**2013/14 Estimated £m**	**2014/15 Estimated £m**
Outstanding Borrowing (at nominal value)	129	210	225	230
Other Long-term Liabilities (at nominal value)	25	23	22	22
Gross Debt	**154**	**233**	**247**	**252**
Less: Investments	(13)	(34)	(29)	(25)
Net Debt	**141**	**199**	**218**	**227**

NB. CIPFA has acknowledged that the upper limit does not work as was intended and is working on a revised indicator. This indicator will be amended once revised guidance has been received from CIPFA.

11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

11.1 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).

11.2 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

		2011/12 Approved %	**2011/12 Revised %**	**2012/13 Estimate %**	**2013/14 Estimate %**	**2014/15 Estimate %**
No. 10	**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

11.3 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.

12. Maturity Structure of Fixed Rate borrowing:

12.1 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.

12.2 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 06/02/12 %	Lower Limit %	Upper Limit %
	under 12 months	13%	0	25%
	12 months and within 24 months	4%	0	25%
	24 months and within 5 years	18%	0	35%
	5 years and within 10 years	14%	0	50%
	10 years and within 20 years	14%	0	100%
	20 years and within 30 years	13%	0	100%
	30 years and within 40 years	7%	0	100%
	40 years and within 50 years	17%	0	100%
	50 years and above	0%	0	100%

13. Upper Limit for total principal sums invested over 364 days:

13.1 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	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
		40	40	40	40	40

14. **Credit Risk:**

14.1 The Authority considers security, liquidity and yield, in that order, when making investment decisions.

14.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

14.3 The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

14.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

ANNEX B

Arlingclose's Economic and Interest Rate Forecast

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Official Bank Rate													
Upside risk					0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**
Downside risk													
1-yr LIBID													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**1.75**	**1.75**	**1.75**	**1.75**	**1.80**	**1.85**	**1.95**	**2.00**	**2.10**	**2.20**	**2.30**	**2.40**	**2.40**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
5-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**1.30**	**1.35**	**1.40**	**1.50**	**1.60**	**1.70**	**1.80**	**2.00**	**2.10**	**2.30**	**2.40**	**2.50**	**2.50**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt													
Upside risk	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**2.30**	**2.40**	**2.45**	**2.50**	**2.55**	**2.60**	**2.70**	**2.75**	**2.80**	**2.85**	**2.90**	**3.00**	**3.00**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-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	0.50	0.50
Central case	**3.05**	**3.05**	**3.10**	**3.20**	**3.25**	**3.30**	**3.35**	**3.40**	**3.45**	**3.50**	**3.60**	**3.75**	**3.75**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt													
Upside risk	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central case	**3.40**	**3.50**	**3.60**	**3.70**	**3.80**	**3.90**	**4.00**	**4.00**	**4.00**	**4.10**	**4.20**	**4.25**	**4.25**
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- Conventional monetary policy has become largely redundant; the Bank of England and the US Federal Reserve have signalled their respective official interest rates will be on hold through to the end of 2012. We think that it could be 2016 before official UK interest rates rise.
- The UK's safe haven status, the direct effect of QE and minimal prospect of an increase in policy rates are expected to keep gilt yields at their lows in the near term.
- A disorderly outcome to the Eurozone sovereign crisis remains a key economic, credit and political risk.

Underlying Assumptions:

- Financial market stress is expected to remain a feature of 2012. Rates within Interbank markets (where banks fund the majority of their day to day operations) have continued to climb. This dynamic was a characteristic of the 2008 banking crisis and whilst the authorities have flooded the markets with liquidity, it is still a strong indicator of market risk.
- Inflation has moderated back to 4.8% in November. CPI is expected to drop gradually back towards the 2% target as the January 2011 VAT increase, the surge in oil prices and the large energy price hikes fall out of the twelve month comparison.
- Recent data and surveys suggest that since the summer the UK economy has lost the admittedly fragile momentum. Business and consumer surveys point to continued weakness in coming months. Public spending cuts, austerity measures, credit constraints, low business and consumer confidence could result in the economy stalling (Q3 excepted, when the 2012 Olympics will provide a temporary boost) and most likely pressure the Bank of England to provide further QE.

- Faltering global growth will not be helped by the considerable uncertainty and expansion of risks presented by the crisis in the Eurozone and gridlock in the US going into an election year. The knock-on effects could in turn weigh on growth in China and emerging market countries.
- Gilt supply is expected to be higher in 2012-13 than earlier forecast by the Treasury. However, over the short-term, gilts will retain their safe-haven status as euro area contagion risks grow.
- Sizeable European bond redemptions and refinancing (Italy in particular) in the first half of 2012 remain significant challenges. Headwinds to fiscal convergence and treaty changes could intensify downgrade pressures on the AAA core nations as well as peripheral countries. The effectiveness of the European Financial Stability Fund (EFSF) may prove limited, increasing the possibility of a sovereign failure or the break-up of the euro area.

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)
- Commercial Paper
- Corporate Bonds
- AAA-rated Money Market Funds
- 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: A3 (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, who do not meet the Council's minimum creditworthiness criteria, although the ratings do.

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/CDs	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts/CDs	UK	Bank of Scotland/Lloyds TSB	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Barclays	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Clydesdale (inc Yorkshire Bank)	15% up to £15m
Call Accounts	UK	Co-Operative Bank	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	HSBC	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	National Westminster Bank (note – part of RBS group)	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Nationwide Building Society	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Royal Bank of Scotland	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Santander (UK)	15% up to £15m
Term Deposits/Call Accounts/CDs	UK	Standard Chartered Bank	15% up to £15m
Term Deposits/Call Accounts/CDs	Australia	Australia and NZ Banking Group	15% up to £15m
Term Deposits/Call Accounts/CDs	Australia	Commonwealth Bank of Australia	15% up to £15m
Term Deposits/Call Accounts/CDs	Australia	National Australia Bank Ltd	15% up to £15m
Term Deposits/Call Accounts/CDs	Australia	Westpac Banking Corp	15% up to £15m
Term Deposits/Call Accounts/CDs	Canada	Bank of Montreal	15% up to £15m
Term Deposits/Call Accounts/CDs	Canada	Bank of Nova Scotia	15% up to £15m
Term Deposits/Call Accounts/CDs	Canada	Canadian Imperial Bank of Commerce	15% up to £15m
Term Deposits/Call Accounts/CDs	Canada	Royal Bank of Canada	15% up to £15m
Term Deposits/Call Accounts/CDs	Canada	Toronto-Dominion Bank	15% up to £15m
Term Deposits/Call Accounts/CDs	Finland	Nordea Bank Finland	15% up to £15m
Term Deposits/Call Accounts/CDs	France	BNP Paribas	15% up to £15m

Term Deposits/Call Accounts/CDs	France	Credit Agricole CIB	15% up to £15m
Term Deposits/Call Accounts/CDs	France	Credit Agricole SA	15% up to £15m
Term Deposits/Call Accounts/CDs	France	Societie Generale	15% up to £15m
Term Deposits/Call Accounts/CDs	Germany	Deutsche Bank AG	15% up to £15m
Term Deposits/Call Accounts/CDs	Netherlands	Bank Nederlandse Gemeenten	15% up to £15m
Term Deposits/Call Accounts/CDs	Netherlands	ING Bank NV	15% up to £15m
Term Deposits/Call Accounts/CDs	Netherlands	Rabobank	15% up to £15m
Term Deposits/Call Accounts/CDs	Sweden	Svenska Handelsbanken	15% up to £15m
Term Deposits/Call Accounts/CDs	Switzerland	Credit Suisse	15% up to £15m
Term Deposits/Call Accounts/CDs	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
Commercial Paper	Approved Sovereigns	Large Corporation/Financial Institution/Government Agency	10%
Corporate Bonds	Approved Sovereigns	Large Corporation/Financial Institution/Government Agency	10%
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 15% up to £15m 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	✓ ✓	 ✓	2 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.

 Agenda Item 8

CHESHIRE EAST COUNCIL
REPORT TO: CABINET

Date of Meeting:	6 February 2012
Report of:	Director of Finance & Business Services / Strategic Director, Places & Organisational Capacity
Subject/Title:	2011/12 Quarter Three Review of Performance
Portfolio Holders:	Cllr Michael Jones / 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 financial and non-financial performance at the three quarter year review stage of 2011/12.

1.2 Annex 1 provides an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.

1.3 Annex 2 provides projections of service financial performance for the 2011-12 financial year. It focuses on the key financial pressures which the Council's services are facing, and areas of high financial risk to the Council, and highlights significant changes to forecasts since the mid year review.

1.4 Annex 3 provides a summary of the key performance headlines at the end of Quarter Three.

1.5 The key points to emerge at the three quarter year stage, which are explained in the report are:

<u>Service Revenue Outturn</u>

- The Council is forecasting an £11m overspend against services' budgets.
- Around £4m of this can be mitigated by a capital financing underspend, surplus grants, and capitalisation of VR costs.
- The Council is seeking to identify further significant remedial actions to address the net £7m budget shortfall.

<u>Reserves</u>

- Together with the budgeted contribution to balances, and other items including surplus earmarked reserves, it is estimated that the level of general reserves at 31st March 2012 would be approximately £13.2m, before the impact of any further remedial measures are taken into account. The 2011-14 Reserves Strategy included an original forecast reserves position as at 31st March 2012 of £15m with a risk assessed minimum level of £14.7m.

Capital Programme
- Forecast variance from budget of £16m in 2011-12 is largely explained by slippage, with costs being re-phased to future years.

Debt
- Outstanding debt over 6 months old remains at around £2m.

Performance
- From the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the first three quarters of the year, 50% of measures were reported as performing below target and agreed tolerances.

2.0 Decision Requested

2.1 Cabinet is requested to note and comment as appropriate on the following financial issues:

- the overall financial stability of the Council, including Grants, in-year collection rates for Council Tax and Business Rates, Treasury Management, and centrally held budgets (Annex 1);
- the impact on the Council's general reserves position as detailed in Annex 1;
- the forecast service revenue and capital outturn positions (Annex 2);
- the Council's invoiced debt position as shown in Annex 2;
- progress on delivering the 2011-12 capital programme, detailed in Annex 2 and Appendix 1;
- Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Annex 2, Appendix 2a;
- Reductions to approved capital budgets, as shown in Annex 2, Appendix 3.

2.2 Cabinet is requested to note and comment as appropriate on the following performance issues, contained in Annex 3:

- note the successes achieved during the first three quarters of 2011/12, and consider issues raised in relation to underperformance against targets and how these will be addressed.

2.3 Cabinet is requested to approve the following:

- a Supplementary Revenue Estimate of £69,000 for the Development service following receipt of Warm Homes for Healthy People grant funding for 2011/12, as detailed in Annex 1;

- Supplementary Capital Estimates and virement requests over £100,000 and up to and including £1,000,000 as shown in Annex 2, Appendix 2b.

2.4 Cabinet is requested to ask Council to approve the following:

- a Supplementary Revenue Estimate of £0.6m to be met from general reserves to meet one-off VR costs in 2011-12, as detailed in Annex 1;

- a Supplementary Capital Estimate / Virement of over £1,000,000 as detailed in Annex 2, Appendix 2c.

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 under performance. 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.

3.2 In accordance with good practice, Members should receive a quarterly report on the financial performance of the Council. Finance Procedure Rules set out the requirements for financial approvals by Members, and relevant recommendations are contained in this report.

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. The projected outturn position, ongoing impacts in future years, and the impact on general reserves have been fed into the assumptions underpinning the 2012-13 Financial Scenario and Budget, and Reserves Strategy.

7.0 Financial Implications (Authorised by the Director of Finance & Business Services)

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-makers and the public are to be assured of adequate progress against declared plans and targets.

9.0 Risk Management

9.1 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2011-12 budget and the level of general reserves have been be factored into the 2012-13 Financial Scenario and Budget, and Reserves Strategy.

9.2 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.

10.0 Background

10.1 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.

11.0 Access to Information

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

Name: Lisa Quinn / John Nicholson
Designation: Director of Finance & Business Services / Strategic Director, Places & Organisational Capacity
Tel No: 01270 686628 / 01270 686611
Email: lisa.quinn@cheshireeast.gov.uk / john.nicholson@cheshireeast.gov.uk

ANNEX 1

FINANCIAL STABILITY

Government Grant Funding of Local Expenditure

1. 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 £424.3m.

2. In 2011/2012 Cheshire East Council's formula grant will be £70.3m and specific grants were budgeted to be £373.8m based on Government announcements to February 2011. Further announcements have revised this figure to £354.0m. Specific grants are split between non-ringfenced (£128.7m) and ringfenced (£225.3m). Spending in relation to ringfenced grants must be in line with the purpose for which it is provided.

3. The table below is a summary of the budgeted and updated position for all grants in 2011/2012. A full list of grants is provided at Annex 1, Appendix 1.

Table 1 – Summary of Grants to date

	Adjusted Base Budget 2011/12 £m	Final Settlement 2011/12 £m	Variance 2011/12 £m
Formula Grant			
Revenue Support Grant	16.6	16.6	0.0
Business Rates	53.7	53.7	0.0
Specific			
Ringfenced Grants	225.3	219.9	5.4
Non Ringfenced Grants	128.7	128.8	-0.1
Total Government Grant Funding	**424.3**	**419.0**	**5.3**

Source: Cheshire East Finance

4. Ringfenced grants have reduced by £5.4m. This represents a further reduction to DSG funding due to further schools converting to Academy status. Funding for Academies is passported to them through the Young Peoples' Learning Agency and the reduction therefore does not impact on the main budget position.

5. At the first quarter review, Members approved the return to balances of £0.8m from additional specific grants. At the third quarter, there is also an increase in non-ringfenced grants of £69k due to Warm Homes for Healthy People funding received during the quarter from Department for Health. Development Service is requesting a Supplementary Revenue Estimate for additional expenditure of £69k to be met by this additional grant.

Collecting Local Taxes for Local Expenditure

6. Cheshire East Council collects Council Tax and National Non Domestic Rates (NNDR) for use locally and nationally.

Council Tax

7. Council Tax is set locally and retained for spending locally. Council Tax was frozen for 2011/2012 at £1,216.34 for a Band D property. This is applied to the tax base.

8. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non collection). The taxbase for 2011/2012 was agreed at 146,899.21 which means that the expected income for the year is £178.7m.

9. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police Authority, the Cheshire Fire Authority and Parish Councils. Table 2 below shows these amounts separately, giving a total collectable amount of £213.1m.

Table 2 – Precept Amounts for 2011/2012

Cheshire East Council	178.7
Cheshire Police Authority	21.2
Cheshire Fire Authority	9.8
Parish Precepts	3.4
	213.1

Source: Cheshire East Finance

10. This figure may vary slightly during the year if more discounts and exemptions are granted, or more properties are built.

11. The Council expects to collect at least 99% of the amount billed, but will always pursue 100% collection. However, to allow for any delay in collection the amount billed should therefore be slightly more than the actual budget. The amount billed to date is £213.8m.

12. Table 3 shows collection rates for the last three years, and demonstrates that 99% collection is being achieved within three years.

Table 3 – 99% of Council Tax is collected within 3 years

	% Collected to date
2009/2010	99.2%
2010/2011	98.6%
2011/2012	87.8%

Source: Cheshire East Finance

National Non Domestic Rates (NNDR)

13. NNDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes in line with inflation and takes account of the costs of small business rate relief. The inflation factor used is 4.6% which reflects the Retail Price Index as at September 2010. NNDR is set nationally and paid over into the NNDR pool to be re-allocated across the country according to need.

14. The small business multiplier applied to businesses who qualify for the small business relief has been set at 42.6p in 2011/2012. The non-domestic multiplier has been set at 43.3p in the pound for 2011/2012.

15. The amount collected does not relate to the amount that is redistributed to the Council but it must be noted that the total collected includes amounts that will be distributed to police and fire authorities as well as local government.

16. Table 4 demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

Table 4 – Over 99% of Rates are collected within 3 years

	% Collected to date
2009/2010	99.5%
2010/2011	98.8%
2011/2012	86.9%

Source: Cheshire East Finance

CENTRAL ADJUSTMENTS

Capital Financing Costs

17. The capital financing budget includes the amount 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.

18. As reported at the mid year review (MYR), the overall saving on the capital financing budget is forecast to be £700k. This largely arises from a reduction in planned repayment of debt due to slippage in the capital programme, partly offset by a small reduction in planned investment income.

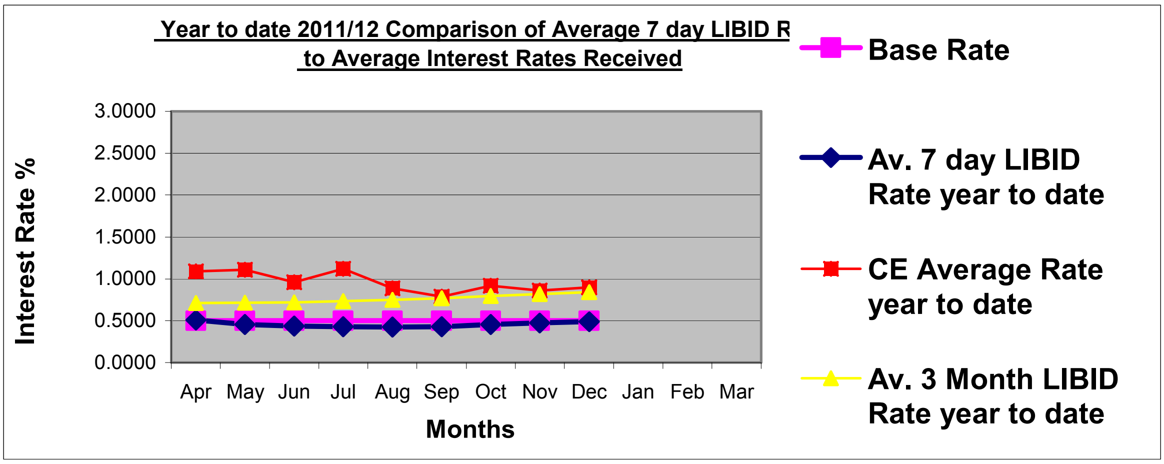
Treasury Management

19. Investment income is currently £109,000 lower than budgeted. The original budget of £0.8m was based on falling balances available for investment and interest rates starting to rise mid way through 2011/12. Based upon the current economic forecasts, investment interest rates are not now expected to increase for 2 to 3 years. Any budget shortfall on investment interest should be compensated by savings on external interest payments.

- The average lend position (the 'cash balance') including fund manager up to the end of the third quarter was £72.5m.
- The average interest rate received on in house investments up to the end of the third quarter was 1.14%
- The average interest rate received on the externally managed pooled funds up to the end of the third quarter was 0.01%.

20. The Council's total average interest rate up to the end of quarter 3 in 2011-12 was 0.90%. This is favourable when compared to the London Inter-bank Bid Rate for 7 days at 0.49%. The base rate has remained at 0.50% for the quarter.

Comparator	Average Rate Q3
Cheshire East	0.90%
LIBID 7 Day Rate	0.49%
LIBID 3 Month Rate	0.84%
Base Rate	0.50%



Counterparty Limits and Investment Strategy

21. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. For named UK banks (except Co-operative Bank), building societies and Money Market Funds this has been set as 25% of our total investments subject to a maximum value of £20m. The Co-operative bank has a lower limit of £10m due to its lower credit rating and is included on the list as they hold our main bank accounts. These limits apply to the banking group that each bank belongs to.There is also a maximum that can be invested in all Money Market Funds at any one time of 50% of the value of all investments.

22. There is a different limit that applies to foreign banks which is 15% of our total investments subject to a maximum value of £15m. Although Santander is a Spanish owned bank, Santander (UK) which is owned by Santander is separately licensed in the UK so is treated as a UK bank as it is covered by the UK Government guarantee scheme.

23. During 2011 all UK banks have had their credit ratings reviewed mainly as a response to the debt crisis in the Eurozone. A number of banks, which the Council had been using for investment purposes, were downgraded which and now fall below our minimum investment criteria. Cheshire East has only invested with UK institutions and money market funds. Table 5 below shows the limits relating to each organisation and the investments as at 31st December 2011. Where counterparties have been removed from our list then no new investments are being placed and funds already with those institutions are being recalled in line with the terms of the investments.

Table 5 – Investments

Counterparties	Limits		Investments as at 31/12/11	
UK BANKS				
Barclays Bank	removed 16/12/11		6.7%	£5m
Co-operative Bank:	25%	£10m	0.5%	£0.40
HSBC Bank	25%	£20m	-	-
Lloyds TSB	removed 13/10/11		10.8%	£8m
Santander (UK) plc	25%	£20m	18.8%	£13.9m
Standard Chartered Bank	25%	£20m	-	-
Monet Market Funds	50%		36.2%	
Ignis	25%	£20m	10.4%	£7.7m
Prime Rate	25%	£20m	6.7%	£5m
Scottish Widows	25%	£20m	8.1%	£6m
Deutsche	25%	£20m	11.0%	£8.1m
Pooled Funds - External Fund Manager	50%		27.0%	£20m
				£74.1m

24. The effect of removing counterparties from the lending list and limiting the duration of new investments will reduce the amount of interest received from future investments.

25. During December 2011, the Prime Rate money market fund was temporarily suspended from our investments following concerns that it may be downgraded. However, ownership of the fund changed and the AAA credit rating was re-affirmed. All funds were withdrawn whilst the uncertainty persisted.

Performance of Fund Manager

26. Table 6 below shows the performance of the funds (net of fees) since the initial investment of £20m (£10m in each model) on 27th May 2011.

Table 6 – Funds Performance

	STANDARD MODEL	DYNAMIC MODEL
June 2011	-0.04%	-0.13%
July 2011	0.21%	0.23%
August 2011	-0.17%	-0.47%
September 2011	-0.09%	-0.24%
October 2011	0.16%	0.28%
November 2011	-0.07%	-0.19%
December 2011	0.09%	0.12%
Cumulative since start	0.10%	-0.40%
Value of Investment at 31/12/11	£10,025,209	£9,976,286
Fees	£15,016	£16,167
Annual Equivalent Rate as at 31/12/11	0.17%	-0.69%

27. Since the last quarter the funds have shown a marked improvement although the Dynamic fund has not yet recovered the losses from August and September. Under-performance in November was a result of the emerging debt crisis in the Euro countries and the question marks over the ability of all parties to agree and act upon a way forward. This led to Corporate Bonds weakening with a higher expectation of default.

28. Market sentiment whether based on fact or rumour, will continue to affect performance which could easily see large swings both upwards and downwards. The fund managers do not share the pessimistic view that recession is a certainty and consider Corporate Bonds to be priced to over compensate investors in the event of default. If proved correct we should see improvements in performance in future months.

29. Whilst the performance of the fund since we joined has not met expectations these investments should be seen as a longer term investment so true performance can only be judged over a longer period of time.

Treasury Management Advisors

30. The contract for provision of Treasury Management advice expired on 31st December 2011. Following a tendering process, Arlingclose Ltd have been re-appointed to provide treasury advice for another 3 years.

Central Contingencies

Pay, Prices and Pensions Inflation

31. Within the 2011-12 budget, £2.1m contingency provision had been retained centrally to meet the potential impact of general inflation on service budgets, and to meet estimated costs of increases in Employer National Insurance and Pensions contributions. However, since MYR this has been allocated to services, and is therefore now reflected in service outturn positions.

Severance and relocation costs

32. It is anticipated that the provision of £0.3m made in the budget to meet continuing relocation costs arising from Local Government Reorganisation will be fully required.

33. Actuarial charges relating to Voluntary Redundancies (VR) totalling £3.9m have been allowed for in 2011/2012. It is estimated that the actuarial charges will be broadly in line with the provision.

34. The VR scheme is continuing into 2011/2012 but the costs are now being funded by individual services rather than from a corporate reserve so will need to be met from existing service budgets.

35. The estimated cost of VRs across all services in 2011/12 is £3.8m. These costs are reflected in services' forecast outturn positions. However, the Council has approval to capitalise up to £3m of the statutory element of VR payments in 2011-12. If agreed, this would potentially spread the costs over a number of years, with a resultant reduction in the impact on revenue budgets. It is estimated that the qualifying statutory element of service VR costs above amounts to £2.4m.

36. At year end, capitalised costs will be deducted from services' expenditure, and service outturns will show an improved position as estimated in Table 7 below.

<u>Table 7 – Impact of Capitalised VR costs</u>

	Net Projected Variance from Budget	Less Capitalised VR costs	Revised Projected Variance
	£000	£000	£000
Children & Families	1,070	-170	900
Adults	4,175	-1,195	2,980
Places & Organisational Capacity	1,206	-780	426
Corporate Services	1,759	-238	1,521
Cross Cutting Savings	2,812		2,812
Total Services	11,022	-2,383	8,639

37. In addition to the costs above, it is now proposed to take the opportunity to reduce the costs of the organisation and support 2012/13 policy proposals by bringing forward and approving additional VR expenditure in 2011/12 for ICT Shared Service and Adults Transport as set out below.

38. ICT Shared Service intend to reduce baseline costs going into 2012-13 in order to achieve a breakeven position and provide a more flexible and responsive service. The Target Operating Model (TOM) proposals would lead to a reduction of approximately 70 employees. During Phase 1, 35 employees registered an interest in accepting voluntary redundancy, with a financial consequence of £923k. Phase 2 of the VR process has now closed, and it is likely that further employees will be identified for either voluntary or compulsory redundancy. It is therefore estimated that total one-off VR costs will be in the region of £2m. This cost would be shared on a 50/50 basis between Cheshire East Council and Cheshire West and Chester Council in the financial year 2011/12.

39. In 2011/12, the Adults service had a policy savings option of £800k in relation to transport. Following a review of service users, the number of clients using the CEC transport fleet has reduced. Consequently, a decision has been made to release a number of drivers on voluntary redundancy during 2011/12 due to service over-capacity from reduced demand.

40. The total of these additional one–off costs, which are not reflected in service outturn positions, is estimated to be £1.1m. These costs would again be subject to the capitalisation of statutory elements, estimated at £0.5m. The total net cost of VRs (after capitalisation) relating to the above to be incurred in 2011/12 will therefore be £0.6m. It is therefore proposed that a Supplementary Revenue Estimate (SRE) for £0.6m be approved, to be funded in 2011/12 from general reserves.

Management of Council Reserves

41. Due to the improved outturn position for 2010/2011 the opening balance of the Council's General Reserves increased from a projected £6.7m to an actual position of £12.5m.

42. The Council's Reserves Strategy 2011/2014 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecasts an increase in the level of reserves to £15m by 31st March 2012 with a risk assessed minimum level of £14.7m.

43. Planned returns to reserves of £8.3m at MYR comprised a projected contribution from revenue funding of £5.1m, approved transfers of revenue earmarked reserves of £1.9m, VAT repayments of £1.1m (increased from the original estimate of £0.7m), and Business Financing scheme repayments of £0.2m. However a review of the capital reserve has identified a revenue funded element of £0.5m which can now also be returned to balances, bringing the total to £8.8m.

44. The potential impact of the service outturn forecast is to reduce balances by £11m. In addition this report requests Council to approve funding from general reserves of £0.6m for one-off VR costs. At MYR Members also approved an SRE of up to £860k for Pay Harmonisation costs.

45. These can be mitigated by £4.4m of service related items in respect of specific grants, capital financing, and capitalised VR costs referred to above, resulting in a net service impact of £8.1m as follows:

	£m
Service Outturn	-11.0
SRE Pay Harmonisation	- 0.9
SRE VR costs	-0.6
Capital financing	0.7
Grants	0.8
Capitalised VR costs	2.9
Total	8.1

46. The potential worse case impact of all the above items on the level of General Reserves is shown in Table 8 below.

Table 8 – Change in Reserves Position

	£m	£m
Opening Balance at 1 April 2011		12.5
Planned Contribution to reserves	5.1	
Fleming VAT claims	1.1	
Contribution from earmarked reserves	2.4	
Business Financing scheme	0.2	8.8
Service Outturn Impacts		-8.1
Forecast Closing Balance at 31 March		13.2

47. At this stage of the year the forecast is below the Reserves Strategy risk assessed minimum level of £14.7m but forecasts still need to be treated with some caution. Services continue to face challenges in delivering planned savings, and there could be further emerging pressures, but additional significant mitigating proposals are underway and further measures are being developed.

48. In October, the Council implemented austerity measures to begin the process of further reducing expenditure. These comprised a recruitment freeze, stopping all non-statutory advertising and publications, and the cessation of expenditure on non essential supplies and services. Members and Officers remain committed to continuing to seek further ways in which to reduce costs or increase income, to bring about an improved outturn position, and achieve a level of reserves in line with the risk assessed minimum level.

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Corporate Grants Register 2011/12 as at 31st December 2011 **Annex 1 Appendix 1**

	Note	Adjusted Base Budget 2011/12 £000	Final Settlement 2011/12 £000	Variance 2011/12 £000
Formula Grant				
Revenue Support Grant		16,607	16,607	0
National Non Domestic Rates		53,728	53,728	0
Total Formula Grant		**70,335**	**70,335**	**0**
Specific Grants				
Ringfenced Grants				
Dedicated Schools Grant	*1*	210,976	205,103	5,873
Pupil Premium Grant	*2*	2,146	2,575	-429
Sixth Forms Grant (YPLA)	*1*	12,178	12,218	-40
Total Ringfenced Grants		**225,300**	**219,896**	**5,404**
Non Ringfenced Grants				
Early Intervention Grant		11,836	11,836	0
Learning Disabilities & Health Reform		4,021	4,021	0
New Homes Bonus		870	870	0
Council Tax Freeze Grant		4,467	4,467	0
Housing Benefit and Council Tax Admin.		2,210	2,210	0
Council Tax Benefit Subsidy	*4*	20,408	20,408	0
Housing Benefit Subsidy	*4*	75,128	75,128	0
NNDR Administration Grant		562	562	0
NHS Funding	*3*	3,906	3,906	0
Local Service Support Grant -				
- Preventing Homelessness Grant		253	253	0
- Lead Local Flood Authorities		125	125	0
- Community Safety Fund		292	292	0
- Extended Rights to Free Transport		310	310	0
Music Grant		406	406	0
YOT grant		443	443	0
Children's Workforce in Schools Modernisation Grant		85	85	0
Learner Support Funds		40	40	0
16+ Transport Partnership grant		73	73	0
Further Education Funding (16-18 Funding)		10	10	0
Adult and Community Learning		723	723	0
Train to Gain Grant		250	250	0
CWIEC		30	30	0
Community Transport Grant		139	139	0
Neighbourhood Planning Front Runners		80	80	0
Revocation of Property Search Fee		34	34	0
Planning - Habitats Regulations and Climate Change				
New Burdens		17	17	0
Winter Impact Grant		1,573	1,573	0
Warm Homes Healthy People		0	69	-69
Grants claimed retrospectively		412	412	0
Total Non Ringfenced Grants		**128,702**	**128,771**	**-69**
Total Specific Grants		**354,002**	**348,667**	**5,335**
Total Government Grant Funding		**424,338**	**419,003**	**5,335**

Notes
1 The DSG/YPLA reductions are due to funding being transferred to Academies
2 The Pupil Premium grant was increase in year by the DfE; impact is net nil as passed on in full to schools
3 Spending against NHS Funding grant is to be negotiated with NHS
4 The budgets for Council Tax Benefit and Housing Benefit Subsidy grants are held within the service.

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ANNEX 2

SERVICE FINANCIAL SUMMARY

INTRODUCTION

1. This section provides a summary of SERVICE forecast outturn positions on revenue and capital budgets at the mid-year stage, and a summary of the debt position at 31 December 2011. It highlights the key budget pressures facing the Council, and remedial actions taken and planned, and summarises progress against savings policy proposals contained in the 2011-12 budget. Significant variances from the Mid Year Review position are highlighted.

OVERALL REVENUE SUMMARY

Table 1 - Service Revenue Outturn Forecasts

	Net Budget £000	SRE's for approval £000	Net Projected Variance from Budget £000	Change from Mid Year Review £000
Children & Families				
Directorate	732		-508	-1,092
Safeguarding & Specialist Support	27,205		971	-642
Early Intervention & Prevention	11,126		-968	-251
Strategy & Planning	40,601		-1,174	-832
Other Schools Related	-22,051		2,749	927
sub total	57,613		**1,070**	-1,890
Adults				
Care4ce	0		904	-170
Local Independent Living	55,427		3,262	21
Strategic Commissioning	39,551		9	-776
sub total	94,978		**4,175**	-925
CHILDREN, FAMILIES & ADULTS	**152,591**		**5,245**	**-2,815**
Waste, Recycling & Streetscape	29,847		583	-523
Highways & Transport	20,174		-896	-872
Community	5,805		655	-477
Development	14,574	-69	1,070	226
Performance, Customer Services & Capacity	10,771		-206	-438
PLACES & ORGANISATIONAL CAPACITY	**81,171**	**-69**	**1,206**	**-2,084**
Finance & Business Services	18,028		1,554	-113
HR & OD	3,082		77	-66
Borough Solicitor	5,765		128	128
CORPORATE SERVICES	**26,875**		**1,759**	**-51**
CROSS CUTTING SAVINGS	**-2,812**		**2,812**	-48
TOTAL SERVICE OUTTURN	**257,825**	**-69**	**11,022**	**-4,998**

2. Table 1 above shows the projected outturn positions at a service level. Overall, services are forecasting an overspend of £11m. Significant elements of overspend arise across all areas of the Council, including unallocated cross-cutting savings.

3. An SRE request of up to £0.6m for funding from reserves to meet one-off VR costs is detailed in Annex 1.

KEY SERVICE REVENUE ISSUES

4. Key issues impacting on service outturn forecasts are summarised below.

CHILDREN & FAMILIES £1.1m overspend

5. Children and Families have reduced their forecast outturn position from £3.0m at Mid Year to £1.1m. This has been achieved through releasing earmarked reserves which are no longer required together with proactive management of placement activity which is continuing to reduce the overspend in that area; and realising efficiencies and savings wherever possible. However, it is essential that managers continue to seek efficiencies and further savings, and take whatever remedial action can be identified to ensure this forecast outturn of £1.1m is delivered.

6. As part of the Three Quarter Year Review, additional pressures have been identified for the Dedicated Schools Grant (DSG), which are not included in the Children and Families reported outturn position. An analysis of the budget for free entitlement to nursery places for three and four year olds is indicating increased take up during the year, as a result of the increase in entitlement from 12.5 to 15 hours per week. This pressure will have an ongoing permanent impact in later years, which will need to be taken into account through the forthcoming DSG budget setting process with the Schools Forum.

Directorate £508k underspend.

7. Previous predictions of the Directorate section of the budget have been of overspends. However, the earmarked reserves have been re-assessed and it has been decided that the reserves held are unnecessarily high. Consequently, a number of the reserves built up over time, will be reduced releasing funds to help support the Council's budget.

Safeguarding and Specialist Support £971k overspend

8. The service is predicting an over spend of £971k, which is a reduction of £642k from mid year review. A review of the Disability placement service has revealed much lower use of respite beds in the West than originally budgeted for, releasing £300k of unrequired budget.

9. In addition, the continued proactive management of placements through the placement panel is reducing the forecast cost. Similar management action within the 16+ service, Cared for Support and Section 17 costs are indicating an improvement of £125k in outturn projection.

10. In the Mid Year Review concerns were expressed about the impact of Court decisions on the budget and how the behaviour in some settings was

inappropriately increasing expectations and costs. The service is working with both the courts and specific settings to help ensure that appropriate and manageable decisions are taken in the future. This is a volatile area of the Council's activity and resulting budget pressures can be expected to continue.

Early Intervention and Prevention (EIP) £968k underspend

11. The change since the November projection of £852k has resulted from improved forecasts in respect of the Youth Offending Service (£43k) and Family Services (£57k) together with a number of minor variances. Continued management action is being undertaken to maintain and potentially increase the underspend to help contribute to a lower overspend overall.

Strategy, Planning and Performance (SPP) £1.174m underspend

12. In November, the service was projecting an underspend of £505k and further work was carried out to identify additional savings within the various service areas, which include:

- Workforce Development and Lifelong Learning identified additional underspends of £364k through staffing savings and reprofiling of commissioned training.

- Early Years services have identified a saving of £80k on supplies and services, equipment purchase and commissioning.

- Projected further staffing underspends, consequent on the recruitment freeze, will generate further savings of £100k.

Other School Related £2.749m overspend

13. This overspend relates to the early retirement, pension and redundancy costs relating to schools, particularly pension enhancements paid to teachers. This is a pressure on the base budget, which has been factored into the budget setting process for 2012-13.

Schools/DSG

14. Centrally retained DSG was not fully spent in 2010-11, allowing budget of £538k to be carried forward and this will be used to offset some of the budget pressures caused by increased childcare take up for three and four year olds.

15. The DSG award for 2011-12 has now been recalculated to adjust for Academy conversions. Amounts recouped from DSG are in line with expectations.

16. The Individual Schools Budget (ISB) is assumed to balance as actual spend has to equal budget, with schools retaining in full any carry forward of either an over or under spend. During 2010-11 schools generally under spent their budgets by approximately £10m, increased from approximately £8m in the previous year. The latest estimate is that schools will underspend their available allocations for 2011-12, but at a reduced level, likely to be around £8m from the latest forecasts.

ADULTS £4.2m overspend

17. Adults Service is projecting an outturn overspend position of £4.175m (this includes budget adjustments for inflation, pay harmonisation and procurement savings).

Care4CE £904k overspend

18. The underlying reason for the overspend in Care4CE remains unchanged from the First Quarter Review: delays in delivering the rationalisation of buildings and the NHS decommissioning of services.

19. The outturn position has reduced since mid year review due to remedial action that the service has taken including monitoring and reviewing staffing expenditure; stopping all non-essential spend.

20. The service are continuing to monitor spend and are taking all appropriate remedial action that does not have a detrimental effect on front line service delivery.

Individual Commissioning £3.262m overspend

21. The care cost forecast position has not changed dramatically since mid year review. There is still a risk that seasonal changes may influence the final outturn position, following reports from NHS colleagues that a higher number of vulnerable patients have been admitted over the winter period.

22. Direct payments (particularly relating to Learning Disability) are continuing to increase at a faster rate than originally predicted with a 60% forecast increase on 2010-11 whilst traditional care costs, predominantly delivered via Care4CE, are not reducing as much as originally predicted. This is leading to a net impact of £2.5m including £0.5m recoupment of unspent monies. It is hoped that the current building based review project, which is due to report to Cabinet before the end of the financial year will help alleviate this pressure for later years.

23. The importance of being able to remove the concept of double running costs is vital to the successful delivery of a balanced budget. Either the provision of service available via Care4CE needs to be maximised, reducing the reliance on external direct payments, or the provision in Care4CE needs to be reduced. The advent of personalisation means that reductions in Care4CE are the most likely outcome in the immediate short term.

24. The £0.7m saving linked to the social care redesign 2 policy proposal, still remains undelivered (it was previously anticipated that there would be a 2% reduction in the overall number of nursing and residential clients and this would lead to £0.65m care cost reduction). Whilst preventative services such as re-ablement continue to reduce the additional demand for nursing / residential placements the number of clients continues to remain steady.

25. Part of the increased demand in residential and nursing care is also being driven by individuals requiring support from the Council following the depletion of their capital resources, where the numbers are currently averaging 12 individuals every 4 weeks. In a full year every 100 individuals requiring residential and nursing care following depletion of their own funds, adds an

unbudgeted pressure of £2m. Because individuals financial positions are in the main unknown to the Council it is hard to estimate and budget for such eventualities. The economic climate is such that this feature of budget pressure is likely to continue for some time.

26. The government has recently announced additional funding to cover winter pressures from the NHS and the allocation to Cheshire East Council is £0.9m. The service will be working with the PCT to deliver services that help alleviate front line pressures and this funding will also be used towards additional winter care cost pressures

Strategic Commissioning £9k overspend

27. The outturn position for the service has altered since the mid year review following a thorough review of actual expenditure to date and future commitments.

28. In particular a review of supporting people contract commitments has identified £0.4m of additional remedial action. The 2012/13 budget includes a policy proposal to fully review supporting people contracts.

29. A reduction of £0.3m in the forecasted voluntary redundancy costs in year has also helped reduced the overall outturn position.

30. Whilst on the surface the service is nearly balanced, the service still have underlying budget pressures from VR costs (£2m); Learning Disability Pooled Budget and savings that need to be allocated (£1.5m).

31. For 2012/13, the Adults Service is undertaking a thorough line by line needs led budget exercise, which will lead to a re-alignment of budgets across all three services within the current affordability envelope. This in turn, should mean minimal variances from budget next year.

Conclusion

32. The service continues to identify remedial action to reduce the overall outturn position, and hope to be able to report further progress between now and the year end. The nature of care provision does make it harder to identify immediate and short term remedial action that can be delivered in year, although the process of review continues, aiming to ensure that the right care is being provided to individuals and that the financial pressures do not result in unsafe safeguarding situations.

33. A review of the temporary and permanent nature of the £4.1m forecast overspend has been undertaken at a high level to establish the possible impact on spending levels into later years. Three main items are impacting on the current year which are either temporary in nature or will be delivered in later years. Firstly redundancy costs of £2m, secondly the Building Based Review which has been delayed (£1m) and thirdly the delayed Transport Review (£0.8m). These three items account for the majority of the overspend.

34. Whilst the majority of the budget pressures have been mitigated in the forthcoming budget proposals in 2012/13, underlying pressures are emerging and will need to be carefully managed. Identified pressures include the extent of growth in direct payments and resulting double running costs with Care4CE

provision and the high numbers of individuals requiring care following the depletion of their capital resources.

PLACES & ORGANISATIONAL CAPACITY £1.2m overspend

35. At this point in the year the Directorate is forecasting an adverse net variance against budget of £1.2m (after remedial actions). This compares to a £3.3m adverse variance at MYR.

36. The overall net variance of £1.2m comprises:

- £838k on the impact of VR severance costs paid/forecast to date;
- £730k on procurement, Business Management Review and other allocated savings;
- £754k relating to exceptional events re car parks revaluations (increased NDR) and Planning appeal costs;
- £410k relating to exceptional inflation re Utility contract price increases for Council owned buildings, including Leisure facilities and Car Parks;
- £474k relating to policy changes since the budget was approved in February (re Grounds Maintenance, Markets rents and Library Review & Lifestyle Centre Income);
- £3.534m Service pressures: Waste Roll Out £786k, Car Parking – economic pressures £624k, Regulatory income shortfall £152k, Leisure – pay & non-pay £238k, Asset Challenge pressure £800k, Planning income pressures & Flood Defence Levy £316k, Libraries & Customer Services pressures £467k.

Offset by:

- (£3.696m) service cost reductions, principally vacancy management and non pay spending restraint across Waste & Streetscape (£1.1m), Highways Maintenance (£400k), Highways & Transport (£523k), Development Service (£898k) and Performance, Customer Services and Capacity (£775k).
- (£1.837m) remedial actions as set out in the report in paragraph 40.

Key changes since MYR:

37. The key changes since MYR totalling a net £2.1m improvement relate to the following:

Waste, Recycling & Streetscape (£523k) Improvement:

- (£171k): Service pay forecast improvement, including (£250k) vacancies, (£60k) Waste Agency remedial action, offset by £139k additional VR's and backpay costs on implementation of the Waste structure.
- £100k: additional fleet costs, mainly Waste re hired fleet and fuel usage.
- £200k: Bereavement Services adverse income forecast due to additional delay of cremator replacement.
- (592k): improvement since MYR across premises/supplies budgets mainly against Waste Contracts & minimisation, Bereavement Services and Public Conveniences.
- (£52k): improvement in realising the full extent of business process and procurement savings.

Highways & Transport (£872k) Improvement:

- (£220k): Transport have improved their financial performance since MYR principally due to realising savings against pay budgets arising from changes in the team structure together with an improvement in the full year cost of local bus contracts and the reimbursement to operators in respect of concessionary fares;
- (£500k): Highways are proposing a further (£285k) remedial action against highways maintenance having already achieved a £400k under-spend against maintenance expenditure in the first half year; achievement of this will clearly be dependent on the severity of the weather during the last three months of the financial year. In addition, (£215k) improvement against supplies and income budgets are forecast;
- (£123k): PROW/Countryside have several budget pressures arising in the current financial year against pay £90k, including the cost of voluntary redundancy £68k and overtime £22k, the loss of income from the Bollin Valley Partnership £59k and other non pay budget pressures £13k.

Community (£477k) Improvement:

- (£180k): Car Parking - further adverse income variance £50k is anticipated due to continuing economic recessionary pressures, reduction in customer demand and reduced residents scheme purchases. This is offset by an improvement in Regulatory services estimated income (£40k). In addition, the service is proposing further management actions to reduce expenditure (£190k) under remedial actions. Achievement of this will be dependent on consumer demand and seasonal factors.
- (£296k): Leisure and Cultural Services - Leisure Facilities VR costs to be charged from Adult Services £55k, offset by various pay and non pay variances (£206k). Further remedial measures (£145k) are proposed by the service which include an expected increase in income (£110k) due to increase in fees and charges in Leisure facilities from January 2012.

Development Service £226k adverse:

- (£290k): impact of full year vacancy management not previously reported within Economic Development (£190k) and other smaller additional savings across the Service from vacancy management (£100k);
- (£150k): Planning - improvement since MYR across forecast income projections, principally in respect of Pre and Full Planning applications;
- £800k: Assets – In addition to the above £250k (VR) and £450k (Energy Inflation), the £800k pressure in the achievement of the Asset Challenge target is now included, pending transfer of budgets relating to premises vacated by services,
- (£120k) further remedial actions identified across Economic Development and Assets.

Performance, Customer Services & Capacity (£438k) Improvement:

- (£140k) saving in Head of P&C mainly due to funding for public health interim role not being needed,
- (£176k) additional under spend in Performance & Partnerships since mid year as a result of the recruitment freeze and stopping expenditure due to Think Twice message,
- (£122k) Various improvements across Communications, Customer Services, Corporate Improvement and Libraries re staffing and non-pay savings (Think Twice).

SRE Request

38. A Supplementary Revenue Estimate for £69k is requested by Housing, to be fully funded from a Department of Health Warm Homes Healthy People grant, to support local authorities to reduce the level of winter deaths and morbidity as a result of cold homes. The grant will be fully utilised in 2011-12.

2011-12 Savings Proposals:

39. The Directorate has savings proposals totalling £12.537m for 2011-12. The forecast out-turn achievement against these savings is £9.311m, with £3.226m potentially "at risk". As detailed above the principle variances are:

Key variances against 2011-12 Savings Proposals	£000
Asset Challenge	800
Markets – delayed/reduced rent increases	200
Assets – VR cross-cutting savings not achieved	250
Grounds Maintenance – Frontline resource reductions proving difficult to realise.	240
Development Mgt – The Regional Flood Defence Committee have powers to raise the levy and the method of calculation is also set by legislation therefore it will not be possible to achieve 2011-12 savings against this budget. There is a proposal in 2012-13 to reinstate this budget.	102
Development Mgt – based on planning application and pre application receipts to the end of December 2011 the Service is not anticipating that it will be possible to fully achieve sufficient income to fully realise 2011-12 £225k increase to the income target.	137
Procurement, Business Management Review and Corporate staff related savings (FMW/Unison) – proving difficult to realise as planned/under review.	462
Health & Wellbeing – building based review	268
Street Lighting – energy savings	10
Car Parking – residents parking schemes – demand 60% less than anticipated.	20
Health & Wellbeing – maximise income/increased fees	62
Greenspaces Review	8
Customer Services – review face to face access Sandbach	38
Former Health & Wellbeing - Savings proposals part achieved and may be mitigated from other remedial actions	103
Sub-total	2,700
Additional one-off costs Route Optimisation/harmonisation (net)	526
Total	3,226

Remedial Actions

40. The Directorate has already identified a range of remedial measures to contain the impact of these adverse variances as referred to above and these are reflected in the overall out-turn forecast. The Directorate will continue to closely monitor and manage key areas and identify scope for further remedial actions.

Waste, Recycling & Streetscape

£130k – planned remedial actions comprising:

- Waste minimisation one off budget reduction £50k
- Waste Agency costs (re deploy Garden Waste team) £60k
- Waste fuel reduction re reduced start up time £20k

Highways & Transport

£447k – planned remedial actions comprising:

- £285k additional under-spend on Highways Maintenance (after £400k already reported in year forecast), achievement will depend upon severity of the weather between now and end of the financial year.
- £162k – Public Rights of Way / Countryside have identified a range of measures, which will have to be taken to mitigate their 2011-12 service budget pressures, including: deferring planned maintenance across a number of sites (although this approach is essential in the short-term to address in-year pressures it will be difficult to sustain into the new financial year. Efforts are being made to mitigate the impact and address any short-term issues during the next financial year) and small project expenditure and utilising unbudgeted income from grants and contributions.

Community

£873k – planned remedial actions comprising:

- CCTV delay in creation of new control room (non pay savings) £170k
- Structure changes £160k
- Review out of hours service and increases in other fees & charges £39k
- Capitalisation of FLARE costs £100k
- Effective collection of bad debt £30k
- Regeneration applied earmarked reserve for Town Centre Car Parking Improvements £75k
- Further remedial actions are being sought by the service in order realise the additional reductions in Leisure £299k.

Development Service:

£387k – planned remedial actions comprising:

- £80k – Spatial Planning and Development Management are on target to deliver their remedial actions to help mitigate the Directorate budget pressures.
- £70k – Economic Development & Regeneration will take remedial action across several non pay budgets to further help mitigate the Directorate budget pressures.
- £237k – Assets: A number of remedial actions have been implemented including: improving the income / bad debt position; further prioritisation of building maintenance spending; and capitalisation of staff time in relation to capital projects. Since MYR, Assets have identified a further £237k of staff time that could potentially be capitalised.

Conclusion

41. The Directorate has identified £1.837m in remedial actions to date and will continue to closely monitor and manage key areas and identify scope for further remedial actions in the remainder of the financial year.

CORPORATE SERVICES £1.8m overspend
(excluding retained cross-cutting savings – see below)

42. Corporate Services is currently showing an adverse net variance against budget of £1.759m (after remedial actions), which is a small improvement of £51k from the position reported at MYR.

Finance & Business Services £1.554m overspend

43. £1.278m of the overspend is attributable to the ICT Shared Service. As reported in detail at the MYR, the overspend is due to the following main factors:

- initial estimated costs for 2011-12 were higher than the client budget available.
- decrease in the capital delivery assumption from 90,000 hours to 80,000 hours
- some proposed efficiency savings are actually being delivered against client budgets, and therefore shared service costs will not reduce.
- a shortfall on deliverable development hours chargeable to capital schemes. The ICT Service have expressed concern that Shared Services may still not deliver the projected hours, and therefore, there is scope for the reported overspend to increase.

44. A great deal of work is being undertaken through the ICT Shared Service improvement plan to ensure that the overspend position is resolved by mid 2012/13. Initiatives include performance management, commodity sourcing, recruitment review, contract spend analysis, architecture simplification, review of target operating model (including staffing reductions) and benchmarking.

45. The remaining overspend arises mainly in the Finance shared service, which has been impacted by cross cutting savings and delays to the structure rationalisation, and Procurement which has been subject to severance costs, residual CBS supplies expenditure, two years AGMA subscriptions and agency costs relating to an interim category manager, partly offset by economies within the Insurance budget.

Human Resources and Organisational Development

46. The HR & OD service is predicting an underspend of £79k before the impact of harmonisation work and Shared Services are taken into consideration. The £77k net overspend is due to anticipated costs of £142k being incurred on pay harmonisation work and the impact of Shared Services overspends of £16k.

47. The service has absorbed significant cross-cutting savings in addition to the above pressures, mitigated through the capitalisation of harmonisation software and consultancy costs, continued use of the Invest to Save reserve and vacancy management.

Borough Solicitor

48. The £128k overspend within Borough Solicitor is entirely as a result of activity that is not controllable by the service, in terms of both additional expenditure incurred in relation to the Borough and Parish elections (£50k), and the legal obligation to meet costs of the Coroner (£56k).

UNALLOCATED CROSS CUTTING SAVINGS £2.812m overspend

Finance and Business Services (Retained Cross-Cutting Savings) - £1.0m overspend

49. Shared Services Improvement in Services - the saving of £0.3m was originally to be met from continuing Shared Services outside of ICT, HR and Finance but this has not proved possible. The unallocated balance is subject to a growth bid in 2012-13.

50. Procurement Saving - council wide procurement savings of £0.7m have been delivered, however, the remaining non-deliverable £0.7m is subject to a growth bid in 2012-13 to remove completely.

Human Resources and Organisational Development (Retained Cross-Cutting Savings) - £1.812m overspend

51. Pay Harmonisation - £598k of the original £2.4m of savings has been generated in 2011-12 from the latest package, however, an in-year pressure of £1.812m remains. This is a slight improvement of £48k since MYR.

52. Salary Sacrifice Scheme / Reed Contract savings - £180k of the original £490k Council wide savings target has been delivered, however, the remaining unallocated balance cannot be delivered owing to reduced demand, and is now subject to a growth bid in 2012-13.

53. VR Saving - the original target for new Category 3 VR savings was £600k. However, savings totalling £900k have been identified and distributed to services across the authority leaving a positive budget of £300k retained by the service, resulting in a forecast year end underspend of £300k.

REVENUE BUDGET - CONCLUSION

54. After allowing for the allocation of contingencies to services, projected service overspending has decreased to £11m at the three quarter year stage, reflecting the impact of further remedial actions implemented during the year.

55. Significant mitigation has been identified corporately to reduce the impact on general reserves by some £4m. At this stage there would appear to be little scope for further mitigation of the position from corporate budgets and provisions other than that outlined in Annex 1. However the Council will continue to strive to reduce the overspend by further remedial measures and actions before year end.

CAPITAL PROGRAMME

56. At the third quarter review stage the Council is forecasting expenditure of £73.725m in 2011/12 against an Approved Budget of £89.856m for the year. Officers have undertaken a fundamental review of the capital programme to ensure that it only includes schemes that fulfil the Council's priorities for service delivery to be carried forward and any unspent balances have been deleted from the programme enabling resources to be freed up for future allocations.

57. Table 2 shows an analysis by Directorate of the in-year Approved Budget for 2011-12, and forecast expenditure for 2011-12 and the three following years to 2014-15.

Table 2 – Capital Expenditure Forecasts

	In Year Approved Budget	Forecast Expenditure			
Department	2011-12 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Adults					
New Starts	380	44	136	0	0
Committed schemes	2,324	1,956	367	0	0
	2,704	2,000	503	0	0
Children & Families					
New Starts	10,298	6,275	7,174	1,483	0
Committed schemes	15,530	11,679	9,291	61	0
	25,828	17,954	16,465	1,544	0
Places & Organisational Capacity					
New Starts	26,082	26,084	13,816	4,770	0
Committed schemes	29,841	25,044	11,683	3,500	1,615
	55,923	51,128	25,499	8,270	1,615
Finance, Legal & Business Services					
New Starts	984	227	850	0	0
Committed schemes	4,417	2,416	3,070	1,099	0
	5,401	2,643	3,920	1,099	0
Total New Starts	37,744	32,630	21,976	6,253	0
Total Committed schemes	52,112	41,095	24,411	4,660	1,615
Total Capital Expenditure	89,856	73,725	46,387	10,913	1,615

58. The programme consists of on-going schemes started in previous years (£52.112m) and new starts (£37.744m). The new starts include a number of schemes which form part of a 'core' programme, including essential maintenance, Local Transport Plan (LTP) schemes within Environment, Devolved Formula Capital (DFC) allocations for schools, and Corporate Landlord schemes within Assets. New schemes have been approved by Members as meeting the Council's priorities.

59. The programme is funded from both direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). A funding summary is given below in Table 3.

Table 3 – Funding Sources

Funding Source	Forecast Expenditure			
	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Grants	36,976	16,706	2,610	0
External Contributions	3,028	202	80	0
Linked/Earmarked Capital Receipts	47	1,326	0	0
Supported Borrowing	5,493	1,868	484	0
Non-supported Borrowing	10,820	18,806	4,946	0
Revenue Contributions	928	550	395	0
Capital Reserve	16,433	6,929	2,398	1,615
Total	73,725	46,387	10,913	1,615

60. Annex 2, Appendix 1 shows detail of the individual schemes that make up the disclosures in Table 2 and Table 3.

61. Annex 2, Appendices 2a and 2b list proposals for Supplementary Capital Estimates (SCE) /Virements up to and including £1,000,000.

62. Annex 2, Appendix 2c lists a proposal for a Supplementary Capital Estimate (SCE) / Virement for over £1,000,000 for Council Approval.

63. Annex 2, Appendix 3 provides a list of reductions in capital budgets to be noted. As result of a review of the current capital programme savings have been identified totalling £1.613m.

Key Service Capital Issues

Children, Families & Adults

64. Malbank School & Sixth Form College – 2010/11

Total Approved Budget £1.185m

A virement and a Supplementary Capital Estimate (SCE) has been requested to increase the total approved budget by £163,608, funded from the 2011/12 Malbank School scheme £150,000 and £13,608 from a school contribution. This is to bring the two schemes together as one project on the capital programme.

65. Capital Maintenance Allocation 2011/12

A Supplementary Capital Estimate has been requested for the additional 2011/12 funding received from the Basic Needs Grant.

66. Adults Personal Social Care Capital

This scheme is being funded by the Community Capacity grant and it will be used for system development within Adult services.

Places & Organisational Capacity

67. Crewe Rail Exchange

Proposed Total Approved Budget £6.177m

The Crewe Rail Exchange scheme provides a crucial first step towards the Council's ultimate plans for Crewe Station and moving forward with its economic growth plans set out in "All Change for Crewe". In order to secure the £6.177m funding the Council must comply with a number of conditions specified by the Station Commercial Project Facility (SCPF) awards panel. Full background details to the scheme and conditions to the grant funding are included in the Cabinet report titled Crewe Rail Exchange Project – SCPF – Tranche 2 Funding which is also being presented at the Cabinet meeting on 6th February 2012.

68. Street Lighting Carbon Pilot Bids

These proposals will contribute to the Council's Corporate Plan through its energy and carbon reduction that will also contribute towards the Council's Sustainability Strategy. Reducing the hours of operation will result in longer periods between planned maintenance visits thereby reducing road occupancy by maintenance vehicles.

There are three pilot areas as follows:

- Middlewich Road (adjacent to Westfield offices) at a cost of £14,700. Targeting a reduction in energy consumption and additional benefit through increased lamp life and reduced maintenance costs.

- A34 (part night/switch-off operation on sections of the A34) at a cost of £99,500. This scheme will see an introduction of variable lighting levels to street lighting during the hours of operation. Introduction of equipment and complementary traffic management measures to support the trial of part night / switch-off operation on sections of the A34.

- Extension of the Residential Part Night Trial at a cost of £99,500. This scheme will see an introduction of part night street lighting; switching lighting off during part of their hours of operation – Estimated number of columns 950

The trials will also cover systems to allow remote management and operation of street lighting. The pilot schemes are linked to the £2.0m bid in the 2012-13 programme.

69. Waste Procurement PFI

Cheshire East and Cheshire West & Chester Councils have been progressing a Cheshire Waste Management Private Finance Initiative (PFI). A project inherited from Cheshire County Council, the contract would manage the treatment of residual municipal solid waste over the next 25 years to meet required landfill diversion and recycling targets. On 20 October 2010, Defra confirmed that PFI credit support for the project was being withdrawn. On 26 July 2011, notification was received that the Councils' legal challenge had failed and in the light of this decision we are reviewing options for the future disposal of municipal waste.

Cheshire East's spending on the project to date is some £1.6m and (as reflected in the 2010/11 Accounts in relation to this matter) pending a decision not to progress the scheme it is considered reasonable to have capitalised such expenditure, so far. If alternative treatment is subsequently required, any necessary adjustments will be made in the year that decision is made.

70. Bridge Maintenance – Minor Works 2011/12

This is a Supplementary Capital Estimate (SCE) funded by the additional monies received in respect of the Integrated Transport Block 2011/12.

71. Assisted Purchase Scheme 2009/10 & 2010/11

Two virements have been requested totalling £263,000 to amalgamate the three existing Assisted Purchase Schemes on the capital programme into a single pot.

72. Minor Works 2011/12 & Compliance 2011/12

The above are two new schemes at £500,000 each which have been identified separately by Asset Management. In turn as the work will relate in the main to Schools, £1,000,000 has been vired from the Children and Families capital programme.

73. Lifestyle Refurbishment

A virement of £190,000 has been requested from the Oakley Centre capital budget to Macclesfield & Wilmslow Leisure Centres. The programme of works will provide adaptations and modifications to the existing facilities for the disabled, together with day and lounge provisions.

DEBT MANAGEMENT

74. Total Invoiced Debt at the end of December 2011 was £6.3m. After allowing for £1.8m of debt still within the payment terms, outstanding debt stood at £4.5m. The total amount of service debt over 6 months old is £2m which has remained broadly constant during the year to date, and is £0.5m higher than the level of older debt at 31 March 2011. Services have created debt provisions of £1.8m to cover this debt in the event that it needs to be written off.

75. An analysis of the invoiced debt provision by directorate is provided in Table 4.

Table 4 - Invoiced Debt

Directorate/Service	Total Outstanding Debt as at 31st December £000	Total Debt Over 6 months old £000	Bad Debt Provision £000
Children & Families	796	491	283
Adults	1,753	989	989
Total Children, Families & Adults	**2,549**	**1,480**	**1,272**
Waste, Recycling & Streetscape	290	70	57
Highways & Transport	623	175	133
Community	160	88	89
Development	807	247	228
Performance, Customer Services & Capacity	5	3	3
Total Places & Organisational Capacity	**1,885**	**583**	**510**
Finance & Business Services HR&OD Borough Solicitor	64 2 1	19 1 0	19 1 0
Total Corporate Services	**67**	**20**	**20**
Total	**4,501**	**2,083**	**1,802**

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2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Adults										
Ongoing Schemes - Adults										
Modernising ICT Delivery	638	545	94	16	93	0	0	0	638	0
Enabling Model of Social Care	61	61	0	-6	0	0	0	0	61	0
2008-09 Building Review Block	192	111	81	1	81	0	0	0	192	0
Mayfield Centre	10	4	6	0	6	0	0	0	10	0
Extra Care Housing	2,114	2,094	20	0	20	0	0	0	2,114	0
CAF Phs 2 Demonstrator	2,585	1,158	1,427	461	1,177	250	0	0	2,585	0
Social Care IT Infrastructure	198	19	179	56	179	0	0	0	198	0
Mental Health Capital	104	87	17	0	17	0	0	0	104	0
Community Services Flexible and Mobile working	650	375	275	32	203	72	0	0	650	0
Adults Protect into Paris	50	0	50	0	5	45	0	0	50	0
Mental Health Cap 10-11	104	104	0	0	0	0	0	0	104	0
Adults Social Care 2010-11 [3]	180	5	175	62	175	0	0	0	180	0
Total Ongoing Schemes	**6,886**	**4,563**	**2,324**	**622**	**1,956**	**367**	**0**	**0**	**6,886**	**0**
New Schemes - Adults										
Business Systems for Transformn	200	0	200	0	0	0	0	0	0	200
2011-12 Building Review Block	180	0	180	27	44	136	0	0	180	0
Total 2011/12 New Schemes Approved	**380**	**0**	**380**	**27**	**44**	**136**	**0**	**0**	**180**	**200**
Total Adults	**7,266**	**4,563**	**2,704**	**649**	**2,000**	**503**	**0**	**0**	**7,066**	**200**
Childrens & Families										
Ongoing Schemes - Childrens & Families										
TLC Sir William Stanier Comm S	21,598	21,297	302	113	**151**	0	0	0	21,448	151
Devolved Formula Capital 07-08 East	5,046	4,796	250	189	**250**	0	0	0	5,046	0
TLC Dean Oak's PS	3,187	3,164	23	1	**23**	0	0	0	3,187	0
East Cheshire Minor Works Ph3	512	507	5	6	**5**	0	0	0	512	0
Sandbach Childrens Centres Ph3	783	736	48	19	**48**	0	0	0	784	0
SCP Childrens Services	47	11	36	0	**23**	13	0	0	47	0
ICT Childrens Centres Ph3 East	52	3	49	0	**49**	0	0	0	52	0
Childrens Homes Rationalisation	1,013	1,006	6	0	**0**	0	0	0	1,006	6
Devolved Formula Cap 08-09 East	4,971	4,442	529	417	**529**	0	0	0	4,971	0
Integrated Children's Systems (ICS) 08-09 East	922	460	462	6	**128**	274	60	0	922	0
Children's Workforce Dev Sys East	70	0	70	0	**5**	65	0	0	70	0
Adults workforce Census East	15	0	15	0	0	15	0	0	15	0
Repairs to Mobile Classroom Ext Schs East	30	29	1	0	0	0	0	0	29	1
TLC Vernons PS Amalgamation	3,753	3,728	25	0	**25**	0	0	0	3,753	0
Gorsey Bank Floor Repair	1,768	1,633	135	9	**135**	0	0	0	1,768	0
Brine Leas Sixth Form	7,311	7,214	98	3	**98**	0	0	0	7,312	0
Devolved Formula Capital	5,400	3,480	1,027	805	**1,027**	893	0	0	5,400	0
Devolved Formula Capital - In Advance	1,955	1,946	9	118	**9**	0	0	0	1,955	0
Contact Point / Further Dev of Children's Hub/ e-CAF	382	95	286	-33	**133**	154	0	0	382	0
Capital for Kitchen & Dining Facilities	595	218	376	5	**246**	0	0	0	464	130
Primary School & YOT Extension repairs	85	83	3	1	**3**	0	0	0	86	-1
Springfield Spec School	120	116	4	4	**4**	0	0	0	120	0
Stapely Broad Lane PS - Replacement of temp accommodation	942	518	424	359	**422**	2	0	0	942	0
Christ the King Catholic & C of E PS	3,340	3,013	327	175	**327**	0	0	0	3,340	0

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Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Offley Primary School	1,025	954	71	56	**70**	1	0	0	1,025	0
Cledford TLC Scheme	3,360	3,344	16	2	**16**	0	0	0	3,360	0
Kings Grove Mobile Replacement	790	428	362	0	**362**	0	0	0	790	0
Signage (£5k*20 centres, estimate)	10	0	10	0	**13**	0	0	0	13	-3
Underwood West PH3 Expansion	310	272	38	10	**10**	0	0	0	282	28
Cheshire East Surestart Aim High for Disabled Children	391	380	11	0	**11**	0	0	0	391	0
Childrens Social Care	35	0	35	0	**17**	18	0	0	35	0
ESCR	350	0	350	0	**120**	230	0	0	350	0
P.A.R.I.S - PCT access	25	0	25	0	**25**	0	0	0	25	0
Schools - Access Initiative	606	38	568	0	**0**	568	0	0	606	0
Mallbank Redesignation of Specialist School	50	0	50	0	**50**	0	0	0	50	0
Tytherington High School Redesignation of Specialist School	25	24	1	0	**1**	0	0	0	25	0
Targetted Capital Funding (TCF) 14 - 19 Diploma	523	0	523	0	0	523	0	0	523	0
Devolved Formula Capital 10-11	2,462	0	1,779	438	863	1,599	0	0	2,462	0
Harnessing Technology	244	129	115	0	115	0	0	0	244	0
Schools Modernisation Programme	172	0	172	0	122	0	0	0	122	50
Schools - Basic Need	387	223	163	0	210	0	0	0	434	-47
Land Block 10-11	67	0	67	1	67	0	0	0	67	-1
Land Drainage 10-11	63	17	46	20	46	0	0	0	63	0
Feasibility 10-11	82	14	68	0	68	0	0	0	82	0
VA Contributions 10-11	13	2	11	0	11	0	0	0	13	0
Primary Capital Programme (PCP)	22	0	22	0	22	0	0	0	22	0
Specialist Schools	300	0	300	0	300	0	0	0	300	0
Alsager H S Perf Arts Cent	1,134	373	761	0	682	41	0	0	1,096	38
Poynton HS	3,150	0	2,130	431	1,702	1,448	0	0	3,150	0
Tytherington HS	3,130	0	2,153	331	1,800	1,330	0	0	3,130	0
St Johns Wood CS - Sports Barn	268	264	4	0	4	0	0	0	268	0
Adelaide School - New Workshop	200	35	165	0	165	0	0	0	200	0
Malbank School & Sixth Form College	1,185	304	881	0	1,045	0	0	0	1,349	-164
Styal PS Early Years Classroom	135	12	123	0	123	0	0	0	135	0
SureStart Aiming High for Disabled Children	95	94	0	0	0	0	0	0	94	1
Total Ongoing Schemes	**84,506**	**65,403**	**15,530**	**3,485**	**11,679**	**7,174**	**60**	**0**	**84,316**	**190**
New Schemes - Children & Families										
Devolved Formula Capital 11-12	1,009	0	1,009	100	100	450	431	0	981	28
Minor Works 11-12	0	0	0	0	0	0	0	0	0	0
Oakenclough CC - Co-location (<£100k)	75	0	75	1	75	0	0	0	75	0
Cledford Infants School	653	0	653	3	400	253	0	0	653	0
Minor Works / Accessibility (<£100k)	382	0	382	0	382	0	0	0	382	0
Pear Tree Primary School	95	0	95	86	95	0	0	0	95	0
Ruskin Secondary School	100	0	100	0	100	0	0	0	100	0
Malbank Secondary School	150	0	150	0	0	0	0	0	0	150
Monks Coppenhall Primary School	120	0	55	0	120	0	0	0	120	0
Capital Maintenance Allocation 11-12	163	0	163	0	415	0	0	0	415	-252
Suitability Bids (<£100k)	702	0	702	0	702	0	0	0	702	0
Rode Heath Primary School	114	0	20	0	20	94	0	0	114	0
Wilmslow High Secondary School	120	0	40	0	0	120	0	0	120	0
Lower Park Primary School	103	0	80	0	79	23	0	0	102	1
Havannah Primary School	155	0	40	0	30	125	0	0	155	0
Parkroyal Primary School	144	0	144	0	169	0	0	0	169	-25
Styal Primary School	125	0	63	0	30	95	0	0	125	0

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	£	£	£	£	£	£	£	£	£	£
Adelaide Special School	122	0	87	0	87	35	0	0	122	0
Goostrey Primary School	162	0	48	0	48	114	0	0	162	0
Middlewich High Secondary School	225	0	163	0	225	0	0	0	225	0
Mossley Primary School	149	0	149	0	149	0	0	0	149	1
The Dingle Primary School	112	0	21	0	21	91	0	0	112	0
Alsager Highfields Primary School	127	0	17	0	17	110	0	0	127	0
Gorsey Bank Primary School	227	0	105	0	105	122	0	0	227	0
Asset Management Condition Priority	1,000	0	1,000	0	0	0	0	0	0	1,000
Mobile Replacements (<£100k)	124	0	124	89	99	0	0	0	99	25
Park Lane Special School	140	0	70	3	70	70	0	0	140	0
Alsager Secondary School	319	0	15	0	15	304	0	0	319	0
The Quinta Primary School	755	0	44	0	25	730	0	0	755	0
Lostock Hall Primary School	252	0	15	0	15	237	0	0	252	0
Leighton Primary School	367	0	19	0	44	348	0	0	392	-25
Bexton Primary School	535	0	46	0	46	489	0	0	535	0
Sound & District Primary School	252	0	15	0	15	237	0	0	252	0
Residential Dev Programme 11-12	1,500	0	1,500	2	918	582	0	0	1,500	0
Short Break Re Provision 11-12	700	0	700	29	300	0	0	0	300	400
Pupil Referral Unit 11-12	1,500	0	1,500	33	500	1,000	0	0	1,500	0
Basic Need 11-12	0	0	0	0	0	0	0	0	0	0
Lindow Primary School - Basic Needs 11-12	350	0	280	0	350	0	0	0	350	0
Beechwood Primary School - Basic Needs 11-12	521	0	71	0	71	450	0	0	521	0
Oakefield Primary School - Basic Needs 11-12	742	0	90	0	90	652	0	0	742	0
Lacey Green Primary School - Basic Needs 11-12	140	0	140	0	140	0	0	0	140	0
Specialist Special Needs Provision 11-12	2,000	0	100	0	0	2,000	0	0	2,000	0
Short Breaks for Disabled Children	203	0	203	0	203	0	0	0	203	0
Church Lawton - Specialist Provision	1,617	0	5	2	5	560	1,052	0	1,617	0
Total 2011/12 New Schemes Approved	**18,351**	**0**	**10,298**	**348**	**6,275**	**9,291**	**1,483**	**0**	**17,050**	**1,301**
Total Childrens & Families	**102,857**	**65,403**	**25,828**	**3,833**	**17,954**	**16,465**	**1,543**	**0**	**101,366**	**1,491**
Places & Organisational Capacity										
Ongoing Schemes - Community Services										
Car Park Charges Congleton	131	131	0	-4	0	0	0	0	131	0
Thomas Street Car Park - West	77	77	0	-3	-3	0	0	0	74	3
Improving Leisure Facilities	55	-15	70	51	70	0	0	0	55	0
Nantwich Pool Enhancements (part-funding)	1,074	0	724	0	0	1,129	0	0	1,129	-55
Imps to Chapel Street Car Park	234	219	0	5	15	0	0	0	234	0
Sandbach United Football complex	2,220	705	1,516	1,494	1,480	45	0	0	2,230	-10
Swim for Free Capital	128	42	86	81	86	0	0	0	128	0
Leisure Centre General Equipment	59	53	5	17	6	0	0	0	59	0
Residents Parking Schemes	282	90	32	0	32	160	0	0	282	0
Car Park Improvements	172	3	169	93	120	49	0	0	172	0
CCTV /UTC Rationalisation	1,248	133	1,115	517	1,115	0	0	0	1,248	0
Total Ongoing Schemes	**5,680**	**1,438**	**3,717**	**2,251**	**2,921**	**1,383**	**0**	**0**	**5,741**	**-62**
New Schemes - Community Services										
Leisure Cent ICT Member Sys	200	0	200	0	6	194	0	0	200	0
Refurb of Oakley Centre	250	0	250	0	0	0	0	0	0	250
Athletics Track at Macc L C	80	0	80	50	60	0	0	0	60	20
H & S Works at Macc L C	50	0	50	0	25	0	0	0	25	25

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Scheme	Total Approved Budget £	Prior Year Spend £	In Year Budget 2011/12 £	Actuals Expenditure 9th Jan 2012 £	Forecast Expenditure 2011/12 £	Forecast Expenditure 2012/13 £	Forecast Expenditure 2013/14 £	Forecast Expenditure 2014/15 £	Total Forecast Expenditure £	Variance From Total Approved budget £
Lifestyle Centre Refurbishment at MLC	0	0	0	0	115	0	0	0	115	-115
Lifestyle Centre Refurbishment at WLC	0	0	0	0	75	0	0	0	75	-75
Car Park Improvements 11/12	300	0	0	0	0	150	150	0	300	0
Community Safety Schemes 11/12	30	0	30	0	30	0	0	0	30	0
Total 2011/12 New Schemes Approved	**910**	**0**	**610**	**50**	**311**	**344**	**150**	**0**	**805**	**105**
Total Communities	**6,590**	**1,438**	**4,327**	**2,301**	**3,232**	**1,727**	**150**	**0**	**6,546**	**43**
Ongoing Schemes - Development										
Private Sector Assistance Initiative	1,520	1,007	204	13	96	315	101	0	1,519	0
Affordable Housing - Assisted Purchase Scheme	600	418	182	86	159	0	0	0	577	23
Tatton Park - Conservatory/Orangery	516	35	481	540	540	0	0	0	575	-59
Farms Estates Reorganisation & Reinvestment	1,410	71	1,339	0	13	1,326	0	0	1,410	0
Office Accommodation Strategy	9,800	5,034	4,766	0	4,796	0	0	0	9,830	-30
Crewe Town Squares - Lyceum Square	1,859	1,789	70	-5	37	33	0	0	1,858	0
Crewe Town Squares/ Shopping Facilities Refurbishment & Toilets	2,909	1,874	100	1	100	935	0	0	2,909	0
Choice Based Lettings	222	182	40	0	8	32	0	0	222	0
Affordable Housing Initiatives	870	559	311	0	0	155	155	0	870	0
Housing Grants - S106 Funded (Ex MBC)	1,045	780	265	27	265	0	0	0	1,045	0
Social Housing Grants/ Enabling Affordable Housing	861	401	318	0	318	141	0	0	860	1
Market Square, Crewe - Interim Improvements	251	233	18	17	18	0	0	0	251	0
Parkgate	1,282	236	145	3	80	966	0	0	1,282	0
Astbury Marsh Caravan Site	42	0	42	11	42	0	0	0	42	0
Private Sector Housing Assistance Initiative	853	81	533	236	386	386	0	0	853	0
Disabled Facilities Grant	1,145	836	308	308	308	0	0	0	1,144	0
Affordable Housing - Assisted Purchase Scheme	330	0	330	0	90	0	0	0	90	**240**
Empty Homes Initiatives	500	0	100	0	50	450	0	0	500	0
Town Centres Spatial Regeneration	845	0	300	0	0	400	445	0	845	0
Tatton - Visioning feasibility	50	4	46	11	46	0	0	0	50	0
Tatton - Development	240	32	208	108	208	0	0	0	240	0
Tatton Park - Office Accommodation Phase 2	54	0	54	36	54	0	0	0	54	0
Poynton Revitalisation Scheme	3,838	1,642	2,195	1,109	2,195	0	0	0	3,838	0
Poynton High, Links to School	130	0	130	121	130	0	0	0	130	0
Safe Links to Sch Middlewich	147	147	0	0	0	0	0	0	147	0
Building Maintenance	2,581	2,565	16	16	16	0	0	0	2,581	0
MINOR WORKS 10/11	42	37	5	1	5	0	0	0	42	0
WILD BOAR CLOUGH FLOOD PROT	108	6	103	103	102	0	0	0	108	0
Fixed Electrical Installation	76	75	1	1	1	0	0	0	76	0
Disability Discrimination Act Improvements/ Adaptations	246	124	122	51	122	0	0	0	246	0
Church Walls	60	16	44	4	44	0	0	0	60	0
County Farms 2008-09	238	128	110	0	1	0	0	0	129	110
Municipal buildings - Reg accommodation (name Change)	200	0	200	0	200	0	0	0	200	0
Total Ongoing Schemes	**34,869**	**18,309**	**13,085**	**2,796**	**10,431**	**5,140**	**701**	**0**	**34,581**	**288**
New Schemes - Development										
Disabled Facilities for Cheshire East Residents	1,320	0	1,320	304	1,120	200	0	0	1,320	0
Private Sector Assistance	900	0	300	0	0	600	300	0	900	0
Highway Improvements – Sherborne Estate, Crewe	53	0	53	0	0	53	0	0	53	-1
Assisted Purchase Scheme	900	0	300	0	0	563	0	0	563	**337**
Regeneration Business Support	700	0	300	0	300	200	200	0	700	0
TIC Improvement Scheme	30	0	30	0	0	0	0	0	0	30
Stableyard Retail Improvement	95	0	95	0	95	0	0	0	95	0

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2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Farm Dev'mnt Phase 1 Tatton	80	0	80	0	80	0	0	0	80	0
Tatton Park Investment 11/12	6,260	0	6,039	0	0	6,260	0	0	6,260	0
AMS BLOCK	13,237	0	4,955	2,066	4,523	4,655	4,000	0	13,178	59
Feasibility Studies 11/12	400	0	200	20	200	100	100	0	400	0
Minor Works 2011/12	0	0	0	0	500	0	0	0	500	-500
Compliance 2011/12	0	0	0	0	500	0	0	0	500	-500
Total New Schemes	**23,974**	**0**	**13,671**	**2,389**	**7,318**	**12,631**	**4,600**	**0**	**24,549**	**-575**
Total Development	**58,843**	**18,309**	**26,757**	**5,185**	**17,749**	**17,771**	**5,301**	**0**	**59,130**	**-287**
Ongoing Schemes - Highways & Transport										
LTP - Local Area Programmes - South	360	245	116	0	114	0	0	0	359	0
LTP - Road Safety Schemes	765	429	336	164	336	0	0	0	765	**0**
Capital Programme Management Support	35	43	-7	0	-7	0	0	0	36	**-1**
Section 278's - 09-10 New Starts	72	29	7	7	14	2	0	0	45	27
SEMMMS - Cat & Fiddle	867	808	59	59	59	0	0	0	867	0
Section 278 Agreements (2002-03)	34	33	0	0	0	0	0	0	33	1
Section 278 Agreements (2003-04)	195	159	0	0	1	0	0	0	160	35
LTP - Crewe Green Link Road	8,832	8,353	479	268	479	0	0	0	8,832	0
Section 278 Agreements (2004-05)	234	169	0	0	0	0	0	0	169	65
Alderley Edge By-Pass Scheme Implementation	54,687	42,974	3,364	1,501	3,364	4,015	2,719	1,615	54,687	1
Section 278 Agreements (2005-06)	78	67	1	0	1	0	0	0	68	10
Section 278 Agreements (2006-07)	544	236	286	18	36	5	0	0	277	**267**
Section 278 Agreements (2007-08)	88	17	8	1	8	0	0	0	25	62
Bridges and other structures on Middlewood Way	828	820	8	5	8	0	0	0	828	0
Middlewood Way Viaduct Repairs	546	449	97	8	30	67	0	0	546	0
Lawton Green Landscaping	8	0	8	0	0	0	0	0	0	8
West Street Environmental Improvements	604	638	0	-34	-33	0	0	0	605	-1
Connect2 - Crewe & Nantwich Greenway	473	473	0	2	0	0	0	0	473	0
Section 278 Agreements - (2008-09)	261	41	83	0	12	21	80	0	154	108
Badger Relocation	115	51	64	0	64	0	0	0	115	0
Lower Heath Play Space Renewal [2]	120	130	0	-9	-9	0	0	0	121	-1
LTP - Principal Roads Maintenance - Minor Works	1,589	1,588	0	-7	0	0	0	0	1,588	1
LTP -Non Principal Roads Maintenance - Minor Works	3,336	3,280	53	-37	53	0	0	0	3,333	2
LTP - Bridge Maintenance - Minor Works	564	524	40	96	96	0	0	0	620	-56
Gurnett Bridge, Hall Lane, Sutton	1,020	630	390	340	372	18	0	0	1,020	0
Alderley Edge Village enhancements	100	6	94	12	94	0	0	0	100	0
Local Measures - Ward Minor schemes	486	486	0	-13	0	0	0	0	486	0
LTP - Detrunked Road - A523 Bosley	870	69	789	559	791	12	0	0	872	-2
De-Trunked Rds - A51 Landslip, Wardle	88	88	0	1	1	0	0	0	89	-1
Part 1 Claims	107	106	0	-3	0	0	0	0	107	0
Connect 2 - Phase 2	865	289	576	198	456	120	0	0	865	0
Monks Heath, Alderley Edge	350	299	51	54	51	0	0	0	350	0
LTP - Principal Roads Maintenance - Asset Management	85	85	0	-32	0	0	0	0	85	0
LTP - Non Principal Roads Maintenance - Asset Management	141	141	0	-22	0	0	0	0	141	0
LTP - East Cheshire Transport Study	125	125	0	-7	0	0	0	0	125	0
LTP - Road Safety Schemes - Minor works	431	186	245	76	245	0	0	0	431	0
Non LTP s278s	134	29	77	29	88	16	0	0	132	1
Public Rights of Way 10-11	26	24	2	2	2	0	0	0	26	0
Section 278 Agreements (pre 2002-03)	1,909	1,411	0	0	0	0	0	0	1,411	497
Total Ongoing Schemes	**81,970**	**65,530**	**7,228**	**3,233**	**6,726**	**4,275**	**2,799**	**1,615**	**80,945**	**1,025**

CHESHIRE EAST - CAPITAL PROGRAMME 2011/12 **ANNEX 2 APPENDIX 1**

2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
New Schemes - Highways & Transport										
Public Rights of Way 11-12	34	0	34	17	34	0	0	0	34	0
Improvements to Middlewood Way	13	0	13	13	13	0	0	0	13	0
Drain imps at Joey the Swan	35	0	35	0	0	35	0	0	35	0
Vaudreys Wharf Canal (Non LTP)	600	0	50	2	50	550	0	0	600	0
Bridge Maintenance Minor Works - PROW	130	0	90	0	105	20	20	0	145	-15
Bridge Maintenance Minor Works	1,578	0	1,578	482	1,919	0	0	0	1,919	-341
Part 1 Claims	59	0	59	0	59	0	0	0	59	0
Local Measures - Ward Local Works	380	0	380	45	380	0	0	0	380	0
Non Principal Roads Maintenance - Minor Works	3,946	0	3,946	2,669	3,946	0	0	0	3,946	0
Principal Roads Maintenance - Minor Works	1,926	0	1,926	1,042	1,926	0	0	0	1,926	0
Accessibility - Bus Network Investment	50	0	50	3	50	0	0	0	50	0
Accessibility - Cycling	125	0	125	0	125	0	0	0	125	0
Cycle parking, Wilmslow	41	0	41	0	41	0	0	0	41	0
Tipkinder Park Cyclepath	100	0	100	91	100	0	0	0	100	0
Taylor Drive, Nantwich	120	0	120	12	84	36	0	0	120	0
Accessibility - Rail Station Improvements	50	0	50	0	30	20	0	0	50	0
Sustainable Transport Fund	25	0	25	0	25	0	0	0	25	0
LDF - Transport Infrastructure	39	0	39	37	39	0	0	0	39	0
Capital Co-ordination	40	0	40	19	40	0	0	0	40	0
Non Principal Roads Maint - Asset Management	104	0	104	17	104	0	0	0	104	0
Principal Roads Maint - Asset Management	70	0	70	30	70	0	0	0	70	0
Programme Development	0	0	0	0	0	0	0	0	0	0
Crewe Rail Exchange	0	0	0	0	6,177	0	0	0	6,177	-6,177
Capacity enhance. A534 Nant Rd	0	0	0	0	85	0	0	0	85	-85
Road Safety Schemes - Minor Works	377	0	377	31	377	0	0	0	377	0
Non LTP s278s	101	0	25	13	36	66	0	0	102	-1
Street Lighting Carbon Reduction - Pilot Schemes	0	0	0		214	0	0	0	214	-214
Total New Schemes	**9,944**	**0**	**9,278**	**4,522**	**16,029**	**727**	**20**	**0**	**16,776**	**-6,832**
Total Highways & Transport	**91,914**	**65,530**	**16,506**	**7,755**	**22,755**	**5,002**	**2,819**	**1,615**	**97,721**	**-5,807**
Ongoing Schemes - Performance & Capacity										
Customer Relationship Management & Telephone System	1,455	544	911	315	771	140	0	0	1,455	0
Libraries Facilities	500	500	0	-6	0	0	0	0	500	0
Radio Frequency ID (RFID)	1,200	503	720	130	697	0	0	0	1,200	0
Customer Access	419	234	185	10	60	125	0	0	419	0
Capital Investment Scheme Grants	377	350	27	18	27	0	0	0	377	0
Total Ongoing Schemes	**3,951**	**2,131**	**1,843**	**467**	**1,555**	**265**	**0**	**0**	**3,951**	**0**
New Schemes - Performance & Capacity										
Performance Management 11/12	35	0	35	35	35	0	0	0	35	0
Relocation of Library Services	285	0	285	0	171	114	0	0	285	0
Total New Schemes	**320**	**0**	**320**	**35**	**206**	**114**	**0**	**0**	**320**	**0**
Total Performance & Capacity	**4,271**	**2,131**	**2,163**	**502**	**1,761**	**379**	**0**	**0**	**4,271**	**0**
Ongoing Schemes - Recycling, Waste & Streetscape										
Development of land at Alderley Edge Cemetery	89	8	0	-1	0	81	0	0	89	0
Adaptations to Pyms Lane Garage	6	1	5	0	5	0	0	0	6	0
Waste Infrastructure Capital Grant	1,356	561	795	780	780	0	0	0	1,341	15
Queens Park Restoration	6,757	5,617	1,140	1,310	1,140	0	0	0	6,757	0
Springfield Road Allotments	36	27	9	1	9	0	0	0	36	0

CHESHIRE EAST - CAPITAL PROGRAMME 2011/12 **ANNEX 2 APPENDIX 1**

2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Improvements to Congleton Park	29	13	17	4	16	0	0	0	29	0
Alsager Skate Park/Milton Park	29	29	0	-1	8	0	0	0	37	-8
Allotment Improvements	15	12	3	0	3	0	0	0	15	0
Sandbach Park Building Refurbish	29	10	20	0	19	0	0	0	29	0
Cranage Bowling Green & Pavilion refurbishment	1	1	0	0	0	0	0	0	1	0
Playgrounds	64	43	21	0	21	0	0	0	64	0
Crewe and Macc HWRCs	151	158	0	-7	-7	0	0	0	151	0
Alsager Closed Landfill Site	60	0	60	0	60	0	0	0	60	0
Leighton Brook Park	379	377	2	0	0	0	0	0	377	2
Play Capital	807	759	48	31	48	0	0	0	807	0
Sandbach Park	101	0	101	0	70	31	0	0	101	0
Congleton Park Improvements - Town Wood	72	0	72	2	72	0	0	0	72	0
Shell House, Station Road, Wilmslow	129	25	104	2	104	0	0	0	129	0
Ilford Imaging Site, Mobberley, Knutsford	47	0	47	0	47	0	0	0	47	0
Land South West of Moss Lane	229	187	41	0	42	0	0	0	229	0
Earl's Court, Earlsway, Macclesfield	146	60	86	66	86	0	0	0	146	0
Ground Work Cheshire - Bird Sanctuary	20	2	18	0	18	0	0	0	20	0
Crematoria - Replacement cremators	450	0	450	0	0	450	0	0	450	0
New Cremators - Macclesfield	800	48	752	244	752	0	0	0	800	0
Replacement Bin Stock	36	26	10	10	10	0	0	0	36	0
Waste PFI Procurement	500	500	0	921	0	0	0	0	500	0
Cemetery road and path improvements	100	32	68	7	10	58	0	0	100	**0**
Pub Open Spaces-King St	30	0	30	0	30	0	0	0	30	0
The Blue Lamp Carrs Park	41	2	39	1	39	0	0	0	41	0
Alderley Park	29	0	29	29	29	0	0	0	29	0
Total Ongoing Schemes	**12,538**	**8,496**	**3,968**	**3,400**	**3,411**	**620**	**0**	**0**	**12,528**	**10**
New Schemes - Recycling, Waste & Streetscape										
Rode Heath Community Facility	24	0	24	24	24	0	0	0	24	0
Y.P.U., Victoria Rd., Macclesfield	35	0	35	1	35	0	0	0	35	0
Reades Lane, Congleton	14	0	14	0	14	0	0	0	14	0
Lower Heath Community Project	10	0	10	4	10	0	0	0	10	0
Oakbank Mill Bollington	18	0	18	0	18	0	0	0	18	0
Malkins Bank Play Area	41	0	41	0	41	0	0	0	41	0
Bromley Farm Adventure & Assault Course	50	0	50	0	50	0	0	0	50	0
Bromley Farm Junior Play Area	10	0	10	0	10	0	0	0	10	0
King George V Playing Fields	50	0	50	0	50	0	0	0	50	0
Materials Transfer Fac. 11/12	650	0	650	191	650	0	0	0	650	0
Wheeled Bins 11/12	1,300	0	1,300	1,318	1,318	0	0	0	1,318	-18
Total New Schemes	**2,202**	**0**	**2,202**	**1,538**	**2,220**	**0**	**0**	**0**	**2,220**	**-18**
Total Recycling, Waste & Streetscape	**14,740**	**8,496**	**6,170**	**4,938**	**5,631**	**620**	**0**	**0**	**14,748**	**-7**
Total Places & Organisational Capacity	**176,358**	**95,904**	**55,923**	**20,682**	**51,128**	**25,499**	**8,270**	**1,615**	**182,416**	**-6,058**
Finance, Legal & Business Services										
Ongoing Schemes - Finance Legal & Business Services										
Integrated Legal ICT System	60	1	59	34	41	13	5	0	60	0
Development Management System	437	423	14	26	14	0	0	0	437	0
Click into Cheshire	39	32	7	0	7	0	0	0	39	0
Government Connect	290	58	232	93	182	50	0	0	290	0
ICT Security & Research	209	138	71	70	71	0	0	0	209	0

CHESHIRE EAST - CAPITAL PROGRAMME 2011/12 **ANNEX 2 APPENDIX 1**

2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Flexible & Mobile Working	1,171	360	270	68	150	390	270	0	1,170	0
Data Centre Macclesfield	495	28	467	27	167	300	0	0	495	0
Accident Reporting system New scheme	18	10	8	5	8	0	0	0	18	0
Single Revenue & Benefits Systems	524	447	77	56	56	0	0	0	503	21
Essential Replacement 10-11	2,384	1,286	1,098	306	500	598	0	0	2,384	0
ICT Security	185	104	81	15	30	51	0	0	185	0
Internet Service Provision	142	0	142	0	142	0	0	0	142	0
IPT Harmonisation	725	313	412	0	100	312	0	0	725	0
Oracle Optimisation	3,960	1,579	732	180	650	907	824	0	3,960	0
NHS LINK / Connected Cheshire	80	77	2	0	2	0	0	0	79	0
ICT Small Projects Block New scheme	153	112	41	40	41	0	0	0	153	0
Information Management	1,409	706	704	136	255	449	0	0	1,410	0
Total Ongoing Schemes	**12,280**	**5,674**	**4,417**	**1,056**	**2,416**	**3,070**	**1,099**	**0**	**12,259**	**21**
New Schemes - Finance, Legal & Business Services										
WAN Hardware	275	0	182	0	0	275	0	0	275	0
ICT Rural Broadband Project	530	0	530	62	130	400	0	0	530	0
ICT Security 11/12	195	0	195	8	20	175	0	0	195	0
Customer Access in Libraries	77	0	77	0	77	0	0	0	77	0
Total New Schemes	**1,077**	**0**	**984**	**71**	**227**	**850**	**0**	**0**	**1,077**	**0**
Total Finance Legal & Business Systems	**13,357**	**5,674**	**5,401**	**1,127**	**2,643**	**3,920**	**1,099**	**0**	**13,336**	**21**
<u>Summary</u>										
Adults										
Ongoing Schemes - Adults	6,886	4,563	2,324	622	1,956	367	0	0	6,886	0
New Schemes - Adults	380	0	380	27	44	136	0	0	180	200
Total	**7,266**	**4,563**	**2,704**	**649**	**2,000**	**503**	**0**	**0**	**7,066**	**200**
Childrens & Families										
Ongoing Schemes - Childrens & Families	84,506	65,403	15,530	3,485	11,679	7,174	60	0	84,316	190
New Schemes - Children & Families	18,351	0	10,298	348	6,275	9,291	1,483	0	17,050	1,301
Total	**102,857**	**65,403**	**25,828**	**3,833**	**17,954**	**16,465**	**1,543**	**0**	**101,366**	**1,491**
Places & Organisational Capacity										
Ongoing Schemes - Community Services	5,680	1,438	3,717	2,251	2,921	1,383	0	0	5,741	-62
Ongoing Schemes - Development	34,869	18,309	13,085	2,796	10,431	5,140	701	0	34,581	288
Ongoing Schemes - Highways & Transport	81,970	65,530	7,228	3,233	6,726	4,275	2,799	1,615	80,945	1,025
Ongoing Schemes - Performance & Capacity	3,951	2,131	1,843	467	1,555	265	0	0	3,951	0
Ongoing Schemes - Recycling, Waste & Streetscape	12,538	8,496	3,968	3,400	3,411	620	0	0	12,528	10
Total Ongoing Schemes	**139,008**	**95,904**	**29,841**	**12,148**	**25,044**	**11,683**	**3,500**	**1,615**	**137,746**	**1,262**
New Schemes - Community Services	910	0	610	50	311	344	150	0	805	105
New Schemes - Development	23,974	0	13,671	2,389	7,318	12,631	4,600	0	24,549	-575
New Schemes - Highways & Transport	9,944	0	9,278	4,522	16,029	727	20	0	16,776	-6,832
New Schemes - Performance & Capacity	320	0	320	35	206	114	0	0	320	0
New Schemes - Recycling, Waste & Streetscape	2,202	0	2,202	1,538	2,220	0	0	0	2,220	-18
Total New Schemes	**37,351**	**0**	**26,082**	**8,534**	**26,084**	**13,816**	**4,770**	**0**	**44,670**	**-7,320**

CHESHIRE EAST - CAPITAL PROGRAMME 2011/12 **ANNEX 2 APPENDIX 1**

2011/12 Third Quarter Review

Scheme	Total Approved Budget	Prior Year Spend	In Year Budget 2011/12	Actuals Expenditure 9th Jan 2012	Forecast Expenditure 2011/12	Forecast Expenditure 2012/13	Forecast Expenditure 2013/14	Forecast Expenditure 2014/15	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
Overall Places & Organisational Capacity	**176,358**	**95,904**	**55,923**	**20,682**	**51,128**	**25,499**	**8,270**	**1,615**	**182,416**	**-6,058**
Finance, Legal & Business Services										
Ongoing Schemes - Finance Legal & Business Services	12,280	5,674	4,417	1,056	2,416	3,070	1,099	0	12,259	21
New Schemes - Finance, Legal & Business Services	1,077	0	984	71	227	850	0	0	1,077	0
Total	**13,357**	**5,674**	**5,401**	**1,127**	**2,643**	**3,920**	**1,099**	**0**	**13,336**	**21**
Total Ongoing Schemes	242,680	171,544	52,112	17,311	41,095	22,294	4,660	1,615	241,207	1,473
Total New Schemes	57,159	0	37,744	8,980	32,630	24,093	6,253	0	62,977	-5,819
Total	**299,839**	**171,544**	**89,856**	**26,291**	**73,725**	**46,387**	**10,913**	**1,615**	**304,184**	**-4,346**

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Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements **ANNEX 2 APPENDIX 2a**
Three Quarter Review 2011-12

Capital Scheme	Starts Year	Amount Requested £'000	SCE/ Virement/ Reduction	Funding of SCE/Virement	Virement FROM … Starts Year	Virement FROM … Amount Requested £'000
Chief Officers for the service is asked to approve SCE and virements up to and including £100,000						
Children, Families & Adults						
Leighton Primary School	2011/12	25,400	Virement	Mobile Replacements <£100k [Task 4]	2011/12	25,400
Malbank School & Sixth Form College	2010/11	13,608	SCE	Funded by School Contribution		13,608
Signage (£5k*20 centres, estimate)	2010/11	3,000	Virement	Schools Modernisation Programme	2010/11	3,000
Schools - Basic Need	2010/11	46,454	Virement	Schools Modernisation Programme	2010/11	46,454
Parkroyal Primary School	2011/12	24,904	SCE	LMS Budget		24,904
		113,366				**113,366**
Places & Organisational Capacity						
Highways & Transport						
Capacity Enhancement A534 Nantwich Rd	2011-12	85,000	SCE	Funded from Capital Reserves (South St Property Pu	2011-12	85,000
LTP - Bridge Maintenance - Minor Works	2010-11	26,414	Virement	Funded from Transport Grant	2011-12	26,414
Bridge Maintenance Minor Works - PROW	2011-12	15,000	SCE	Funded from Transport Grant	2011-12	15,000
Recycling, Waste & Streetscape						
Wheeled Bins 11/12	2011-12	15,013	Virement	Funded from Prudential Borrowing	2011-12	15,013
Alsager Skate Park/Milton Park	2008-09	8,000	Virement	Funding - Supported Borrowing - Non-specific	2008-09	8,000
Community Services						
Sandbach United Football complex	2009/10	10,000	SCE	Football Foundation Grant		10,000
Nantwich Pool Enhancements (part-funding)	2008/09	55,000	Virement	Funded from Prudential Borrowing	2011/12	20,000
			SCE	Capital Reserve	2011/12	35,000
Lifestyle Refurbishment @WLC	2011/12	75,000	Virement	Funded from Prudential Borrowing	2011/12	75,000
Development						
Office Accommodation Strategy	2009-10	30,000	Virement	Funded from Capital Reserves	2011-12	30,000
Assisted Purchase Scheme	2011-12	23,000	Virement	Affordable Housing - Assisted Purchase Scheme	2009-10	23,000
Tatton Park - Conservatory/Orangery	2010/11	58,669	Virement	AMS BLOCK	2011/12	58,669
Wilmslow Feasibility 11/12	2011/12	100,000	Virement	Funded from Revenue contributions	2011/12	100,000
		501,096				**501,096**
Total SCE's, Virements and Budget Reductions		**614,462**				**614,462**

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Matters for Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements **ANNEX 2 APPENDIX 2b**
Three Quarter Review 2011-12

Capital Scheme	Starts Year	Amount Requested £'000	SCE/ Virement/ Reduction	Funding of SCE/Virement	Virement FROM … Starts Year	Amount Requested £'000
SCE and Virements over £100,000 and up to and including £1,000,000						
Children, Families & Adults						
Malbank School & Sixth Form College	2010/11	150,000	Virement	Malbank Secondary School	2011/12	150,000
Adults Personal Social Care Capital	2011/12	566,000	SCE	NHS Capital Grant Allocation	2011/12	566,000
Capital Maintenance Allocation 11-12	2011/12	252,058	SCE	Additional Basic Needs Grant Funding	2011/12	252,058
Places & Organisational Capacity						
Highways & Transport						
Bridge Maintenance Minor Works	2011-12	341,000	SCE	Funded from Transport Grant	2011/12	341,000
Street Lighting Carbon Reduction - Pilot Schemes	2011-12	213,700	SCE	Funded from Prudential Borrowing	2011/12	213,700
Development Services						
Assisted Purchase Scheme	2011-12	240,000	Virement	Affordable Housing - Assisted Purchase Scheme	2010-11	240,000
MINOR WORKS 11 12	2011/12	500,000	Virement	AMS BLOCK	2011/12	500,000
				Capital Reserve		
COMPLIANCE 2011/12	2011/12	500,000	Virement	AMS BLOCK	2011/12	500,000
				Capital Reserve		
AMS BLOCK	2011/12	1,000,000	Virement	Asset Management Condition Priority	2011/12	1,000,000
Community Services						
Lifestyle Refurbishment @MLC	2011/12	115,000	Virement	Funded from Prudential Borrowing	2011/12	115,000
Total SCE's, Virements and Budget Reductions		3,877,758				3,877,758

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Matters for Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements **ANNEX 2 APPENDIX 2c**
Three Quarter Review 2011-12

Capital Scheme	Starts Year	Amount Requested £'000	SCE/ Virement/ Reduction	Funding of SCE/Virement	Virement FROM … Starts Year	Virement FROM … Amount Requested £'000
SCE and Virements over £1,000,000 to Council						
Places & Organisational Capacity						
Crewe Rail Exchange	2011/12	6,177,388	SCE	Funded by Government Grant	2010/11	6,177,388
Total SCE's, Virements and Budget Reductions		6,177,388				6,177,388

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Third Quarter 2011-12 **ANNEX 2 APPENDIX 3**

Reductions in Approved Capital Budgets

Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason
ADULTS				
Businesss Systems for Transformation	200,000	0	200,000	Reduction following review of capital programme
	200,000	**0**	**200,000**	
CHILDREN, FAMILIES & ADULTS				
Cap Kit & Dining Facilities	594,571	464,571	130,000	Double counted on App 1 - £65k Malbank Sch & 6th Form College and £65k Tytherington HS
Childrens Homes Rationalisation	1,012,658	1,006,282	6,376	Reduction following review of capital programme
TLC Sir William Stanier Comm S	21,598,406	21,447,626	150,780	Reduction following review of capital programme
Underwood West PH3 Expansion	309,577	281,854	27,723	Reduction following review of capital programme
Short Break Re Provision 11-12	700,000	300,000	400,000	Reduction following review of capital programme
Alsager H S Perf Arts Cent	1,134,000	1,096,000	38,000	Reduction following review of capital programme
Devolved Formula Capital 11-12	1,009,000	981,410	27,590	Reduction in funding from the DFC Grant
	26,358,212	**25,577,743**	**780,469**	
PLACES				
Highways & Transport				
S278 Alderley Serv Rd - Sainsburys	2,000	348	1,652	To re-align S278 Budgets with actual spend and Developer contribution
S278 B5078 Radway Green, Crewe	2,500	614	1,886	To re-align S278 Budgets with actual spend and Developer contribution
S278 Lowerhouse Mill, Bollington	5,000	125	4,875	To re-align S278 Budgets with actual spend and Developer contribution
S278 B5077 Crewe Road, Alsager	4,000	3,000	1,000	To re-align S278 Budgets with actual spend and Developer contribution
S278 Tesco Kiln Croft Lane	4,000	3,000	1,000	To re-align S278 Budgets with actual spend and Developer contribution
S278 Kennels Farm, Aston	5,000	2,127	2,873	To re-align S278 Budgets with actual spend and Developer contribution
S278 Tytherington Bus Park	40,000	1,569	38,431	To re-align S278 Budgets with actual spend and Developer contribution
S278 Webbs Lane, Middlewich	12,000	1,183	10,817	To re-align S278 Budgets with actual spend and Developer contribution
S278 Moss Lane, Macclesfield	5,000	2,759	2,241	To re-align S278 Budgets with actual spend and Developer contribution
S278 Parkgate Ind Estate	40,000	32,529	7,471	To re-align S278 Budgets with actual spend and Developer contribution
S278 Ashley Hall Farm	5,000	1,999	3,001	To re-align S278 Budgets with actual spend and Developer contribution
S278 Laiden Avenue, Wistaston	20,000	2,234	17,766	To re-align S278 Budgets with actual spend and Developer contribution
S278 Nantwich Rd	30,838	4,917	25,921	To re-align S278 Budgets with actual spend and Developer contribution
S278 20 Manchester Rd, Macc	5,000	1,500	3,500	To re-align S278 Budgets with actual spend and Developer contribution
S278 A532 Weston Rd, Crewe	45,000	38,640	6,360	To re-align S278 Budgets with actual spend and Developer contribution
	225,338	**96,544**	**128,794**	
Development				
Assisted Purchase Scheme	900,000	300,000	600,000	Reduction following review of capital programme
H & S Works at Macc L C	50,000	25,000	25,000	To fix issues with the Maccelsfield LC. Tender is on cheste and returns recieved. Appointment due before end of December with work s on site Jan 12. first £25k will be met by capital and the remainder can be found from planned maintenance. Therefore £25k can be offered up.
County Farms 2008-09	238,000	129,000	109,000	As per review of Capital Programme budget no longer required
	1,188,000	**454,000**	**734,000**	
Community Services				
Refurb of Oakley Centre	250,000	190,000	60,000	Scheme has been withdrawn from the Programme - balance of £190k to fund Lifestyle refurbishments at Macclesfield & Wilmslow Leisure Centres
	250,000	**190,000**	**60,000**	
Finance				
Single Revenue & Benefits Systems	524,000	503,000	21,000	Reduction following review of capital programme
Totals	**28,745,550**	**26,821,287**	**1,924,263**	

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ANNEX 3

2011/12 Quarter Three Performance Report – 6th February 2012
Strategic Director Places & Organisational Capacity

1.0 PERFORMANCE UPDATE

1.0.1 This section provides a high level summary of the key performance headlines at the end of the first nine months of 2011/12.

1.0.2 During 2011/12, the Performance & Partnerships Team are centrally monitoring a range of measures underpinning service objectives across the organisation. Many of these are newly developed local performance measures, and these will be developed and managed internally throughout 2011/12 in order to establish baseline data to inform future target-setting.

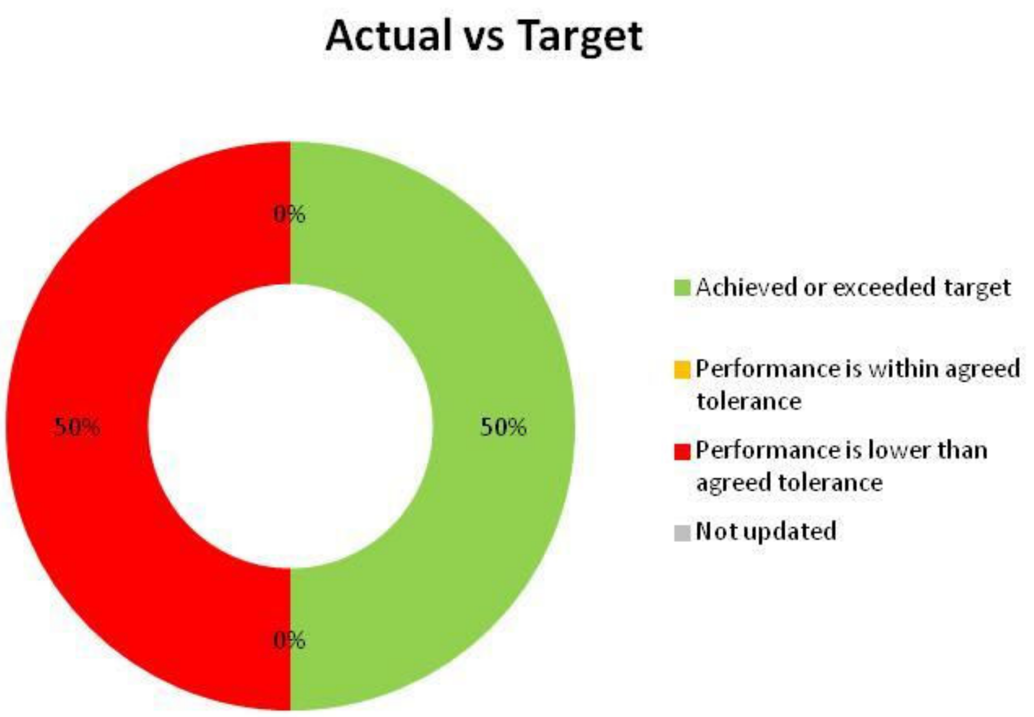
1.0.3 For external reporting purposes, the Council will report on a basket of measures retained within service plans from the former National Indicator Set, and former Best Value performance measures – 41 measures in total. Of these 41 measures, 28 can be reported on a quarterly basis.

1.1 Performance Measure Tolerances (Red/Amber/Green ratings)

The Council's electronic Monitoring and Performance System (CorVu) was 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. Where strong cases are made for the revision of tolerances in 2011/12 (e.g. where a 5% tolerance is not appropriate due to a measure's data return format), the Team revised tolerances to support individual targets. In all other circumstances, the 5% tolerance will remain in place for performance measure reporting in 2011/12.

PERFORMANCE AGAINST TARGET

Performance assessments (red; amber; green) have been made based on performance against target.



50% of measures either achieved or exceed their target for quarter three.

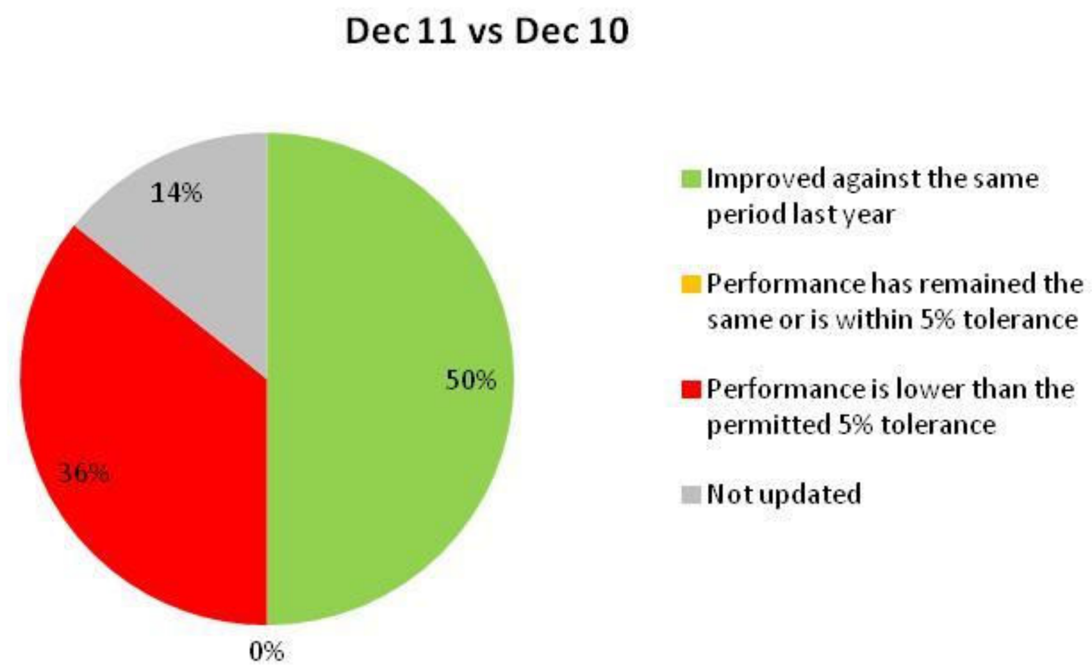
However 50% did not achieve their quarterly target, they included:

- NI 125 Achieving independence for older people through rehabilitation/intermediate care
- NI 130 Social care clients receiving Self Directed Support
- NI 146 Adults with learning disabilities in employment
- NI 59 Initial assessments for children's social care carried out within 7 working days of referral
- NI 60 Core assessments for children's social care that were carried out within 35 working days of their commencement
- NI 63 Stability of placements of looked after children: length of placement
- NI 68: Referrals to children's social care going on to initial assessment
- NI 111 First time entrants to the Youth Justice Systems aged 10 to 17
- NI 117 16 to 18 year old who are not in education, training or employment
- NI 155 Number of affordable homes delivered
- NI 157a Processing of planning applications (major)
- NI 157b Processing of planning applications (minor)
- NI 157c Processing of planning applications (other)
- BV 12 Working days lost due to sickness absence

(See Annex 3 Appendix 1 for further detail)

YEAR ON YEAR DIRECTION OF TRAVEL

Performance assessments (red; amber; green) have been made based on current performance compared to the same period last year.



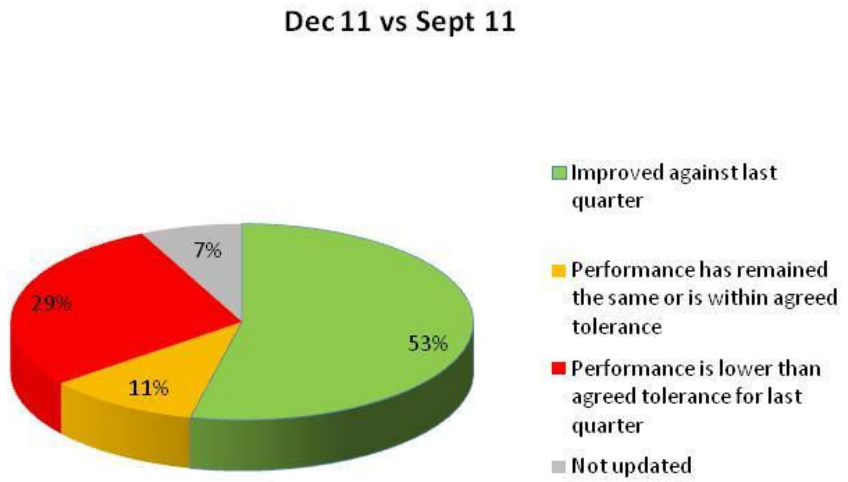
The 36% of measures which failed to achieve the same level of performance when compared to the same period last year were:

- NI 60 Core assessments for children's social care that were carried out within 35 working days of their commencement
- NI 64 Child Protection Plans lasting 2 years or more
- NI 65 Children becoming the subject of a Child Protection Plan for a second subsequent time
- NI 111 First time entrants to the Youth Justice Systems aged 10 to 17
- NI 125 Achieving independence for older people through rehabilitation/ intermediate care
- NI 155 Number of affordable homes delivered (gross)
- NI 157a Processing of planning applications (major)
- NI 157b Processing of planning applications (minor)
- NI 157c Processing of planning applications (other)
- BV 12 Working days lost due to sickness absence

(See Annex 3 Appendix 1 for further detail)

QUARTER ON QUARTER PERFORMANCE

Performance assessments (red; amber; green) have been made based on current performance compared to the previous quarter's data.



The 29% which did not meet the same level of performance as last quarter comprises:

- NI 59 Initial assessments for children's social care carried out within 7 working days of referral
- NI 63 Stability of placements of looked after children: length of placement
- NI 64 Child Protection Plans lasting 2 years or more
- NI 68 Referrals to children's social care going on to initial assessment
- NI 125 Achieving independence for older people through rehabilitation/ intermediate care
- NI 131 Delayed transfers of care from hospitals
- NI 157a Processing of planning applications (major)
- BV 12 Working days lost due to sickness absence

(See Annex 3 Appendix 1 for further detail)

The data comparisons above show that there are two measures in particular that are failing to achieve their in-year targets, failing to achieve the same level of performance when compared to the same period last year and performance has deteriorated when compared to the last quarter. Details of these two measures are listed below.

Measure	Polarity	Current Performance (Dec 2011)	Target (Dec 2011)	Result (Sept 2011)	Result (Dec 2010)
NI 157a Processing of planning applications (major)	High	39.70%	67%	40.48%	52%
BV 12 Working days lost due to sickness absence	Low	6.33 days	5.20 days	3.94 days	5.99 days

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
Adults	NI 125	Achieving independence for older people through rehabilitation/ intermediate care	Monthly	High	76.80%	78.30%	78.30%	70.00%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. After strong performance in the previous quarter, this measure has now fallen below target. However, this closely echoes the pattern from the same quarter in the previous year which then saw an upturn in the final quarter.

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	Monthly	High	40.70%	60.00%	47.10%	44.10%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. Maximum possible target for 10/11 was 64% (calculated by discounting those clients ineligible for this indicator), so target for 11/12 set at 60%. New reporting methods means that current % is a more accurate measure of what we can expect for year end. This month's figure has gone down compared to last month's figure. Although the numbers receiving personal budgets has increased by 81, there has been an increase in the denominator of 320. The Team Support Service are currently investigating the under performance of this indicator to see whether this is an anomoly caused by data loading issues. Plans are in place to assist with better identification of NI130 eligible clients

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 131	Delayed transfers of care from hospitals	Monthly	Low	10.00 number	10.00 number	10.00 number	9.40 number	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. Figures from the NHS are not yet available, therefore, the figure quoted is an estimate based on the latest data. This is an improvemnent on 2010/11. The element of the figure that is attributable to social care is only 0.3
	NI 132	Timeliness of social care assessment	Monthly	High	80.00%	88.00%	88.00%	91.80%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. This measure is exceeding target. This is a significant improvement in performance from the previous year, outturn for 10/11 was 79.5%

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 133	Timeliness of social care packages	Monthly	High	90.40%	93.00%	93.00%	93.20%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. Indicator currently reporting above target with a small disparity between adults and older people. This is an improvement on 2010/11 performance of 90.4%

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 135	Carers receiving needs assessment or review and a specific carers service, or advice and information	Monthly	High	10.20%	28.00%	20.60%	31.00%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. Due to a major push on carers assessments being completed figures made a significant rise in the second half of 10/11. This has continued into the new reporting year and as a result we are now well ahead of the estimated numerator for this time of year and have already hit ambitious target set for this indicator compared to 10/11 outturn. New method of reporting means that we would expect this indicator to climb throughout the year, and to give a more accurate measure of exactly how this indicator is reporting at any given time. OTs at frontline are also starting to load carers assessments which should further boost these numbers. Negotiations also underway with Strategic Commissioning to allow us to capture more assessments within Mental Health.

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 141	Percentage of vulnerable people achieving independent living	Quarterly	High	72.51%	65.00%	65.00%	75.68%	Quarter 3 figures are not yet available, the figure quoted is an estimated figure. Overthree quarters of people using accommodation based services were moved onto independent living in a planned way.
	NI 142	Percentage of vulnerable people who are supported to maintain independent living	Quarterly	High	99.13%	98.70%	98.70%	99.24%	Quarter 3 figures are not yet available, the figure quoted is an estimated figure. This is very strong performance. SP services are successfully supporting people to live independently.

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 145	Adults with learning disabilities in settled accommodation	Monthly	High	35.33%	45.00%	34.50%	45.90%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. This indicator has now exceeded target ahead of the end of the reporting year and we can expect to climb further as the remaining learning disability clients reviews (highlighted as a priority) are completed. Recent data housekeeping project undertaken by TSS has also had a big impact on the indicator.

Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 146	Adults with learning disabilities in employment	Monthly	High	6.28%	6.90%	5.22%	4.22%	The tight deadlines for producing this report were in advance of the normal timescales for performance analysis and discussions with the Individual Commissioning SMT. Therefore, these are initial comments only - more thorough analysis will be done through these performance discussions. Although this measure is still under the Quarter 3 target, performance in the last month has increased considerably: performance has risen from 3.00% in November to 4.22% in December.
Children & Families	NI 19	Rate of proven re-offending by young offenders	Quarterly	Low	Not Recorded	1.06 number	1.06 number	0.67 number	This relates to the Frequency rate of offences within 6 months
	NI 59	Initial assessments for childrens social care carried out within 7 working days of referral	Quarterly	High	56.00%	75.00%	75.00%	55.23%	This relates to the quarter from 1/10/2011 to 31/12/2011
	NI 60	Core assessments for childrens social care that were carried out within 35 working days of their commencement	Quarterly	High	63.00%	70.00%	70.00%	60.00%	This relates to core assessments completed in the quarter 1/10/2011 to 31/12/2011
	NI 63	Stability of placements of looked after children: length of placement	Quarterly	High	70.00%	85.00%	85.00%	58.00%	

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 64	Child protection plans lasting 2 years or more	Quarterly	Low	2.00%	5.00%	5.00%	3.45%	This figure is an accumulated figure from the 1/4/2011 to 31/12/2011 of 145 plans that ceased within the year 5 were over 2 years. You do not want too many children on child protection plans for long periods as it suggests drift, the data reported illustrates no drift in cases.
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time	Quarterly	Low	13.00%	15.00%	15.00%	5.40%	This relates to the % of children that became subject to a plan for a second or subsequent time between 1/10/2011 and 31/12/2011. This figure suggests that plans are effective in the longer term in keeping children safe in Cheshire East after the risks have been reduced.
	NI 67	Child protection cases which were reviewed within required timescales	Monthly	High	96.50%	100.00%	100.00%	100.00%	The purpose of this indicator is to demonstrate that the multi-agency plans to keep the most vulnerable children in Cheshire East safe are independently reviewed in a timely way to ensure they are appropriately robust. Operational arrangements will ensure that this is a priority and will endeavour to continue to achieve 100%

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 68	Referrals to childrens social care going on to initial assessment	Quarterly	High	79.00%	100.00%	100.00%	58.00%	This figure is not complete and will alter following data cleansing work during the CIN return. Considerable work is still ongoing around the nature of referrals and contacts into the authority and being able to accurately identify new requests as opposed to information on ongoing cases
	NI 111	First time entrants to the Youth Justice System aged 10 to 17	Quarterly	Low	204 number	198 number	198 number	229 number	This figure is for the 12mths ending June 2011 - the previous 12 months were 223
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)	Quarterly	Low	5.80%	4.90%	4.90%	5.70%	This figure relates to the position at end Nov 2011 as Dec is not yet available
HR & OD	BV012	Working days lost due to sickness absence	Monthly	Low	8.19 days	9.00 days	5.20 days	6.33 days	December return = 0.91 days which is slightly lower than the return for last month.
Places & Organisational Capacity	NI 155	Number of affordable homes delivered (gross)	Quarterly	High	290 number	300 number	150 number	99 number	This quarter's provision derives mainly from two private sites in Congleton. Overall housing market remains sluggish which has limited the progress on market sites across the Borough. In addition some of the schemes anticipated via Registered Providers have not come to fruition as expected - further depressing the numbers of homes provided this year.

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure Ref	Measure Description	Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data Target	Latest Data Result	Operational Comments
Cabinet Measures									
	NI 157a	Processing of planning applications as measured against targets for major application types	Quarterly	High	60.71%	67.00%	67.00%	39.70%	Whilst performance is steady in comparison to the last quarter, it has not improved as much as expected. There are signs of improving performance in the current quarter.
	NI 157b	Processing of planning applications as measured against targets for minor application types	Quarterly	High	68.80%	83.00%	83.00%	35.10%	Performance continues to improve slightly in comparison to the last quarter The Council is determining more applications than in 2010 (3637 applications in 2011). A return to acceptable performance (80%) should occur in Q1 of 2012-13.
	NI 157c	Processing of planning applications as measured against targets for other application types	Quarterly	High	80.88%	89.00%	89.00%	44.44%	Performance continues to improve slightly in comparison to the last quarter. Further improvement should be seen in performance figures in Q4 and a return to acceptable performance (80%) should occur in Q1 of 2012-13.
	NI 191	Residual household waste per head	Quarterly	Low	566 kgs	543 kgs	543 kgs	526 kgs	Data is lagged. 526kg relates to Q1 & Q2 result 134kg + 129 multiplied by 2 to provide yearend forecast.
	NI 192	Household waste recycled and composted	Quarterly	High	49.00%	52.00%	52.00%	55.10%	Data is lagged. 55.1% relates to Q1 & Q2 result to provide yearend forecast. NB first 2 quarters are usually higher than second 2 due to green waste. Actual result will be less than this e.g. 52-53%

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Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Dec-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 193	Municipal waste land filled	Quarterly	Low	47.80%	44.00%	44.00%	41.40%	Data is lagged. 41.4% relates to Q1 & Q2 result to provide yearend forecast.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	6 February 2012
Report of:	Children and Families Scrutiny Committee
Subject/Title:	Home to School Transport
Portfolio Holder:	Councillor Hilda Gaddum

1.0 Report Summary

1.1 This report encloses both the final report of the Task and Finish Group which conducted a Scrutiny Review of Home to School Transport and the Minority Report which was endorsed by the Children and Families Scrutiny Committee on 17 January 2012.

2.0 Recommendations

2.1 That both reports be received and the Cabinet Member for Children and Families undertake to come back to a future meeting of Cabinet with a formal response to each recommendation.

3.0 Reasons for Recommendations

3.1 To progress the findings of the Home to School Task and Finish Group and the Minority Report of Councillor Louise Brown.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

5.0 Policy Implications

5.1 Not known at this stage

6.0 Financial Implications

6.1 Not known at this stage

7.0 Legal Implications

7.1 Not known at this stage

8.0 Risk Management

8.1 Not known at this stage

9.0 Background and Options

9.1 With the Council facing unprecedented financial challenges there was a need to examine each area of discretionary activity to clarify whether continued funding could be sustained. It was within this context that a review of the Council's Home to School Transport Policy identified key areas of discretionary activity and support provided by the Council which were deemed no longer sustainable within the current financial climate. These areas included denominational transport and mainstream post 16 provision where it was intended to remove subsidies and/or increase charges, resulting in a projected saving of £0.989m.

9.2 Consequently a number of proposed changes to Home to School Transport Policy went before Cabinet on 4 July 2011. The proposed changes already agreed by Cabinet included retaining the status quo for Special Educational Needs (SEN) transport and for those denominational and post 16 pupils currently in receipt of support. The proposal in 'option 1' of the report was to eliminate discretionary support for denominational and post 16 new entrants. The savings proposed in option 1 of approximately £1 million, (with an upper and lower sensitivity range of £300k from the estimated £1 million savings) were over the period of the financial years 2011/12 to 2016/17.

9.3 Within this meeting a number of Councillors and members of the public in attendance spoke on the implications of the proposals for pupils and their families, for schools, and for the Home to School budget.

9.4 As a result of this meeting, it was resolved:

1. That the motion to implement Option 1 of the report be withdrawn and that the position be reconsidered in one year's time. During the intervening period all available options would be thoroughly investigated with the assistance of the Scrutiny Committees, taking due consideration of the need to continue to provide a stable education system.

2. That for the educational year 2011 – 2012 the parental contribution for denominational and mainstream post 16 transport be raised by 5% to reflect the current rate of inflation.

9.5 In a meeting on 26 July 2011, the Children's and Families Scrutiny Committee resolved to establish a Task and Finish Group to examine discretionary policies in respect of Home to School Transport. It was also agreed that as there were a number of overlaps with transport policy, a number of Members from the Environment and Prosperity Committee would be invited to participate.

9.6 The group carried out its investigation between September 2011 and January 2012. The group's final recommendations, along with a Minority Report by Councillor Louise Brown, were presented to the Children and Families Scrutiny Committee on 17 January 2012. It was resolved that it would be the Minority Report that would be endorsed by the Committee but that both reports would be put forward to Cabinet for consideration. It is worth noting that as the Minority Report was submitted after the statutory deadline, it was not subject to same internal consultation with Council officers and Portfolio Holders as the majority report had been through.

9.7 The final report of the Task and Finish Group and the endorsed Minority Report are now attached for Cabinet's consideration.

10.0 Access to Information

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

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OVERVIEW AND SCRUTINY COMMITTEE – FINAL REPORTING PROCEDURE

Final reports from Task and Finish groups should follow the procedure set out below:

- Final reports should always, where appropriate, include financial (authorised by the Director of Finance and Business Services) and legal implications (authorised by the Borough Solicitor).
- The relevant Overview and Scrutiny Committee should approve at a formal meeting a final report before submission to Cabinet.
- Two versions of the final report will be produced. A text only version in the standard cabinet format for cabinet, and a colour 'glossy' version for publication on the Council's website.
- At Cabinet, the relevant portfolio holder will open the item and then invite the Chairman of the Overview and Scrutiny Committee to introduce the report.
- The Portfolio Holder will respond by receiving the recommendations and undertaking to come back to the next meeting of Cabinet with a formal response to each recommendation.
- A copy of this procedure will be appended to each Overview and Scrutiny Report submitted to Cabinet.

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<u>Overview and Scrutiny Review Children and Families Scrutiny Committee</u>
Children and Families Scrutiny Committee
Minority Report of Councillor Louise Brown

September 2011 to December 2011

Home to School Transport Review Task and Finish Group- Minority Report

Acknowledgements

I wish to offer my thanks to all the officers who have acted as witnesses and in particular, to Mark Grimshaw, Scrutiny Officer. I also wish to offer my thanks to Councillor Frank Keegan for his financial numerical expertise. I do not dispute that the majority report is what the majority of members of the Task and Finish Group proposed but I wish to exercise my right to produce a minority report. In particular, I am concerned that the conclusions failed to fully consider or examine all of the evidence. Firstly, partially due to the limited time available and secondly due to the perspective adopted.

Foreword

I commend this minority report to the Cabinet and Council and request that it be given full and fair consideration.

Councillor Dr Louise Brown
Member of the Task and Finish Group on Home to School Transport

1. Introduction

1.1. My reason for writing this minority report[1] is to simply offer the Children and Families Committee, Cabinet and Council, the opportunity to consider an alternative course of action.

1.2. The recommendations in this minority report are based upon what may be perceived as a best “value for money” approach which seeks to maintain the existing home to school transport. It does so by positively suggesting options which could well result in real “efficiency” savings without the negative and detrimental impact of cutting services without really fully knowing or understanding what the social, environmental and financial impact will be to service users.

1.3. It is suggested that the use of piloting potential changes, may result in far more accurate information being available to aid in future Cabinet and Council decision making.

1.4. The recommendations do not propose efficiency savings on the basis of being on top of cuts as does the majority report, but crucially instead of cuts. The advantage of doing so is that there appears to be a growing recognition by schools and colleges in Cheshire East that the Council has to cut its home to school transport budget but at the same time there is the desire to work towards providing the same services. Aiming for a co-operative and joint approach with schools and colleges in order to try to do so, should provide a real and genuine incentive for all schools and colleges (including faith schools) to work in joint co-operation with the Local Authority to achieve the best outcomes.

1.5. Recommendations which propose cuts in services, at the same time as expecting co-operation on efficiencies, as the majority report does, do not provide the necessary incentive and motivation for school and college co-operation. It is rather like the expression of “wanting to have your cake and eat it too “or put simply, “not being able to have it both ways”. The majority report falls into that trap. The potential efficiencies in terms of staggering school start times, the devolving of transport to schools and colleges (except here on a pilot basis first without initially reducing the budget, so that recommendations are realistic due to being tried and tested), sharing buses between schools are agreed to be good recommendations from the majority report, but should be part and parcel of standalone efficiencies for savings without cutting services, together with the adoption of the Cardiff transport system which

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Front picture acknowledgement of School Bus: -
http://www.freedigitalphotos.net/images/view_photog.php?photogid=1058

[1] See the Cheshire East Council Scrutiny Toolkit 4.6 Carrying out an Inquiry- page 12-“ In the event of there being dissent from the recommendations, a minority report will also be allowed to be forwarded to the Cabinet, Council or Partner organisation proposing an alternative course of action.”.

provides a way of saving merely by making the current system of service delivery more efficient by using the visual mapping system.

1.6. The real advantage of this alternative approach is that, if adopted, it will result in the lack of any need to consult on changes, as services are being saved rather than cut. In any event, any cuts recommended in the majority report due to consultation requirements could not implemented until 2013/14.

1.7. The Cardiff City Council home to school transport system has saved £1.8 million in approximately 18 months providing the same service by adopting a new system of public mapping and contracting changes, in a holistic approach to all home to school transport. The savings were in large measure due to contractual changes with service providers. [2]

1.8. In terms of the original starting point, the savings proposed in option 1 of the report to Cabinet on the 4th of July 2011 was to make savings over the period of the financial years of 2011/12 to 2016/17 of approximately £1 million pounds (with an upper and lower sensitivity of £300k) from the estimated £1 million savings. Hence this approach is building on that long term approach, whilst having the potential to produce greater savings over a shorter period of time.

1.9. The minority report aims to think outside the box and to follow the Cabinet Recommendation at the Cheshire East Cabinet meeting on the 4th of July 2011 which decided to delay its decision on cutting denominational transport to allow for the matter to be reconsidered in one year's time. During the intervening period *all available options would be thoroughly investigated with the assistance of a Scrutiny Committees, taking consideration of the need to continue to provide a stable education system.*

1.10. This minority report is proposing another option to that of the majority report. The majority Group report concentrated on faith and post 16 transport rather than looking at the whole transport contracting system as the Cardiff transport system does. In fact, relatively few savings can be achieved on the denominational side.

1.11. In terms of the whole school transport costs, the real concern must be the amount spent on taxis, not only largely for SEN but elsewhere. In the Transport costing table dated 11/11/2011 in the majority report and Appendix C annex 1 of this report, it can be seen that, out of a total of a net budget of £8.9m, a staggering £4.4m is spent on taxis, compared to

[2] Savings confirmed in a telephone conversation with the passenger transport manager of Cardiff City Council with author on the 8/9/11 and mapping system presentation sent.

£2.5m on coaches and buses with only £755K on minibuses, £55K on parental mileage claims and only £150 on cycle grants.

1.12. Unfortunately, due to budgetary pressures the Task and Finish group of 6 members started on the 1st of September and had to finalise its report Christmas/New Year in time for the 17th of January 2012 meeting of the Children and Families Committee.

1.13. The decision on the 4th of July 2011 suggested a postponement of the decision for a year's time. However, the Task and Finish group has had less than 4 months to examine a complex and difficult subject. The Cheshire East Council Toolkit in paragraph 2.5 indicates that it will "normally take up to six months" for Task and Finish groups to complete their work. The Chairman's foreward to the majority report states that Home to School Transport is a "complex and multifaceted area and we have only had some very short timescales for completion".

1.14. As a consequence, in my opinion, the majority report produced is both rushed and premature with little time to fully consider the recommendations being made with unknown consequences of implementation.

1.15. Even on the investigations side, notably, it has failed to cover all of the witnesses (including primary denominational schools, bus companies, service users) and site visits which were proposed in the original scoping document. In addition, an important meeting with another authority with the Cardiff City Council passenger transport manager scheduled for the 16 December was cancelled due to weather and there has been no time to rearrange. In addition, the majority report makes a good recommendation of examining the Stockport Council model in relation to SEN school transport so that a taxi is not the first option but there was no time to take any actual witness evidence from Stockport Council and this recommendation is based only on written information researched by the Scrutiny Officer, as opposed to witness evidence.

1.16. However, as far as membership and co-option of the Task and Finish Group, from the outset, I have continued to express concern that since the Group were looking at the subject of home to school faith transport, it would have been reasonable for the Task and Finish Group which reports to the Children and Families "parent" committee[3] to have included faith representatives within the Group to provide that faith perspective throughout as opposed to faith representatives simply being confined to just witnesses. Indeed, in order to set the scene one of the first background documents produced by the Scrutiny Officer for the Group was a Home to Transport Select Committee Report from Kent

[3] See reference at 2.5 Task and Finish Groups in the Cheshire East Council Scrutiny Toolkit "At the conclusion of its investigation, the Task and Finish group will prepare a report for consideration by the parent committee."

County Council dated March 2006 with a membership of eight members of Kent County Council. In that investigation there was faith representation as, "The Members agreed to co-opt the Reverend Cannon J. Smith (Church of England) to represent both the Church of England and Roman Catholic Church".

1.17. It is worth noting that the Cheshire East Scrutiny Toolkit does in fact allow for co-option on to Task Groups.[4] Also, Section 21 and Schedule 1 of the Local Government Act 2000 contains the right for church representatives (RC and COE) to be appointed with voting rights onto an overview and scrutiny committee or subcommittee where the committee's functions relate wholly or partly to any education functions which are the responsibility of the authority's executive. The reason for mentioning this point is not to put forward any legal issue[5] in relation to this Task and Finish Group but simply to provide general support for the idea of the key role faith education representation on education scrutiny matters is expected to play, in partnership with local authorities.

1.18. The lack of membership of faith representatives was particularly pertinent since the majority report did not simply seek to recommend that discretionary faith transport (for the under 16s) new entrants from 2013/14 should be cut [6] but instead seeks to promote policy changes detrimental to faith home to school transport based on notions of "equity", "a level playing field" and that faith home to school transport was both "unfair" and "discriminatory"[7].

1.19. Whilst paragraph 6.3 of the majority Group report states " *Firstly, the Group wants to reiterate and confirm its support for the role that faith education plays in contributing to Cheshire East's education system and its efforts to improve attainment. The Group were wholly impressed with the level of achievement that has been realised in the Borough's faith schools and all those involved are commended"*. However, such support did not extend to faith home to school transport. In my opinion, the perspective of the majority group leant towards a critical rather than sympathetic approach to faith home to school transport which contrasted with its more positive approach to post 16 mainstream transport.

1.20. It is important to make it clear that the recommendation 8.3 in the majority report applies to devolving £375,000, (just under half of the net post 16 main stream spend) to all Schools and Colleges currently in

[4] See "4.5 Non-Councillors may be co-opted onto Overview and Scrutiny committees and task groups. The Children and Families Overview and Scrutiny Committee has a statutory responsibility to include co-opted members of the Diocesan Board...representatives, where education is being dealt with."
[5] The report is not to give any legal advice and it is up to anyone to obtain their own professional legal advice in this specialised educational law area should they wish to do so.
[6] Albeit with the concession of retaining a denominational subsidy for new entrant siblings where other siblings are already supported being kept on the basis of parental logistic reasons of getting their children to school.
[7] See the Conclusions of the majority report in paragraph 7.

receipt based on 2011/12 figures. For example if £50,000 was spent by a school then just under half of that would be devolved. It is not devolved on denominational grounds but School or College grounds with the efficacy reviewed yearly. Presumably it would be then up to the schools and colleges to determine factors such as any income charges made by the Schools and Colleges to parents and to determine how the sum allocated was spent on school transport.

2.0 Support for Faith Based Education in Cheshire East

2.1. Whilst, other authorities have sought the option of cutting costs by cutting services Cheshire East can and should adopt a more innovative approach to do what it can to integrate and save services.

2.2. Support on this issue can be found from a recent Prime Minister's question time.

Prime Minister's questions 7th of December 2011 from Jim Dobbin MP with reply by the Prime Minister, David Cameron (Column 299)[8]:

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): *Since the Education Act 1944, successive Governments have supported subsidised travel for students who live 3 miles or more from the faith school of their choice. Some local authorities are beginning to cut back on that financial support, and I do not think any Member in this House wants to see that happen. Can the Prime Minister encourage local authorities to embrace the spirit of the 1944 Act on this particular issue?*

The Prime Minister: *The hon. Gentleman asks a very important question. I support school choice—parents having the ability to choose between schools—and I also support faith schools. Indeed, I have chosen a faith school for my own children. So I will look very carefully at what he says and at what local authorities are doing, discuss it with the Education Secretary and see what we can do to enhance not only choice, but the faith-based education that many of our constituents choose.*

Substantial Role of Faith Schools in Cheshire East

2.3. Faith Schools play a substantial role in the education of children in Cheshire East Schools. The Equality Impact Assessment of the Children and Families Scrutiny Committee report dated the 20th of June 2011 stated that out of 145 primary, secondary and academy schools in Cheshire East, 43 or nearly 30% are faith schools. This means that the recommendation by the majority report to cut discretionary home to

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[8] See the following link at Column 299 for Prime Minister's questions dated 7th of December 2011: http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm111207/debtext/111207-0001.htm#11120739000012

school transport for new entrants to faith schools [9] impacts nearly 1 in 3 schools and could potentially have a knock on impact for up to half the schools in Cheshire East, if alternative school provision is sought due to the home to school faith transport barrier for the under 16s, if cut for new entrants.

Arguments in Support of Denominational Transport

2.4. The majority report presents points in "defence" of denominational transport but then proceeds to try to weaken their validity in an attempt to justify its proposed cuts recommendation. The Group's lack of support for the faith perspective and the slant of the majority report can be demonstrated by the use of the negative word "defence" rather than using instead the more positive reference to this in terms of arguments to "support" maintaining faith school transport.

2.5. More specifically, the majority report made the following points under Denominational Transport:

"*5.38 A number of arguments in **defence** of retaining a subsidy for pupils attending a denominational school were put forward:*

1) Any proposed change would make it difficult for parents who want to exercise a choice to have their children educated in accordance with their religious beliefs – particularly for the less prosperous. It is argued that this runs counter to the Government policy on preventing transport costs being a barrier to parents' choice of educational provision.

2) Any proposal to withdraw faith transport subsidy is contrary to the long-standing agreement between the State and the Diocese (1944 Education Act) which had not only saved the Local Authority a considerable sum over the years (building costs etc) but had also strongly informed the designated locations of the school sites. This argument was built on by Jill Kelly from the Diocese of Chester, who referred to Marton and District CE Primary School. She explained that the school had opened in 1969 as a result of the closure of the seven village schools. An agreement was reached with the Council to provide transport to the school and currently 109 pupils from a total of 202 are eligible for subsidised transport in three coaches, a mini bus and a taxi.

3) That as the Local Authority statutorily recognises the need to provide a distinction for faith schools in terms of a subsidy for pupils on Free School Meals (FSM)/working tax credits, why would Cheshire East not recognise this for pupils over this threshold. A particular concern was expressed for those pupils who were marginally over the FSM/working tax credit threshold.

4) That there is something 'special' about faith schools which should be supported for the benefit of the wider society. It is this which separates faith

[9] See earlier point on Siblings of those currently attending faith schools.

schools from other 'specialisms'. Indeed it was noted that OFSTED consistently report on the quality of the spiritual, moral, social and cultural outcomes in faith schools.

5) That there would be a number of potentially damaging unintended consequences as a result of removing the discretionary subsidy. Including:

a. The possible increase in the statutory budget. This point makes the 'false economy argument' – namely that pupils living in an area with over subscribed secondary schools who under the current arrangements receive a discretionary subsidy to access a faith school, would have to be given more expensive statutory transport in order to access a free school place.
b. The health and safety of children could be affected, particularly by making children have to get to school by hazardous routes.
c. There is the danger of considerably increasing congestion in areas of existing high traffic around schools.
d. It would increase the instability of educational placements (parents pulling children from schools) and the instances of siblings going to different schools. The Group was informed that the current uncertainty was already having a damaging effect on schools.
e. The undermining of successful schools. Both St. Thomas More's and All Hallows are high achieving schools and it was put to the Group that this was largely due to the schools' ethos and adherence to the principles of the Gospels. It was argued that if the 'critical mass' of Catholic children was not achieved, the school would lose its character – the very thing which had made it a success.

5.39 After the Group was made aware of these issues it was keen to explore them further ***in order to assess their validity****.*

5.40 Firstly, the Group spoke to the Admissions and Appeals Manager about the possibility of creating a 'false economy' by removing the discretionary subsidy. The Group was informed that if any change to transport policy were applied to new entrants and not children already in the school, parents applying for places for the normal point of entry in September would need to reconsider admission arrangements. This was because most schools gave a higher level of priority within the oversubscription criteria (after Cared for Children and siblings) to children resident within a designated catchment area or attending a named feeder school. It was pointed out that admission arrangements are determined by the admission authority for the school and that the local authority had this responsibility for community and voluntary controlled schools only.

5.41 Therefore, it would follow that if a school is oversubscribed; 'catchment area' children would be more eligible to receive an offer of a place at their 'local' school if stated as a preference on the application form as would children attending a feeder school at the time of application where the arrangements included this. If a parent made an application for their local school it is highly unlikely that children would be forced to attend a school some distance away which required statutory transport support as the majority of schools can accommodate the children resident within their area. ***Due to the rural nature of***

Cheshire East, for some areas the local school may nevertheless be above the statutory walking distance and in such cases transport would be provided (as would provision for children with walking routes deemed as 'hazardous'). For children attending a feeder school but not resident in the area, again this would provide them with a higher level of priority within the admission arrangements for most schools compared with children not attending the feeder school or resident with its area.

5.42 Additionally, in terms of the potential of increasing congestion around school areas, it was noted that if children went to their local school, they would often do this on foot. Whilst it is difficult to provide accurate school admission modelling after any policy change due to the impossibility of approximating parental behaviour, it is likely that traffic congestion will decrease as children increasingly go to their local school."
(My emphasis where embolden in this quote)

2.0. Lack of Validity of the Arguments -
Questioning the validity of the defence of denominational transport

2.1. In paragraph 5.38. 5) a. and b. the false economy argument of moving the cost from discretionary to statutory was dismissed by a weak argument on the basis of the admission arrangements policy for non-faith community and voluntary schools. In the majority report, this was simply referred to in paragraph 6.5. both for this false economy argument and traffic congestion under point c, on the basis that the Group was reassured by the professional opinion of officers that this would not be the case for the reasons outlined earlier (as above).

2.2. Unfortunately, it was a case of officer opinion only, no factual evidence was provided to back up the assertions being made with regard to the false economy argument. There was no school modeling of the implications of parents taking their children to different schools at any particular locality or going to the same faith schools or any changes in school population figures.[10]

2.3. The lack of an evidential approach is of concern, particularly as the Cheshire East Scrutiny Toolkit states in relation to Task and Finish Groups that "It *is important that recommendations are supported by evidence and the findings are based on fact".*[11]

2.4. In fact in terms of traffic congestion, prior to this Task and Finish group, it was asserted by representatives of faith school children that Hartford had been brought to a traffic stand still by car

[11] See 4.6. Stage 4 page 12.

congestion of some parents driving and not using the school bus to the faith school.

2.5. At the Task and Finish meeting on the 20 October 2011, the issue of the problems of traffic congestion was also mentioned in relation to Danebank Avenue in Crewe. The removal of discretionary faith transport for new entrants is likely to gradually exacerbate an existing traffic congestion problem in that area of Crewe.

Increase in Statutory Hazardous routes

2.6. However, the opinion was that hazardous routes may well increase (see 5.41). In terms of statutory transport increasing in the form of hazardous routes, Councillors already know of instances where public subsidised buses have been withdrawn and school children are now paid for by the Council due to this being considered a statutory obligation as an unsafe hazardous route. The author of this report has been told by one Councillor of a case where a child was previously paying a low daily fare on a subsidised bus is now being transported by taxi, at a cost rather than a saving to the Council due to a hazardous route.

Rural Settings of COE schools - transfer from discretionary to statutory

2.7. The evidence of the Diocese of Chester not mentioned in the majority report was that "*Within Cheshire east, Chester diocesan church schools are largely located in rural settings*." [12]

2.8. The removal of discretionary denominational transport for the under 16s will mean that in some cases this could well be replaced by statutory transport due to the largely rural nature of such COE schools. A point also confirmed in paragraph 5.41 above. It will of course then result in far less cost savings. In fact such changes will prove to be unsatisfactory in terms of parental choice and stability of education as the statutory requirement is for the pupil to be transported to the nearest qualifying school even if the faith school is only a mile apart.

2.9. The recommendation to cut new entrants means that a pupil of a primary faith school at age 11 going to a secondary non-faith school faith school which is not a partner/feeder school will be at a disadvantage in the current admissions procedure. It will be helpful if the Sibling support is retained as recommended by the majority report but new entrants who have no siblings moving from a primary faith school with its own feeder secondary faith school will be

[12] Written submission dated December 2011

disadvantaged compared to those in partner feeder schools transferring from a non-faith primary partner feeder school to its own non-faith secondary school, if they go to the non-faith secondary school. This is a relevant factor since primary RC schools are feeder/partner schools with secondary RC faith schools. In addition, COE schools may set admission rules on the basis of parish boundaries.

2.10. In terms of another area of support, it is important to note that Faith home to school transport is supported by Government policy in the Home to School Transport Guidance for the Department of Education and Skills[13].

Excellence of Schools

2.11. The faith school evidence included two RC Secondary faith schools. The RC Diocese of Shrewsbury submitted written evidence by A Scott dated May 2011 to express concern that "changes in school transport which might disrupt the excellent education standards achieved by pupils currently at Catholic Schools".

2.12. The evidence from the Diocese of Chester for COE schools was also of examples of schools rated as "good" and how Chester Diocesan schools are largely located in rural areas which are popular, successful and inclusive.

2.13. In keeping with the theme of excellence an RC Head teacher stated how despite being a relatively small school, they were also a high performing school with 98% of students achieving 5 A*- C GCSE grades, the highest in Cheshire East. **The Head asserted that it was the faith based aspect to the educational experience at the school which contributed to that success.**

2.14. The topic of denominational transport was commented upon again in the conclusions in the majority report in paragraph 6.

2.15. The majority report in paragraph 6.4 argued that the Group were not convinced that the removal of discretionary transport would have an adverse affect upon the level of performance of the school, as it is the leadership of the school and the ethos it instils which is the crucial factor in a high performing school. The illustration was given of Wilmslow High School. This relates to the quote above on the "defence" of denominational cuts as follows that it would result in:"*The undermining of successful schools. Both St. Thomas More's*

[13] See chapter 5: of the following link: http://static.carers.org/files/dfes-home-to-school-travel-and-transport-guidance-3108.pdf

and All Hallows are high achieving schools and it was put to the Group that this was largely due to the schools' ethos and adherence to the principles of the Gospels. It was argued that if the 'critical mass' of Catholic children was not achieved, the school would lose its character – the very thing which had made it a success.

2.16. Whilst leadership and ethos of a school are important, so are other factors. Support for the argument that it is the faith element that contributes to the success of faith schools as opposed to just the leadership and ethos must be found in the fact that the aforementioned GCSE results of St. Thomas More's in Crewe were achieved despite 17% of pupils not having English as an additional language. No account is taken in making this comparison of high performing schools of the socio-economic demographics of the area in the comparison between Wilmslow and Crewe. For example, the higher number of people with a degree qualification in Wilmslow.[14] Hence, there is support for this notion that it will be undermining successful schools and support for the other faith arguments for retaining denominational transport can also be found.

3.0. Historical Background

3.1. It is important to consider school organisation issues and why schools are located where they are and organisational strategies which may have created an underlying transport need in order to provide support for continuing denominational transport.

3.2. The majority Group report failed to make reference to a Management Board Report distributed to the Group, dated 15 December 2003, item 217. This report detailed, Cheshire County Council strategy entitled "Building Schools for the Future- Secondary School Strategy." The strategy divided the county areas into six Cheshire Districts including Macclesfield District. Macclesfield District covered Macclesfield, Prestbury, Bollington, Alderly Edge, Mobberly, Wilmslow, Handforth, Knutsford, Poynton and Disley.

3.3. The strategy stated that "*The School Organisation Committee has approved the Macclesfield town proposal for a Learning Zone linking*

[14] **Local Area Partnership Profile Wilmslow**
In 2006-7, 68% of pupils in Wilmslow LAP obtained 5 or more GCSEs at grades A* to C (65% in Cheshire East)
· In 2001, 33% of people in Wilmslow LAP had degree level qualifications or higher (24% in Cheshire East) and 19% had no qualifications (25% in Cheshire East)
Local Area Partnership Profile Crewe
In 2006-7, 54% of pupils in Crewe LAP obtained 5 or more GCSEs at grades A* to C (65% in Cheshire East). In 2001, 15% of people in Crewe LAP had degree level qualifications or higher (24% in Cheshire East) and 31% had no qualifications (25% in Cheshire East)
http://www.cheshireeast.gov.uk/community_and_living/research_and_consultation/cheshire_east_area_profiles/local_area_partnership_profile.aspx

all the secondary schools, Macclesfield College... Subject to funding, the LEA will deliver the closure of Ryles Park High School, the new building of Henbury High School within the Learning Zone, major extensions and remodelling at Fallibroome and Tytherington High Schools and the enlargement of All Hallows Catholic High School. This collectively will remove the secondary school surplus capacity within the Macclesfield District, which encompasses Knutsford, Wilmslow, Poynton all of which are oversubscribed, as well as providing improved building stock for the secondary sector within the town of Macclesfield itself."

3.4. It is clear that the Cheshire County Council school organisation strategy for secondary schools envisaged transport between and within the Macclesfield District and covered larger areas than are now being considered as local. Hence, it is not surprising that there is travel now encompassing the whole of the old Macclesfield District area to All Hallows Catholic College. The oversubscription described above continues today. For example, Wilmslow High School admission number is 300, in 2011 there were about 380 applicants,[15] and with appeals about 307 joined, approx 275 were major partner primary schools, 13 non-partner primary schools and about 18 from outside the area.

3.5. We do not know the current situation with regard to Poynton and Knutsford due to the lack of any information or school modelling.

3.6. Bearing the above School organisational strategy of the previous authority in mind, it is not surprising that Cheshire East has inherited a school transport need which may be less local than a smaller authority would prefer. The school organisational strategy of the County has resulted in the expectation that there would be transport towards Macclesfield from Knutsford, Wilmslow and Poynton which were seen as oversubscribed.

3.7. The Group in paragraph 6.12 of the majority report rejects the suggestion of the importance of the fact that for as long ago as 1944 LAs have assisted faith transport. However, this is a factor still seen to be relevant today in the recent Prime Minister's question time.

4.0. Contribution of faith parents to education

4.1. In support of faith school transport, it was argued that Catholic parents often felt that they were the victims of "double taxation", paying both their contribution to the state comprehensive system

[15] We were told that some of the applicants went to independent schools.

and a 10% contribution to the Diocese.[16] Hence faith parents are paying towards the 10% of building costs for voluntarily aided faith schools, their council tax and also a contribution towards home to school transport.

5.0. Fairness of Faith Transport Support

5.1. In paragraph 6.6. of the majority report, it was argued by the majority group that the discretionary faith transport is "unfair" particularly since the person has to be of the same faith as the respective school.

5.2. The Equality Act 2010 provides an exception to discrimination on the grounds of religion or belief for transport to and from School[17]. This provision is not "unfair" but part of the recognition in Equality law of positive discrimination in favour of faith school provision and assists parental choice and diversity of education provision.

5.3. The notions of a "level playing field" and "unfairness" are not appropriate in relation to transport as non-faith education is likely to be more widely available but faith schools may not always available as a local school, so this may well create a transport need. [18]One of the RC faith school Head teachers argued that faith is fundamental to the way some people live their lives and that adds something meaningful to society. By secularising education, or at least support for education, it was argued something important was lost from society.

5.4. There was no evidence for the argument of any demand by parents in Cheshire East for the "belief" side of religion or belief as suggested in the policy side of paragraph 6.6. In fact, Cheshire East transport provision is virtually all about RC and COE schools. It is not possible to argue that the local authority on discrimination grounds should provide a school for those of another religion just because there are Catholic schools as there are exceptions in Schedule 3 of the Equality Act 2010 to prevent such an argument.

5.5. However the Equality Act 2010 in section 149 does mention the public sector duty of ensuring there is an equality of opportunity for the

[16] Notes of meeting on the 3 November 2011.

[17] See Schedule 3 Part 2 paragraph 11(e): http://www.legislation.gov.uk/ukpga/2010/15/schedule/3

[18] See earlier note on evidence that about 1 in 3 schools are faith schools, meaning that approximately 70% are not.

protected characteristics including religion or belief in shaping policy and delivering services.[19]

5.6. The Council has a statutory duty under the Equality Act 2010 to promote Equality of opportunity in the provision of services and employment. This means that due regard should be given by the Council to the equality implication of any strategy, policy or function of the Council. This means that the Council must ensure that all policies and local strategies promote the inclusion of all groups and equality of opportunity. Factors such as other reasons for parental choice mentioned in paragraph 6.7. of the majority report are not relevant here.[20]

5.7. This minority report is not about giving any legal advice, as it is up to anyone interested to obtain their own professional legal advice in this specialised educational/equality law area should they wish to do so. The paragraphs above are simply for food for thought in relation to considering the validity of arguments being put forward by the Group in the majority report. It is simply put forward to combat the argument in paragraph 6.10 that removing the denominational subsidy would ensure equitable treatment. It is not clear how it will produce a fairer and more equitable transport policy, as it may well restrict equality of opportunity for parents who wish to exercise a faith school choice as opposed to a more locally available non-faith school choice.

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[19] **Public sector Equality Duty**

"The public sector Equality Duty came into force across Great Britain on 5 April 2011

1.1.1 What is the public sector Equality Duty?

"The public sector Equality Duty, at section 149(Opens in a new window) of the Equality Act, requires public bodies to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities.

1. *The Equality Duty supports good decision making – it encourages public bodies to understand how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people's needs. By understanding the effect of their activities on different people, and how inclusive public services can support and open up people's opportunities, public bodies can be more efficient and effective. The Equality Duty therefore helps public bodies to deliver the Government's overall objectives for public services."*

http://www.homeoffice.gov.uk/equalities/equality-act/equality-duty/

[20] Note that the points made in the report is not to give any legal advice and it is up to anyone to obtain their own professional legal advice in this specialised educational/equality law area should they wish to do so.

5.8. The additional argument in paragraph 6.12 of potential additional demand of faith schools due to free schools under the Academy Act lacks merit, no evidence of any religious free schools being formed was ever given to the Task and Finish Group. That same argument was not used to say that sixth form academies could be set up and this could potentially lead to a greater demand for post 16 transport, since the Group were generally more favourably disposed to such transport. Indeed the report to the Children and Families Committee for the 17th of January 2011 Committee states that there is only one Free School in the Borough and Academies account for only 6% of schools in Cheshire East.

6.0. Quality of Accurate Financial Information

6.1. The group has been curtailed in its consideration of this topic due to it taking 3 of the 4 months to produce financial figures. Unfortunately this was due to the need to manually trawl the figures. The figures given in the majority group report state that "Any figures given this section are therefore highly volatile and approximate." Whilst figures do vary with changes in pupil numbers the lack of consistency is a cause for concern. [21] The first set of figures dated the 21/9/11 were stated to be "robust and accurate", but the Group then received 2 other tables of different figures. The final table dated the 11/11/11 being the one in the majority report. Please see Appendix A, B and C to this report detailing the figures given.

6.2. The need for accurate recording of transport costs is a condition precedent both for assessing, monitoring costs and making any savings. This is a good reason for the need for software support such as that found in the Cardiff system, which on the software side is part of the recommendations of the majority group.

6.3. The lack of consistency of the figures calls into question the accuracy of any purported savings and options presented in paragraphs 5.24 to 5.26. For example, paragraph 5.24 refers only to the hardship and hazardous routes. The figures in the table on page 13 of the majority report and Appendix C Annex 1 and 2 show that there is income of £122,460, (since each parent pays a charge of £314 towards his or

[21] For denominational transport :
21/9/11 the figures were 114 of the 360 denominational transport qualify for free transport total cost of £342,258 and total annual cost of £950.72 per pupil.
In a table dated the 22/9/11 there were 562 denominational pupils at a total cost of £372,515.06 with a cost per pupil of £662.84 with a denominational hardship of 42.
The figures in the table for the majority report dated 11/11/11 gave 728 denominational pupils at a total cost of £372,515.06 with a cost per pupil of £511.70 with a denominational hardship of 76.
Similar inconsistencies for the post 16 mainstream transport figures.

her child's denominational transport), Appendix C annex 1 shows that 390 pay a charge for each child. That would leave 640-390 pupils = 250 pupils with no charge and free. The original consultation on proposals to cut denominational school transport never included those who were free on the basis of the pre-2008 agreement. In addition the policy allows for the 3rd sibling to be free. No breakdown of the pre 2008 or 3rd sibling pupils has been provided.

6.4. Since the majority report in paragraphs 6.13 and 6.14 indicated that those currently in the system would be protected on the denominational side, it is assumed that the current policies for pre-2008, and third siblings would continue.

6.5. If the status quo is maintained for the under 16 denominational transport, income will increase as a result of children in the pre-2009 policy group starting to pay and make a contribution. In addition for the COE primary schools which are largely in rural settings then travelling from one village to another is likely to simply result in a lower discretionary budget and a higher statutory one without denominational choice as this will be to the nearest qualifying school for under 16s if more than 3 miles away from the pupils home.

6.6. At best at the moment, at a cost of £582.66 per pupil for 390 who pay, there is only approx £227K. Option 1 of immediate withdrawal is not an option as there is a need to consult. Of those 390 who do now pay a contribution, it may be the case due to the largely rural setting of COE primary schools that a significant number may transfer to a statutory budget based on a.harzadous routes or b. the nearest qualifying school being more than 3 miles away and being of compulsory school age.

6.7. It needs to be considered that if a child under 16 is transferred from the faith to the non-faith column for under 16s transport means that the cost per pupil increases from £582.66 to £940.60 per pupil due to the loss of the parental charge income from denominational transport. Please see the table in the majority report on page 13 and the table in this report at Appendix B annex 1.

6.8. In fact an examination of Appendix C annex 1 of the table provided in the majority report at page 13 and the additional Appendix C annex 2 which the Group received to accompany the table, presents a different perspective. It can be seen in Appendix C annex 2 that the contracts section in Appendix C annex 1 is shown for transport serving denominational establishments. However, examining Appendix C annex 2 under the heading "Transport Serving

Denominational Establishments", for buses to faith schools only 46% [22] of the cost pays for discretionary faith pupil travel with 54%[23] being non-faith pupils paid for on a statutory basis.

6.9. In other words, to get discretionary faith travel may require being a baptised catholic pupil to go to an RC school but the Council pays statutory travel for non-faith pupils to attend a faith school. Statutory reasons may be due to the faith school being the nearest qualifying school if the school is more than 3 miles from home, hazardous route etc.

6.10. For minibuses going to faith establishments, only 31%[24] of the cost to the Council is for faith pupils and 69%[25] is for non-faith statutory pupils.

6.11. If discretionary transport to faith schools for faith pupils is cut, it will result in a significant detrimental cost impact for the Council. Pupils who are paid for to go to a faith school on a non–faith statutory basis outweigh those who are paid to go to a faith school on a discretionary faith basis. In other words more than half on the bus or more than two thirds on the mini-bus are non-faith pupils going to a faith school paid for by the Council on a statutory basis.

6.12. There are no figures for the number of non-faith pupils who go on a statutory basis to a faith school in the majority report table, but proportionate and cost wise, this must be a fair number. This provides an example of parental support in Cheshire East for faith schools even for non-faith pupils.

6.13. It must be remembered that we are only considering the school transport side. We were told that St Thomas More's did not only admit Catholics but also had students from a variety of faith backgrounds and that these made up 30% of the student body. The evidence from the Diocese of Chester for COE schools was that the schools are popular, successful and inclusive.

6.14. At the meeting with the transport manager on the 11 November 2011, the Group were told that at the time of the meeting, statutory transport cost approximately £150,000 and discretionary faith transport was approximately £200,000.

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[22] £167,110 out of a total of £359,721, as 167,110 + 192,611 =£359, 721 this correct figure shown in Appendix B annex 2
[23] £192,611 out of a total of £359,721
[24] £53,723 out of a total of £173,955, this correct figure shown in Appendix B annex 2
[25] £120,232 out of a total of £173,955, this correct figure shown in Appendix B annex 2

6.15. In view of the detrimental impact on denominational travel and on access to faith education in Cheshire East the best course of action is to look towards efficiency savings instead.

7.0. Transport Contract Costs for Under 16's Cheshire East Pupils attending Faith Schools –see Appendix D

7.1. The points made previously can be more clearly illustrated by providing a table covering the transport contract costs, showing the amount of cost for faith pupils and non-faith pupils attending a faith school. The table in Appendix D is constructed from the data provided by the Officers to the Group and the argument being advanced by the desire to cut services seems to be that Faith Pupils should be financially penalised further because they cost £583 per pupil to attend a Faith School, whereas Non-Faith pupils who attend the ***same*** Faith Schools cost an average of £941.

7.2. The net costs for Faith School pupils are 40% of Transport contracts costs to Faith Schools. It means that about 60% of these contracts costs paid by the Council covers transport for non-faith pupils to faith schools. It is not possible to break this down further as there are no figures to cover the non-faith pupils who attend faith schools who go by other means of transport, such as commercial bus, local bus etc.

7.3. The previous percentages in paragraphs 6.8 and 6.10 are based on the cost to the council but no account was being taken of the faith contribution income which is taken account of in paragraph 7.2. It is assumed in this table in Appendix D that the total parental contribution is 57% of the contractual payments as the contractual payments are 57% of the overall cost.

7.4. There is a failure to provide analysis of the impact of any change in policy. In particular, what are the assumptions made in accommodating Faith Pupils who currently travel, but who in future, because of economic pressures, will need to be accepted at a "local school" rather than a Faith School? Since we do not know where the faith pupils are located and what local schooling is available how can an assessment be made? In order to understand this information a visual map is needed of pupil numbers and locations and availability of local schools. In other words, school modelling is required.

7.5. The Group has embarked on a narrow policy under the guise of "necessary economies" but in fact they have failed to show any evidence of the scale of the "economies". They have shown the scale of the current costs, but the current costs include third Sibling and pre-2008 and these are costs which remain unquantified.

7.6. It is difficult to argue that those economies can be made by translating pupils who currently cost £583 per pupil into pupils who cost £941 per pupil.

7.7. It has been clear from this Task and Finish Group that there are areas of potential efficiencies, such as in taxi fares, as witnessed by the research into Stockport Council. Not only have SMBC reduced their taxi costs but they have improved the quality of life of their residents.

7.8. It is also clear that no work has been done on the impact on either contract buses, or minibuses of reduced pupil numbers; i.e. if a minibus or contract bus has fewer Faith pupils, by how much will the average cost per pupil increase.

8.0. Post 16 Mainstream Transport

8.1. The majority Group were much more favourably disposed to post 16 transport, reporting it in positive terms and expressing the concerns of the FE Colleges without any attempt to view the reasons expressed as a source of “defence” to cuts.[26]

8.2. Faith home to school transport needs to be retained both for under and post 16 year olds due to the arguments in support and because of the rural needs of their primary schools, and the location of their secondary schools.

8.3. In terms of the Secondary schools, the location of the few denominational Secondary schools is of particular relevance to their transport retention. St Thomas More in Crewe has the difficulties of traffic congestion where it is located and the situation would be made worse if buses are withdrawn. In Middlewich there is no sixth form which means that a significant number of parent’s children from Middlewich travel to St Nicholas Catholic High School in Northwich. If All Hallows Catholic College in Macclesfield changed, leaving more local places, it may affect the pattern of local admissions for other institutions as it is a high performing school. The Cabinet report on the 4th of July stressed the need to take due consideration of the need to provide a stable education system.

[26] See paragraphs 5.43 to 5.45 of the majority report.

8.4. The minority report argues for the retention of all mainstream post 16 but working in cooperation with all schools and colleges to make savings.

9.0. Proposals to make Savings without cuts.

Cardiff City Council Example

9.1. Cardiff City Council uses the Public Sector Mapping agreement (PSMA) together with software called Capita, in order to gain accurate information on a holistic basis and efficiently plan school bus routes for mainstream and SEN. This system has been combined with re-negotiating and re-contracting mileage rates so that there are set mileage rates for buses, minibuses and taxis. The contracts ensure that they are flexible enough to change so that the Council is only paying for the mileage rates used and if this goes down so does the cost. The system allows for accurate comparisons to be made between the cost of transporting an SEN Child and the cost of additional school support more locally based, in order to consider appropriate savings.

Examples of councils using mapping systems include the following quotes:

"Cardiff City Council

Cardiff city council used mapping information to map school catchment areas and plan routes for the free school service and courier services.

Using OS data has meant children eligible for the free school bus service have been identified quickly and accurately. This has allowed the council to organize transport provision in a more proactive way, optimising the number of buses needed and tailoring bus routes to suit where the children live.[27]

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[27] See Grant Shapps: New era of open government will drive innovation in public services August 2010

http://www.communities.gov.uk/news/newsroom/1665613

The PSMA approach can be used in other ways:

"*Daventry District Council*

Daventry District council has used mapping information to improve refuse collection routes.

This led to a reduction in mileage travelled by refuge lorries by 12-13 per cent, increased capacity for vehicle washing, and virtually eliminated employee overtime...."

Note that Daventry District Council which uses the PSMA for refuse collection, has a market town, with villages which are rural and semi-rural and so is not unlike Cheshire East, so the argument that you

9.2. Cardiff Transport manager indicated that savings of about £1.8m over all school transport areas had been made in approximately 18 months, both by the public mapping agreement but also largely due to value for money contract changes.[28]

9.3. The majority report in fact recommends a new software system (such as CAPITA) in order to provide more accurate information. Unfortunately, the appointment with the Cardiff transport manager for the Task and Finish Group was cancelled without any chance to rearrange.

10.0. Bus Organisation Efficiencies: Stagger School Start Times and Share School Buses

10.1. The majority report covers this aspect as an addition to cuts instead of as a way of retaining and reorganising existing services to make savings. An example of bus sharing was given in paragraph 5.45 of the majority report of St Nicholas, Mid Cheshire College and St Wilfred's primary who were already bus sharing in Cheshire West and Chester with no issues. It is of interest to note how a secondary faith school, primary faith school and a non-faith FE College can co-operate and work together not only across primary and secondary lines but also across faith and non-faith school lines.

10.2. The Home to School Transport Select Committee Report dated March 2006 for Kent County Council, stated " *A concerted co-ordination of staggered opening and closing times by different schools in Kent can potentially be implemented through clusters of schools* ". The report went on to say that the benefits of staggering school times include "*Not only can the initiative reduce congestion, pollution and accidents, but it can also reduce school transport costs. By staggering school times of all schools in Kenton an area basis, it may be possible to save up to £500,000 a year in school transport costs"*.

10.3. Feeder/partner schools linking together may be an ideal starting point for bus sharing; the example above includes a feeder primary and secondary RC school.

10.4. It is recommended that the Council carry out further investigation, through bus companies and school clusters into bus sharing and the staggering of starting and finishing times of primary, secondary and

cannot use PSMA in Cheshire East because it is not like Cardiff because that area is urban is without merit.
http://www.daventrydc.gov.uk/contact-us/

[28] Telephone conversation with the author and Cardiff passenger transport manager.

FE colleges in Cheshire East in order to reduce car congestion and school transport costs.

11.0. Devolution to Schools

11.1. A Head teacher at a meeting on the 3 November with the Group made the following suggestions on improving efficiencies:

"Firstly, he asserted that the historic zoning of primary and secondary schools was currently inefficient and could be reconsidered. Secondly, he contended that a system of devolved management in which schools commissioned services instead of the Local Authority could result in significant savings. Indeed, he felt that schools would be in a better position to sell surplus seats and to negotiate deals by offering companies the chance to be the school's provider for school trips. In the light of this he pointed out that the school was already running their own bus service..."[29]

11.2. Whilst, the majority report supports devolution to post 16 mainstream transport, it does so on the basis of a 50% cut for post 16 mainstream only. It is unknown what the consequences of such an approach will be, it would seem far more sagacious to pilot devolution and to see how much it costs and then roll it out, so that recommendations can be made knowing the practical consequences and setting realistic targets to gradually reduce costs. It is also reasonable to assume that both faith and non-faith schools may wish to do so by combining the ages of pupils who use such devolved buses so that both under 16 and post 16 can use the same bus for the same school.

11.3. It can be seen from examining the table on page 13 of the majority of the report and Appendix C annex 1 of this report, that spare seat capacity is not something used for under 16 faith transport.

12.0. Efficiency Methods

Dept of Education Efficiency and Practice Review

12.1. The scoping document for the majority referred to the Department of Education – Efficiency and Practice Review. The Review may be published this month with recommendations on efficiencies in SEN home to school transport.[30]

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[29] From notes of meeting dated 3 November 2011 amended to exclude school name and head name.
[30] See the following link:
http://www.education.gov.uk/schools/adminandfinance/travelandtransport/a0077797/efficiency-and-practice-review-home-to-school-transport

12.2. The Department of Education has commissioned a review of efficiency and practice in the procurement, planning and provision of school transport across England.

12.3. The Government wants local authorities to share best practice and ensure they have processes and systems in place that provide value for money and contribute to the reduction of bureaucracy.

Other Ideas for Efficiencies- Think Twice.

12.4. It would be worthwhile to consider developing a pro-forma called *Think Twice*. When applications are made for home to school transport or indeed transport for children in care which the Group was told currently cost approx. £600k per year[31]. A form could be developed to cover questions to allow the transport manager to ask professionals, applicants and schools to explore if there is a cheaper alternative.

12.5. The cheaper methods of transport, where appropriate, may involve use of rail or public transport, parent's car share allowance, carer mileage, cycle grants instead of a more expensive taxi, and so forth. Liaison with the schools would help particularly, if the schools were willing to facilitate parent car sharing schemes.

13.0. Conclusions

13.1. The recommendation of the majority report to examine the Stockport Council model is a welcome one. Not only may such a system result in real savings, it would have the benefit of promoting greater independence.

13.2. Cardiff City Council also provides an example of another authority which can provide a new delivery model. The aim would be to achieve savings whilst not diminishing service delivery.

13.3. The continuation of Council support for home to school faith and post 16 mainstream transport is aligned to the Cheshire East Council's Ambition for all priorities – nurture strong communities, support our children and young people and ensure a stable future for them. The aim would be to include the need to achieve value for money whilst still maintaining home to school transport service delivery.

13.4. The Government must be convinced that it is possible to provide home to school transport more efficiently on a best practice basis, otherwise they would not be in the progress of undertaking a

[31] There are currently approx 456 children in care in Cheshire East.

review. The recommendations of this minority report are made on the basis that such efficiencies and better outcomes have been practically demonstrated at other authorities.

13. Minority Report Recommendations

1. There are numerous methods of saving transport costs without cutting services and so the main recommendation of this minority report is that the Council maintain existing home to school transport services and look towards investigating efficiency savings instead.

2. Delete recommendations 7.1. to 7.3, of the majority report and replace with:

7.1. That the Council investigates methods of saving efficiencies such as the Cardiff Transport System which saved £1.8m in approximately 18 months.

7.2. That discretionary denominational transport (both under and post 16) and post 16 main stream transport is retained due to the negative and detrimental impact of its removal.

7.3. That the Council pilots the devolution of transport to schools in order to save costs and then assesses the scheme prior to roll out to other willing schools and colleges in Cheshire East with the aim of a realistic saving in costs.

3. Support Recommendations 7.4 to 7.10 (excluding 7.7), of the majority report, noting that a software system similar to the Cardiff transport model could be considered in 7.4.

7.4 That when the Council procures a new holistic education software system, transport management needs are considered so that home to school transport data that is linked with other core data can be produced automatically and on demand.

7.5 That the Council establish an overarching Integrated Transport Team in order to identify convergences (and synergies) between various transport policies. (See paragraph 5.35).

7.6 That the Council investigate options around bus sharing and staggered start times for schools and colleges taking into consideration the possibility of altering public transport routes, times and capacity. The Council should continue to support schools and sixth forms in developing their school travel plans, as well as offering advice on issues linked to procurement and traffic congestion.

7.7 That the Council opens up discussions with parents about the possibility of increasing charges to help facilitate the retention of existing bus routes.

7.8 That the Council devolve the statutory transport budget to schools (both Primary and Secondary) where schools feel that they have the appropriate resources to manage it.

7.9 That the Council, in full partnership and consultation with parents, carers and social workers look at alternatives around SEN transport to improve outcomes by promoting a positive culture of independence for children, young people and families.

7.10 That the Council open up discussion with special schools with a view to integrating Independent Travel Training into the curriculum.

4. Additional Recommendation:

7.11. That the Council considers the recommendations of the Government's Efficiency and Practice Home to School Transport Review expected to be published this month.

Appendices

Appendix A

Annex 1

Post 16 Mainstream Transport 2011/12

As at today (21/09/2011 @ 10:00am) we provide transport for 1083 students (to highlight how quickly this figure changes, it has gone up to 1102 students since this morning!).

The cost of transporting these 1083 students is: -

- Local Bus and Education Contracts: **£1,069,251.00**
- Commercial Services: **£ 86,603.40**
- Rail: **£ 29,919.35**
- College's own transport: **£ 13,500**

TOTAL : £ 1,199,273.75

LESS TOTAL 16+ INCOME DUE (£436.00 per eligible student) **£ 350,980.00**
Please note 278 students qualify for free transport

TOTAL COST OF 16+ TRANSPORT **£ 848,293.75**

TOTAL COST PER 16+ STUDENT **£ 783.28**

Total (post 16) travelling on: -

Education transport contracts - 840
Commercial Bus Services – 91
Local Bus Services – 63
Rail – 38
College's own transport – 11
Fleet – 9
Awaiting allocation - 11
Special Ed Transport – 1 (special education college transport is in the process of being arranged so figure will increase significantly over next few days)

Annex 2

Denominational Transport 2011/12

To date, we provide transport for **360** pupils on denominational grounds.

The total cost of this transport (including proportional costings where pupils are travelling on contracts that also carry eligible, non denom pupils) is **£ 419,502.00 per annum**

The current charge for denominational pupils is £314.00 per annum (for the first two pupils per household).
114 of the 360 pupils qualify for free transport (either due to low income, or being the third sibling), therefore Total denom income due 2011/12 is **£ 77,244.00.**

TOTAL COST TO CHILDREN'S SERVICES (LESS INCOME) £ 342,258.00

TOTAL ANNUAL COST PER PUPIL £ 950.72

Total (Denominational) travelling on: -

Education transport contracts - 265
Commercial Services – 3
Local Bus Services – 94

Appendix B

Annex 1

Transport Costings - Mainstream Education and SEN Transport @ 22/09/2011

		Mainstream <16		Mainstream >16	Sen <16 (73%)	Sen >16 (27%)	TOTAL
		Faith	Non-Faith				
Contracts	Coach/Bus	£ 167,109.70	£ 1,628,317.40	£ 624,387.40	£ -	£ -	£ 2,419,814.50
	Minibus	£ 53,722.63	£ 557,404.14	£ 140,781.54	£ 43,510.00	£ 45,798.00	£ 841,216.30
	Taxi	£ 83,977.42	£ 451,554.41	£ 261,203.37	£ 2,593,595.61	£ 844,169.67	£ 4,234,500.48
Season tickets	Commercial Bus	£ 1,500.00	£ 368,500.00	£ 64,500.00	£ -	£ -	£ 434,500.00
	Local Bus	£ 183,520.00	£ 616,864.00	£ 78,144.00	£ -	£ -	£ 878,528.00
	Other (schools own tpt)	£ 3,504.00	£ 2,400.00	£ 19,404.00	£ -	£ -	£ 25,308.00
	Rail	£ -	£ 3,095.10	£ 26,308.35	£ 515.85	£ -	£ 29,919.30
Parental reimb	Mileage claim	£ 1,955.32	£ 3,910.63	£ 488.83	£ 43,084.46	£ 5,629.32	£ 55,068.56
	Other (Cycle Grants)		£ 75.00	£ 75.00			£ 150.00
	Fleet Transport				£ 326,135.53	£ 120,625.47	£ 446,761.00
	Sub Total	£ 495,289.06	£ 3,632,120.67	£ 1,215,292.49	£ 3,006,841.45	£ 1,016,222.46	£ 9,365,766
	Less Income	£ 122,774.00		£ 375,832.00			£ 498,606.00
	Spare Seat Income		£ 64,360.00	£ 79,290.00			£ 143,650.00
	Grand Total	£ 372,515.06	£ 3,567,760.67	£ 760,170.49	£ 3,006,841.45	£ 1,016,222.46	£ 8,723,510.14
	Pupil / Student Count	562	3269	936	373	138	5278
	Cost per pupil	£ 662.84	£ 1,091.39	£ 812.15	£ 8,061.24	£ 7,363.93	

Hardship	67
Denom Hardship	42

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Annex 2

Summary

Total spent on Education Contracts	**£**	**3,968,458.00**
Total Coach	£	2,419,814.50
Total Minibus	£	751,908.30
Total Taxi	£	796,735.20

	Cost by Vehicle Type	Faith Pupils on Denom Contracts	Non Faith Pupils on Denom Contracts	Non Denom Pupils Costs
Coach U16	£ 1,795,427.10	£ 167,109.70	£ 192,610.70	£ 1,628,317.40
Coach 16+	£ 624,387.40			£ 624,387.40
Minibus U16	£ 611,126.76	£ 53,722.63	£ 120,231.87	£ 557,404.14
Minibus 16+	£ 140,781.54			£ 140,781.54
Taxi U16	£ 535,531.83	£ 83,977.42	£ 45,042.08	£ 451,554.41
Taxi 16+	£ 261,203.37			£ 261,203.37
	£ 3,968,458.00	**£ 304,809.74**		**£ 3,663,648.26**

Total spent on SEN Transport	**£**	**3,527,073.28**		
SEN Coach	£	-		
SEN Minibus	£	89,308.00		
Minibus u16			*£*	*43,510.00*
Minibus 16+			*£*	*45,798.00*
SEN Taxi	£	3,437,765.28		
Taxi u16			*£*	*2,593,595.61*
Taxi 16+			*£*	*844,169.67*

Transport Serving Denominational Establishments

Denom Coach	£ 359,721.30	
Denom Pupil		*£ 167,110*
Non-denom pupils		*£ 192,611*
Denom Minibus	£ 173,954.50	
Denom Pupil		*£ 53,723*
Non-denom pupils		*£ 120,232*
Denom Taxi	£ 129,019.50	
Denom Pupil		*£ 83,977*
Non-denom pupils		*£ 45,042*
	£ 662,695.30	***£ 662,694***

RAIL

Rail - Total annual charge		**£29,919**
Cost per rail pass £515.85		
16+	51	26,308.35
U16	6	3,095.10
SEN	1	515.85

INCOME	No pupils	Income
Denominational Income	391	£122,774.00
16+ Income	862	£375,832.00

Spare Seats	**Number**	**Annual Charge**	
Under 16 in Zone (TIUINZ)	28	265	£ 7,420.00
Under 16 Out of Zone (TIUOOZ)	146	390	£ 56,940.00
16+ In Zone (TIOINZ)	27	510	£ 13,770.00
16 + Out of Zone (TIOOOZ)	91	720	£ 65,520.00

Appendix C

Annex 1

Transport Costings - Mainstream Education and SEN Transport @ 11/11/2011

		Mainstream <16		Mainstream >16	Sen <16	Sen >16	TOTAL
		Faith	Non-Faith				
Contracts	Coach/Bus	£ 167,109.70	£ 1,726,788.60	£ 628,936.10	£ -	£ -	£ 2,522,834.40
	Minibus	£ 53,722.63	£ 458,545.65	£ 154,155.72	£ 43,510.00	£ 45,798.00	£ 755,732.00
	Taxi	£ 83,977.42	£ 470,532.45	£ 258,375.34	£ 2,742,745.61	£ 866,969.67	£ 4,422,600.48
Season tickets	Commercial Bus	£ 1,500.00	£ 368,500.00	£ 64,500.00	£ -	£ -	£ 434,500.00
	Local Bus	£ 183,520.00	£ 616,864.00	£ 78,144.00	£ -	£ -	£ 878,528.00
	Other (schools own tpt)	£ 3,504.00	£ 2,400.00	£ 19,404.00	£ -	£ -	£ 25,308.00
	Rail	£ -	£ 3,610.95	£ 33,530.25	£ 515.85	£ -	£ 37,657.05
Parental reimb	Mileage claim	£ 1,955.32	£ 3,910.63	£ 488.83	£ 43,084.46	£ 5,629.32	£ 55,068.56
	Other (Cycle Grants)		£ 75.00	£ 75.00			£ 150.00
	Fleet Transport				£ 326,135.53	£ 120,625.47	£ 446,761.00
	Sub Total	£ 495,289.06	£ 3,651,227.28	£ 1,237,609.24	£ 3,155,991.45	£ 1,039,022.46	£ 9,579,139.49
	Less Income	£ 122,460.00		£ 393,272.00			£ 515,732.00
	Spare Seat Income		£ 65,670.00	£ 77,130.00			£ 142,800.00
	Grand Total	£ 372,829.06	£ 3,585,557.28	£ 767,207.24	£ 3,155,991.45	£ 1,039,022.46	£ 8,920,607.49
	Pupil / Student Count	640	3812	1260	536	168	6416
	Cost per pupil	£ 582.55	£ 940.60	£ 608.89	£ 5,888.04	£ 6,184.66	

Hardship	138
Denom Hardship	76
Total	214

Annex 2

Summary

Total spent on Education Contracts	**£**	**4,002,143.60**
Total Coach	£	2,522,834.40
Total Minibus	£	350,280.70
Total Taxi	£	517,481.70

	Cost by Vehicle Type	Faith Pupils on Denom Contracts	Non Faith Pupils on Denom Contracts	Non Denom Pupils Costs
Coach U16	£ 1,893,898.30	£ 167,109.70	£ 192,610.70	£ 1,726,788.60
Coach 16+	£ 628,936.10			£ 628,936.10
Minibus U16	£ 512,268.28	£ 53,722.63	£ 120,231.87	£ 458,545.65
Minibus 16+	£ 154,155.72			£ 154,155.72
Taxi U16	£ 554,509.86	£ 83,977.42	£ 45,042.08	£ 470,532.45
Taxi 16+	£ 258,375.34			£ 258,375.34
	£ 4,002,143.60	**£ 304,809.74**		**£ 3,697,333.86**

Total spent on SEN Transport	**£ 3,699,023.28**	
SEN Coach	£ -	
SEN Minibus	£ 89,308.00	
Minibus u16		*£ 43,510.00*
Minibus 16+		*£ 45,798.00*
SEN Taxi	£ 3,699,023.28	
Taxi u16		*£ 2,742,745.61*
Taxi 16+		*£ 866,969.67*

Transport Serving Denominational Establishments

Denom Coach	£	370,612.10		
Denom Pupil			*£*	*167,110*
Non-denom pupils			*£*	*192,611*
Denom Minibus	£	175,626.50		
Denom Pupil			*£*	*53,723*
Non-denom pupils			*£*	*120,232*
Denom Taxi	£	129,019.50		
Denom Pupil			*£*	*83,977*
Non-denom pupils			*£*	*45,042*
	£	**675,258.10**	***£***	***662,694***

RAIL

Rail - Total annual charge		**£29,919**
Cost per rail pass £515.85		
16+	65	33,530.25
U16	7	3,610.95
SEN	1	515.85

INCOME	No pupils	Income
Denominational Income	390	£ 122,460.00
16+ Income	902	£393,272.00

Spare Seats	**Number**	**Annual Charge**		
Under 16 in Zone (TIUINZ)	30	265	£	7,950.00
Under 16 Out of Zone (TIUOOZ)	148	390	£	57,720.00
16+ In Zone (TIOINZ)	27	510	£	13,770.00
16 + Out of Zone (TIOOOZ)	88	720	£	63,360.00

APPENDIX D

Transport Contract Costs only for Under 16's Cheshire East Pupils attending Faith Schools, analysed as

1) **the Costs for Faith PUPILS**
2) **and Non-Faith**

Based on the data provided at 11/11/2011 to the Scrutiny Task Group

U 16 CONTRACTS		**FAITH**	**NON-FAITH attending Faith Schools**	**TOTAL COST**
Coach U16		**£167,110**	**£ 192,611**	**£ 359,721**
Minibus U16		**£ 53,723**	**£ 120,232**	**£ 173,956**
Taxi U16		**£ 83,977**	**£ 45,042**	**£ 129,019**
	Sub total	**£304,810**	**£ 357,885**	**£ 662,695**
Existing charges	Sub total	**£69,802***	**£ 0**	**£ 69,802**
U 16 net costs	Total	**£235,008**	**£ 357,885**	**£ 592,893**
Cost per pupil		**£ 583**	**£ 941**	
Net cost as %age of total		**40%**	**60%**	**100%**

*Note figure is based on total income of £122,460 and as about 57% of costs are contracts, it is assumed that the same percentage of income is being deducted. (57% x £122,460=£69,802).

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Overview and Scrutiny Review
Children and Families Scrutiny Committee

September 2011 – December 2011

Home to School Transport Review

For further information, please contact
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1.0 Foreword

Councillor A Kolker – Chairman of the Task and Finish Group

1.1 It must be noted that this has been a somewhat challenging review. Home to School Transport is a complex and multifaceted area and we have had to meet some tight timescales to complete this review. With this in mind, I would like to draw attention to the efforts made by my fellow Councillors and officers of the Council who have worked hard and given up their time to enable the Group's members to cover all aspects of our terms of reference.

1.2 Home to School Transport is also an emotive subject and this along with the financial challenges that the Council faces has meant that it has been impossible to find a position that will be agreeable to all parties – both from a parental perspective and financial perspective. Being aware from this at the start of the review, we put two guiding principles; 'equity' and 'education' at the forefront of our thinking as we tried to look at all of the issues with a fair and open mind.

1.3 The result of this is a set of conclusions and recommendations which we believe, if implemented, will provide a 'level playing field' in Cheshire East for accessing education and in a difficult economic climate will still enable every child, regardless of background or tradition to fulfil their potential.

1.4 We commend the report to the Cabinet and request that it be given full and fair consideration.

2.0 Acknowledgements

2.1 The group members would like to thank all the witnesses who gave evidence to the review. A full list of witnesses is given in the body of the report.

2.2 In particular, Members would like to thank Chris Williams for the admirable way he guided the group through the review.

2.3 The scrutiny support was provided by Mark Grimshaw from Overview and Scrutiny. Many thanks to Mark for his help in putting together the evidence and formatting the report.

3.0 Outline of Review

3.1 Background

3.2 With the Council facing unprecedented financial challenges there was a need to examine each area of discretionary activity to clarify whether continued funding could be sustained. It was within this context that a review of the Council's Home to School Transport Policy identified key areas of discretionary activity and support provided by the Council which were deemed no longer sustainable within the current financial climate. These areas included denominational transport and mainstream post 16 provision where it was intended to remove subsidies and/or increase charges, resulting in a projected saving of £0.989m.

3.3 Consequently a number of proposed changes to Home to School Transport Policy went before Cabinet on 4 July 2011. The proposed changes already agreed by Cabinet included retaining the status quo for Special Educational Needs (SEN) transport and for those denominational and post 16 pupils currently in receipt of support. The proposal in 'option 1' of the report was to eliminate discretionary support for denominational and post 16 new entrants. The savings proposed in option 1 of approximately £1 million, (with an upper and lower sensitivity range of £300k from the estimated £1 million savings) were over the period of the financial years 2011/12 to 2016/17.

3.4 During the Cabinet Meeting a number of Councillors and members of the public spoke on the implications of the proposals for pupils and their families, for schools, and for the Home to School budget.

3.5 As a result of this meeting, it was resolved:

1. That the motion to implement Option 1 of the report be withdrawn and that the position be reconsidered in one year's time. During the intervening period all available options would be thoroughly investigated with the assistance of the Scrutiny Committees, taking due consideration of the need to continue to provide a stable education system.

2. That for the educational year 2011 – 2012 the parental contribution for denominational and mainstream post 16 transport be raised by 5% to reflect the current rate of inflation.

3.6 In a meeting on 26 July 2011, the Children's and Families Scrutiny Committee resolved to establish a Task and Finish Group to examine discretionary policies in respect of Home to School Transport. It was also agreed that as there were a number of overlaps with transport policy, a number of Members from the Environment and Prosperity Committee would be invited to participate.

3.7 Membership

3.8 The Members of the Task and Finish Group were:

Councillor Andrew Kolker (Chairman)
Councillor Ken Edwards
Councillor Louise Brown
Councillor Philip Hoyland
Councillor Steven Hogben
Councillor Bill Livesley

3.9 Terms of Reference

- To offer advice to Cabinet on the future of Home to School Transport Operation and Policy, taking due consideration of the need to continue to provide a stable education system.
- To examine the legal and financial consequences of whether or not to remove denominational and post 16 mainstream transport support for new entrants.
- To review The Council's Home to School Transport Policy with reference to the advice offered to Cabinet in relation to the authority's power to support sustainable Home to School Transport.
- To consider equity and efficiency issues in relation to home to school transport.
- To consider the social and environmental impacts of whether or not to remove denominational and post 16 mainstream transport support for new entrants.
- To adequately reflect the views of suppliers and service users.

4 Methodology

4.1 Witnesses:

Members met with the following people during the review:

- **Fintan Bradley** - Head of Strategy, Planning & Performance
- **Diane Nation** – Council Solicitor
- **Chris Williams** - Integrated Transport Manager
- **Karen Bowdler** – Senior Accountant
- **Lorraine Butcher** – Strategic Director of Children, Adults and Families.
- **Mr. Edward McHugh** – Headteacher at St. Thomas More's RC School
- **Mark Embrey** – Reaseheath College
- **Rachel Smith** – Macclesfield College
- **Mike Finney** – South Cheshire College
- **Mr. Tony Billings** – Headteacher at All Hallows RC School
- **Mrs. Janet Connelly** - Business Manager at All Hallows RC School
- **John McCann** – Diocese of Shrewsbury
- **Jenni Edge** – Operations Manager
- **Trevor Robinson** – Transport Co-ordinator (North)
- **Sarah Tunstall** – Customer Quality Manager (Transport)
- **Barbara Dale** – Admissions and Appeals Manager

- **Janet Mills** – Transport Policy officer
- **Gill Bremner –** Headteacher at Wilmslow High School
- **Councillor Michael Jones** – Portfolio Holder, Resources.
- **Councillor Hilda Gaddum** – Portfolio Holder, Children and Family Services

4.2 Timeline:

Date	Meeting / Site Visit
1 September 2011	Scoping Meeting with Fintan Bradley
13 September 2011	Diane Nation – legal issues
23 September 2011	Chris Williams and Karen Bowdler – financial context
30 September 2011	Karen Bowdler – financial context continued
7 October 2011	Discussion around future direction of review
14 October 2011	Councillor Hilda Gaddum and Lorraine Butcher – insight to strategic direction.
20 October 2011	Mr. McHugh – perspective from St. Thomas More's RC School
21 October 2011	Representatives from FE Colleges – Reaseheath, Macclesfield College and South Cheshire College
28 October 2011	Review of evidence and plan for future meetings
3 November 2011	Mr. Billings and Mrs. Connelly – perspective from All Hallows RC School
4 November 2011	John McCann – perspective from the Diocese of Shrewsbury
11 November 2011	Chris Williams and Jenni Edge – clarification on figures and emerging ideas
18 November 2011	General discussion to start to pull together conclusions.
25 November 2011	Sarah Tunstall, Janet Mills and Barbara Dale – discussion around school admission and congestion issues following from potential changes in policy.
1 December 2011	Meeting will Gill Bremner – to get a non-faith school perspective on transport subsidies.
2 December 2011	Councillor Michael Jones – discussion around resource implications of various policy options.
9 December 2011	Final discussion to bring together conclusions and recommendations on policy.
23 December 2011	Review of 1st draft

5.0 Review Findings

5.1 Introduction

5.2 The driver for conducting this review was clear. The Council is faced with unprecedented financial challenges. Over the next few years, it will need to find savings of around £50m. As a result, the Council has an obligation to its Council tax payers to examine each area of discretionary activity to clarify whether continued funding can be sustained. The Group, throughout the process of carrying out this review was well aware of this and also the fact that the failure to secure savings from discretionary areas such as Home to School Transport would jeopardise the ability of the Council to meet its statutory obligations.

5.3 Having said this, from the outset of the review process, the Group was unanimous in the belief that any policy the Council has should strive to go beyond the statutory minimum by using any discretionary powers in a positive way. The chance to pause and reflect on the policy proposals put forward in the July 2011 Cabinet paper was therefore very welcome.

5.4 The Group has attempted to be as comprehensive in its evidence gathering process as possible. Indeed, the Group received both written and oral evidence from a variety of stakeholders, including representatives from Further Education colleges, Headteachers, Cabinet Members and officers both of Cheshire East Council and of other authorities. Due to the limited timescale, the Group was unable to carry out a more encompassing investigation. In particular, it is felt unfortunate that the Group did not have a chance to engage with service users. Having said this, the Group was fully aware of the significant research and preparatory work that had been carried out by officers during the consultation process for the original scrutiny and Cabinet reports. Of particular note, was the analysis that had been carried out into the consultation responses and this was kept in mind when hearing evidence from other sources.

5.5 In sum therefore, we fully believe that the recommendations we have put forward in this report will help support an equitable education system in Cheshire East, one which treats all parents and students broadly equally and will help every child to fulfil their potential.

5.6 Evidence

5.7 At the beginning of the evidence gathering process, the Group felt it was vital to gain a full and comprehensive understanding of both the current and future financial context and the current legislative framework around Home to School Transport.

5.8 Home to School Transport – Legislation

5.9 Home to school transport policy has remained largely unchanged since the 1944 Education Act when local authorities (LAs) were placed under a duty to make transport arrangements for children whose school was beyond the statutory walking distance to ensure parents had no defence against non-attendance at school by their children.

5.10 This was further supported by the Education Act 1996 and in particular Section 7 which outlines the duty of parents to secure education for children of compulsory school age. Sections 444(1) and 444(1A) of this Act describe the circumstances when a parent would be guilty of an offence by not fulfilling their duty. A LA has a duty (under Section 508(B)(1) to make travel arrangements to assist parents in fulfilling their duty to a reasonable degree.

5.11 There are a number of instances when a LA is legally obliged to provide free travel arrangements. For all children, the relevant criterion is judged on walking distance, a concept originally introduced by case law, but which is now defined by Section 444(5) as follows:

a) In relation to a child who is under the age of eight, means 3.218688 kilometres (2 miles); and
b) In relation to a child who has attained the age of eight, means 4.828032 kilometres (3 miles);

In each case this is measured by the nearest available (and safe) route.

5.12 There were a number of important changes brought about by a series of amendments to the Education Act 1996 by the Education & Inspections Act 2006. Arguably the most important of these was the creation of 'eligible children' as a distinct group for which statutory responsibility for free transport was placed upon a local authority. It is important to note that prior to this, all free transport provided beyond that based on walking distance was discretionary.

5.13 It is difficult to define what factors constitute an 'eligible child' as it is a complex list but it can be very broadly summarised thus:

Within Walking Distance:

- Children with Special Educational Needs (SENs), a disability or mobility problems
- Children with hazardous routes (assessed using guidelines from the 'Identification of Hazards and the Assessment of Risk of Walked Routes to School' – Road Safety GB)

Outside Walking Distance:

- Children with no suitable alternative arrangements

Children Satisfying an Appropriate Condition (defined in paragraph 14 of Schedule 35B of the Education Act 1996)

- Children from 8 years, but below 11 years – specifically those who are registered at a qualifying school which is more than two miles from his/her home.
- Children aged 11 years or more – specifically those who are registered at a

qualifying school which is more than two miles, but not more than six miles from his/her home.
- Children aged 11 years or more – specifically those who are registered at a qualifying school which is more than two miles, but not more than fifteen miles, from his/her home and whose parent has expressed a wish, based upon their religion or belief for the child to be provided with education at that school.

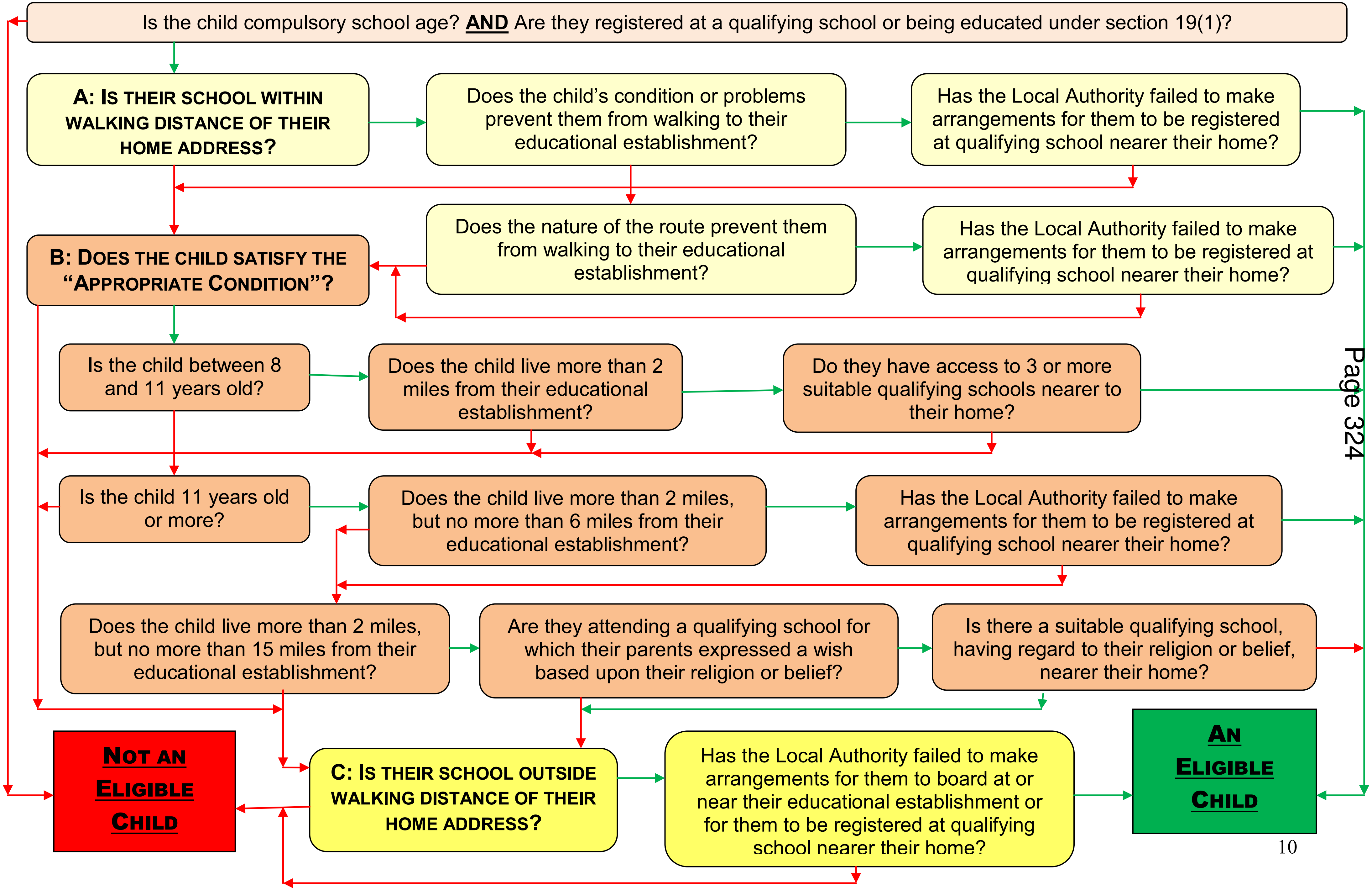
These distances are judged by the journey route not as the ‘crow flies’.

An ‘Appropriate Condition’ is satisfied if:

i) The child is entitled to free school lunches and milk (section 512ZB(4) of the Education Act 1996)

ii) A parent of the child, with whom the child is ordinarily resident, is a person to whom the maximum rate of working tax credit is awarded, either individually or jointly.

5.14 The following flow chart may also prove useful for understanding who qualifies as an ‘eligible child’:


Is the child compulsory school age? AND Are they registered at a qualifying school or being educated under section 19(1)?
A: Is their school within walking distance of their home address?
Does the child's condition or problems prevent them from walking to their educational establishment?
Has the Local Authority failed to make arrangements for them to be registered at qualifying school nearer their home?
B: Does the child satisfy the "Appropriate Condition"?
Does the nature of the route prevent them from walking to their educational establishment?
Has the Local Authority failed to make arrangements for them to be registered at qualifying school nearer their home?
Is the child between 8 and 11 years old?
Does the child live more than 2 miles from their educational establishment?
Do they have access to 3 or more suitable qualifying schools nearer to their home?
Is the child 11 years old or more?
Does the child live more than 2 miles, but no more than 6 miles from their educational establishment?
Has the Local Authority failed to make arrangements for them to be registered at qualifying school nearer their home?
Does the child live more than 2 miles, but no more than 15 miles from their educational establishment?
Are they attending a qualifying school for which their parents expressed a wish based upon their religion or belief?
Is there a suitable qualifying school, having regard to their religion or belief, nearer their home?
Not an Eligible Child
C: Is their school outside walking distance of their home address?
Has the Local Authority failed to make arrangements for them to board at or near their educational establishment or for them to be registered at qualifying school nearer their home?
An Eligible Child

5.15 The Group was made aware that the Council, in its current Home to School Policy, provided additional discretionary transport, above and beyond what is required in the legislative framework outlined above.

5.16 This is done in a number of ways:

a. Instead of the 8 year old cut-off age, the Council uses Primary/Secondary age to distinguish between the 2 and 3 mile criterion.
b. Assistance is provided for students aged 16-19 who are registered at their nearest appropriate local school or college that offers a recognised course broadly of the individuals choice and live more than the recognised distance from it. i.e. 3 miles, as for children of secondary age.
c. Assistance is provided when a pupil attends a school for reasons of religious belief that is between 2 and 15 miles away from the home address. In this case, the Council considers the most appropriate designated Voluntary aided school as agreed with the appropriate diocesan authority. This may not always be the nearest faith school.

5.17 With regard to this latter point, the Group is satisfied that the legislation is clear that the Council is not obliged to offer free or subsidised transport to faith schools (except for those pupils who meet the eligibility criteria on low income grounds), and the Council has discretion whether it should do so. The Home to School Transport guidance from the Department for Education states that LAs must have 'regard' to denominational transport but this is not the same as having a statutory duty.

5.18 It is important to note that in all these cases there is no requirement in law to provide transport. The various Acts and case law make clear that there are no obligations on a LA to either provide or arrange transport such as coaches, minibuses or taxi transport; an authority has discharged its duty, for example, if it enters into an arrangement with parents who voluntarily make travel arrangements - such as arranging lifts - to reimburse reasonable mileage costs, or issues a bus pass that can be used on public transport, or provides a bicycle, or arranges for a "walking escort / travel buddy" or "walking bus".

5.19 The Group found that there is no requirement in law to provide travel assistance necessarily from home, in the sense of door to door assistance. It was reasonable, for example, for children to make their way to the nearest bus stop if safe to do so and if within reasonable walking distance.

5.20 Home to School Transport – Financial context and potential savings.

5.21 The Home to School Transport budget is a highly complex 'moving picture' in which the data and figures alter daily as children move into and out of requiring support due to a number of a variables. Any figures given this section are therefore highly volatile and approximate.

5.22 Very simply, the transport budget that is held in the Children and Families Portfolio is operationally managed by officers in the transport department who then re-charge the

Children and Families department for the work carried out and commissioned. The total for this budget for the 2011-12 financial year is £10,444,454. Making up this total are three distinct elements:

1) The cost of school transport (including Post 16 transport to FE Colleges)
2) The cost of transport for cared for children (contact visits, respite etc)
3) The running costs of the transport team

It was the first of these which the Group explored further. The details of this budget are set out below:

Transport Costings - Mainstream Education and SEN Transport @ 11/11/2011

		Mainstream <16		Mainstream >16	Sen <16	Sen >16	TOTAL
		Faith	Non-Faith				
Contracts	Coach/Bus	£ 167,109.70	£ 1,726,788.60	£ 628,936.10	£ -	£ -	£ 2,522,834.40
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	Rail	£ -	£ 3,610.95	£ 33,530.25	£ 515.85	£ -	£ 37,657.05
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	Pupil / Student Count	640	3812	1260	536	168	6416
	Cost per pupil	£ 582.55	£ 940.60	£ 608.89	£ 5,888.04	£ 6,184.66	

Hardship	138
Denom Hardship	76
Total	214

5.23 As can be seen above therefore, the estimated expenditure for Home to School Transport (as of 11/11/2011) is £9,579, 139.49 and the net expenditure is £8,920,607.49.

5.24 As the budget in the 'faith' column includes both 'statutory' and 'discretionary' spend, this needs to be broken down further.

Total Cost = £372, 829.06

Number of children in receipt of statutory support = (76 [hardship] + 15 [Hazardous routes]) = 91
Number of children in receipt of a discretionary subsidy = (640 – 91) = 549

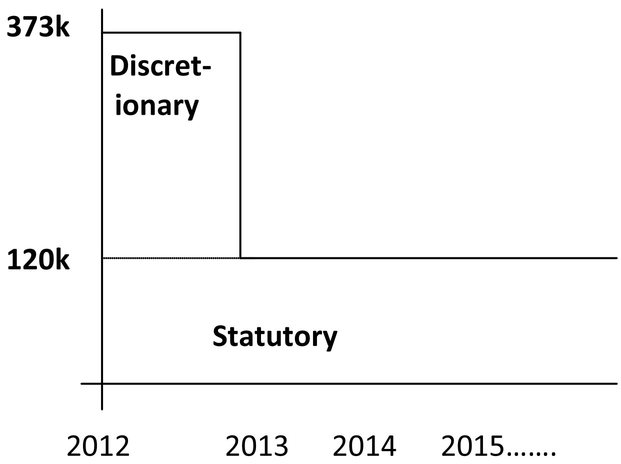
Cost per pupil = £582.55

Therefore potential saving = 549 x £582.55 = £319,819.95

5.25 However, there would be a loss of efficiency following the removal of the discretionary subsidy. For instance, whereas once a bus was used this would now be replaced by a mini bus or a number of taxis. There are also other variables to consider such as those children who are third siblings (thereby receiving free transport) and those children who still receive free transport under pre 2008[1] arrangements. Therefore, the potential saving for removing discretionary denominational transport subsidies is difficult to quantify to an exact amount. Taking all variables into account, it has been best estimated that the final saving would amount to **£200k - £230k.**

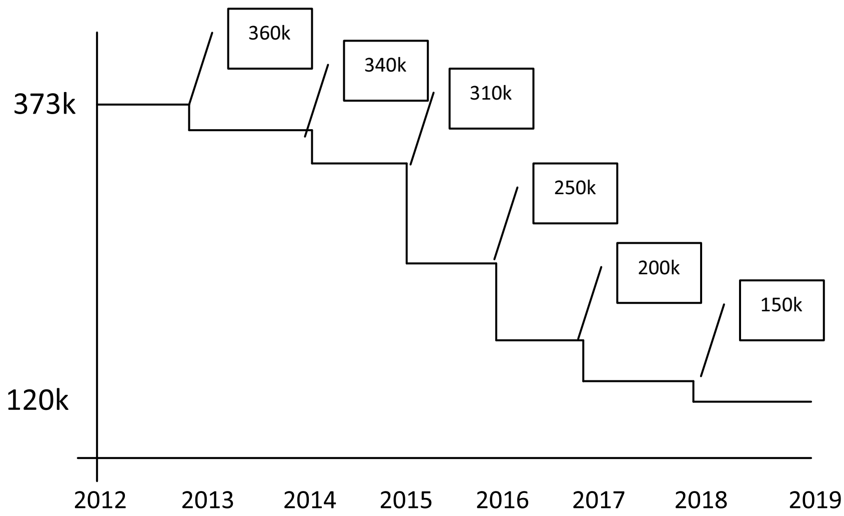
5.26 There are a number of options for how this saving could be realised. Please note that the figures in the following diagrams are approximations for illustrative purposes only.

Option 1: Immediate Withdrawal

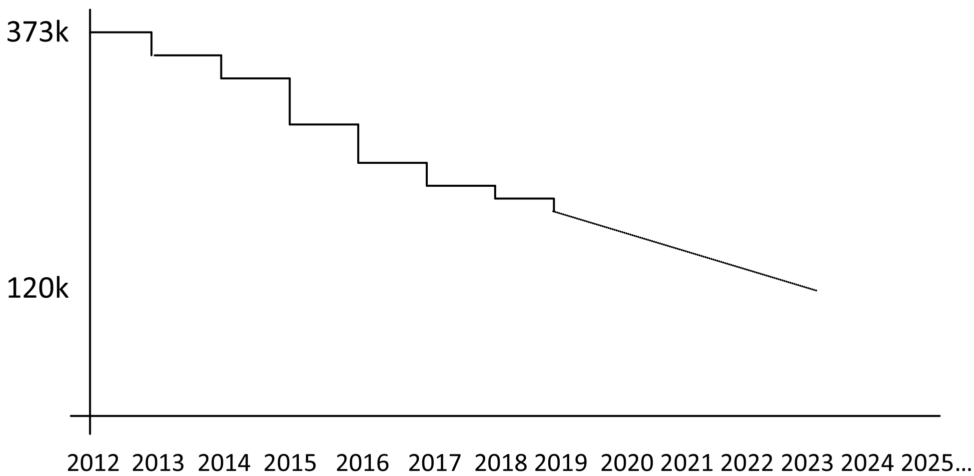


[1] Pre 2008 entrants received free rather than subsidised denominational transport and they remain entitled to this until they leave at 16.

Option 2: Student remains entitled but only for current school



Option 3: New entrant siblings of entitled children retain subsidy



5.27 The figures in the 'Non-faith' column are part of the statutory spend.

5.28 The net spend on mainstream post 16 transport is £767,207.24. As students are in tertiary education for less time than they are in secondary education, if this subsidy were removed the saving would almost be immediate or at the very least achieved over two years.

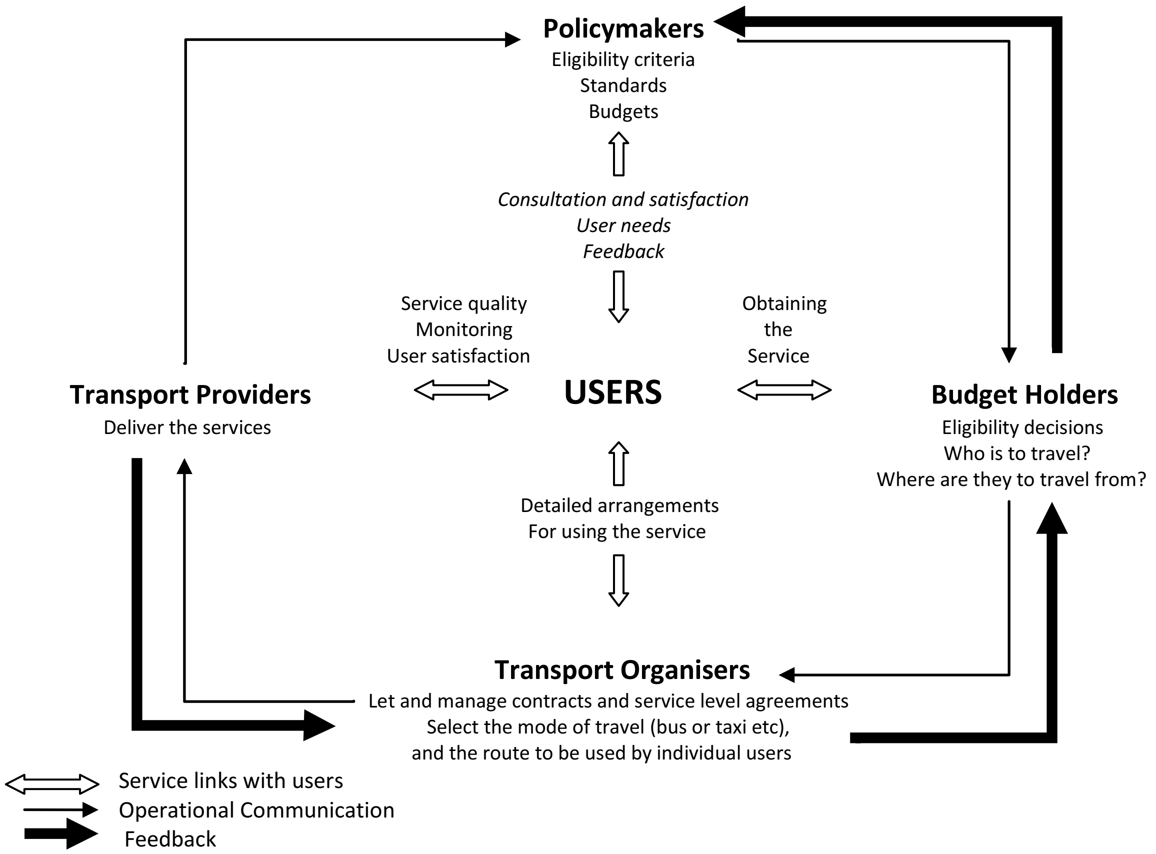
5.29 In gathering this information, the Group encountered a number of difficulties. For instance, it took the group a considerable amount of time (3 months) to receive a final version of the financial figures which are presented above. It is important to make clear that this is not in any way a criticism of the officers. Indeed, the Group was informed that the figures had to be produced through a manual trawl of the available data at what was the busiest time of year for the transport team. The effort that was made is applauded and commended.

5.30 The point is, however, that the data should not be as difficult to produce as it currently is. With this in mind, it is suggested that an efficient and effective data monitoring system is required which can produce the requisite home to school transport information automatically and on demand. If such a system was procured, it would need to be linked into the core data from the Children's Directorate so that a holistic approach could be taken towards policy and strategy. Consequently, when the Council comes to invest in a new education software system, it is suggested that transport management requirements are taken into consideration.

5.31 **Systemic Issues**

5.32 The Group was concerned to find an apparent lack of co-ordination in terms of the various transport functions within the Council. With this in mind, the Group was made aware of the following model from the Audit Commission's 'Improving Mainstream Home to School Transport' practical handbook for managers.

Arranging, Managing and providing home-to-school transport
There are four key roles; feedback between them is essential.



5.33 What this model demonstrates is that communication and feedback between all stakeholders is vital. As the work of the Group progressed, it became clear from a number of examples that there is room for improvement in the communication between the various transport functions and how they work together. An example of this can be found in the recent reduction in subsidies for public transport routes in Cheshire East which came into effect in October 2011. Whilst these routes were not part of the school transport budget, their removal had a number of detrimental impacts on school pupils and their transport arrangements. It is likely that from a 'managerial' point of view the implications were fully understood and appreciated. The Council must understand, however, that from the point of view of the public, there is little regard as to where the budget is kept – they simply see a Council transport service being removed which affects school pupils. Therefore, in the public gaze, the public transport subsidy cuts became a 'school transport issue'. It perhaps would have been sagacious therefore to include implications of the public transport subsidy cuts on school pupils in the existing school transport consultation as although they were from different budgets, they were both a council service which affected school children.

5.34 The Group suggests therefore that when organising transport, the work is designed around how it is received not around how it is delivered. The service user must be paramount. Building on this, when a transport decision needs to be made, it is suggested that if there are any clear cross-cutting issues which might impact on another budget, service area or ongoing consultation, these are taken into consideration and made explicit to the political decision makers and other relevant Councillors.

5.35 In order to aid such a process, the Group suggests that an overarching Integrated Transport Team be established. Such a team would be constituted by the four relevant portfolio holders (Adult Social Care, Environmental Services, Children's Services and Resources) and relevant officers. It would be the role of this team to meet when appropriate to discuss convergences between various transport policies in order to determine who receives transport and to what extent. The team would also attempt to view Council transport services from the public's point of view. With this latter point in mind, it is also suggested that representatives from the education sector, children's social care and adult social care be included in the team. This would enable any transport policy to be needs led and conversely would also enable the portfolio holders to challenge the front line practitioners on the appropriate use of resources. The results of these meetings would then be fed to the Integrated Transport Manager to inform their practice and procurement process.

5.36 Denominational Transport

5.37 In exploring the appropriateness of continuing to provide a denominational transport subsidy, the Group spoke to a number of stakeholders, including the Headteachers at the respective faith senior schools and a Headteacher from a non-faith school (Wilmslow High School). A representative from the Diocese of Shrewsbury (Roman Catholic) was also interviewed and written evidence was received from the Diocese of Chester (Church of England).

5.38 A number of arguments in defence of retaining a subsidy for pupils attending a denominational school were put forward:

1) Any proposed change would make it difficult for parents who want to exercise a choice to have their children educated in accordance with their religious beliefs – particularly for the less prosperous. It is argued that this runs counter to the Government policy on preventing transport costs being a barrier to parents' choice of educational provision.

2) Any proposal to withdraw faith transport subsidy is contrary to the long-standing agreement between the State and the Diocese (1944 Education Act) which had not only saved the Local Authority a considerable sum over the years (building costs etc) but had also strongly informed the designated locations of the school sites. This argument was built on by Jill Kelly from the Diocese of Chester, who referred to Marton and District CE Primary School. She explained that the school had opened in 1969 as a result of the closure of the seven village schools. An agreement was reached with the Council to provide transport to the school and currently 109 pupils from a total of 202 are eligible for subsidised transport in three coaches, a mini bus and a taxi.

3) That as the Local Authority statutorily recognises the need to provide a distinction for faith schools in terms of a subsidy for pupils on Free School Meals (FSM)/working tax credits, why would Cheshire East not recognise this for pupils over this threshold. A particular concern was expressed for those pupils who were marginally over the FSM/working tax credit threshold.

4) That there is something 'special' about faith schools which should be supported for the benefit of the wider society. It is this which separates faith schools from other 'specialisms'. Indeed it was noted that OFSTED consistently report on the quality of the spiritual, moral, social and cultural outcomes in faith schools.

5) That there would be a number of potentially damaging unintended consequences as a result of removing the discretionary subsidy. Including:
    a. The possible increase in the statutory budget. This point makes the 'false economy argument' – namely that pupils living in an area with over subscribed secondary schools who under the current arrangements receive a discretionary subsidy to access a faith school, would have to be given more expensive statutory transport in order to access a free school place.

b. The health and safety of children could be affected, particularly by making children have to get to school by hazardous routes.
c. There is the danger of considerably increasing congestion in areas of existing high traffic around schools.
d. It would increase the instability of educational placements (parents pulling children from schools) and the instances of siblings going to different schools. The Group was informed that the current uncertainty was already having a damaging effect on schools.
e. The undermining of successful schools. Both St. Thomas More's and All Hallows are high achieving schools and it was put to the Group that this was largely due to the schools' ethos and adherence to the principles of the Gospels. It was argued that if the 'critical mass' of Catholic children was not achieved, the school would lose its character – the very thing which had made it a success.

5.39 After the Group was made aware of these issues it was keen to explore them further in order to assess their validity.

5.40 Firstly, the Group spoke to the Admissions and Appeals Manager about the possibility of creating a 'false economy' by removing the discretionary subsidy. The Group was informed that if any change to transport policy were applied to new entrants and not children already in the school, parents applying for places for the normal point of entry in September would need to reconsider admission arrangements. This was because most schools gave a higher level of priority within the oversubscription criteria (after Cared for Children and siblings) to children resident within a designated catchment area or attending a named feeder school. It was pointed out that admission arrangements are determined by the admission authority for the school and that the local authority had this responsibility for community and voluntary controlled schools only.

5.41 Therefore, it would follow that if a school is oversubscribed; 'catchment area' children would be more eligible to receive an offer of a place at their 'local' school if stated as a preference on the application form as would children attending a feeder school at the time of application where the arrangements included this. If a parent made an application for their local school it is highly unlikely that children would be forced to attend a school some distance away which required statutory transport support as the majority of schools can accommodate the children resident within their area. Due to the rural nature of Cheshire East, for some areas the local school may nevertheless be above the statutory walking distance and in such cases transport would be provided (as would provision for children with walking routes deemed as 'hazardous'). For children attending a feeder school but not resident in the area, again this would provide them with a higher level of priority within the admission arrangements for most schools compared with children not attending the feeder school or resident with its area.

5.42 Additionally, in terms of the potential of increasing congestion around school areas, it was noted that if children went to their local school, they would often do this on foot. Whilst it is difficult to provide accurate school admission modelling after any policy change due to the impossibility of approximating parental behaviour, it is likely that traffic congestion will decrease as children increasingly go to their local school.

5.43 Post 16 Mainstream Transport

5.44 In exploring the appropriateness of continuing to provide a post 16 mainstream transport subsidy, the Group sought the views of the representatives of the three main Further Education (FE) Colleges in Cheshire East; Reaseheath, South Cheshire and Macclesfield.

5.45 There were a number of themes that emerged which were consistent across all of the colleges:

1) All of the College representatives noted that they offered something distinct and specialist from other FE Colleges and were in themselves a 'centre of excellence' for various industries. This tended to draw in students from a wide catchment area.

2) They all offered their own transport services to students to varying extents:
    a. Macclesfield College: 1200 students (£175,000 spent on transport each year)
    b. South Cheshire College: 3000 students (£300,000 spent on transport each year)
    c. Reaseheath College: 2000 students (£500,000 spent on transport each year)

3) There was agreement that any removal of the Council subsidy would adversely affect students. In particular it was noted that it would have a disproportionate effect on those students from low income families as it would reduce their choice of course and restrict their access and aspirations. A concern was also expressed for those students living in the more rural areas of Cheshire East.

4) All of the College representatives agreed that if the subsidy was removed they would also lose a large number of students which would affect the viability of certain courses or indeed the college itself.

5) They were all prepared to look into the possibility of entering into discussions with neighbouring schools about bus sharing and staggering

start times. The caveat was added that start times could not be altered too much in Colleges as they have to maximise their use of the facilities, or there would be cost implications. Regarding the option of bus sharing, there were some concerns expressed about safeguarding issues. After speaking to the respective transport officers, the Group were reassured that this wouldn't be an issue as long as schools/colleges took control of the situation. It was noted that St. Nicholas', Mid Cheshire College and St. Wilfred's Primary were already bus sharing in Cheshire West and Chester with no issues. There would be a number of schemes available for schools to mitigate any potential issues, including:

- Free bus pass for elder students who fulfil a pastoral role
- CCTV
- Allocated seats
- Photo cards

6) Representatives from Macclesfield College and Reaseheath were keen to take on a devolved budget from the Council for the procurement of transport as they felt they could possibly procure in a more efficient manner. The representative from South Cheshire was not averse to receiving a devolved budget but noted that this would result in extra staffing demands which could possibly negate any efficiency saving.

5.46 Special Educational Needs (SEN) Transport

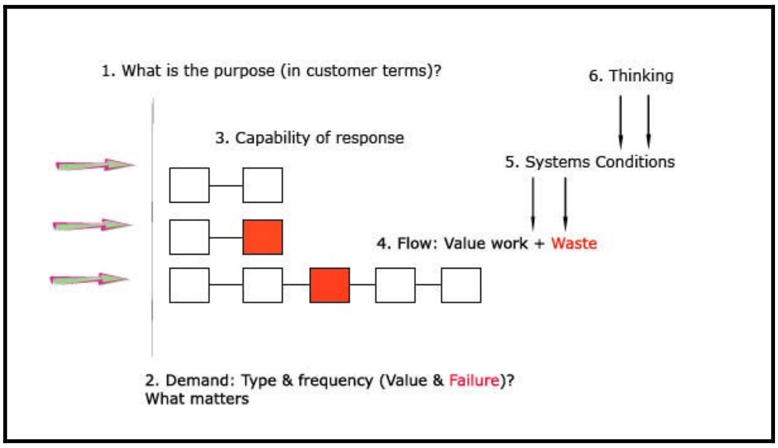
5.47 Whilst not in the original remit of this review, in exploring the issues around denominational and post 16 mainstream transport, the Group also made a number of observations on SEN transport, both for pre and post 16's. Most noticeable was the amount of money that Cheshire East spends on taxis for SEN transport (£3,609,715.28). It was felt that taxis were used not because they are the best option for the young person but because it is often the most managerially expedient in respect of relationships with parents and schools. This is not to say that a taxi is never the most appropriate means of transport for a young person with SEN but where they are inappropriately used they foster a culture of reliance and dependency which can be damaging to the young person and costly to the Council.

5.48 The Group was interested to find the following case study from Stockport Council whose special education needs (SEN) transport service underwent a revolution in provision. Whilst it would be a simplification to suggest that this policy could simply be transplanted into an area such as Cheshire East which has different demographic demands, it is a lesson in how a service can transform itself by understanding service users' needs better, studying work and changing the thinking of everyone involved in the system. Their change in thinking has led to a service redesigned against demand and this has led to users singing praises for the new service and costs have decreased.

5.49 The Group is aware that the Council already does a lot of what is described in the case study below. Indeed, the Group commends the significant work that has been done in consolidating contracts/routes for SEN. Having said this, at the initial assessment of the child's needs and abilities, it does not appear to the Group that full account is taken of individual abilities and scope for that individual to improve with the help of the Council. It is suggested that now is the time to examine this further and to open up conversations with our special schools around integrating Independent Travel Training into the curriculum. It would also be useful to provide training to social workers so that they make more appropriate decisions around individual transport requirements.

Stockport Council decided to look at their SEN transport provision because they felt they were not getting a value for money service when procuring taxis. The transport manager was aware that Stockport Council's ICT department had used a consultancy called Vanguard to improve their service by applying the principles of 'systems thinking', made famous by the 'lean manufacturing' techniques of Taiichi Ohno at Toyota, and was keen to see if this could apply to SEN transport.

The Systems Thinking approach begins by defining the purpose of the service from the customer's perspective. Initial attempts at identifying the purpose often change as more is learnt about the system. The process of 'Check' then moves to a thorough study of demand and 'how the work works'. Being in the work means literally that, being in service users' homes or being with workmen in the street. It requires managers to see, touch and feel work rather than assume what is happening. It reconnects assumptions with the reality of other people's experiences.



The Head of SEN transport at Stockport Council explained that the biggest revelation came from when he spoke to the children who used the service. One girl rebutted the title 'special', declaring that just because she was disabled did not mean that she was special (as in 'special educational needs'). Secondly, she declared that at the weekend she used the bus and would prefer to travel to school with her friends during the week. This was a revelation which made the SEN Transport Manager begin to re-assess the purpose of the SEN travel service. The council were providing taxis for children for up-to 10 years of their life. This child took the bus at weekends. If she could use the bus, was the policy of providing taxis the right one?

The second discovery was in discussion with a Headmaster at a special needs school. He knew that if the children were able to independently travel to school it would have a positive impact upon their ability to learn. This became an issue however when it was discovered that 13 out of 14 children who were about to stop receiving the service were not able to travel independently. It needed to be questioned therefore what would those young people do who had no ability to travel independently? The resulting answer to this question turned the purpose of the SEN transport service on its head. The purpose was no longer just to provide a taxi: it was becoming clear that the service should **foster independence** where possible. Previously the statement of need 'triggered the provision of transport and there was never any attempt at understanding the abilities of the children.' It was a dramatic re-orientation of the system.

Now children who meet the criteria are assessed to understand what capability they have to enhance independence. Assessment includes the needs of the parents and not just the children. A taxi is now not the first option and many children just need a bus pass (others have required different solutions). Sometimes children need training to help them travel independently. To this end Stockport have brought in the services of a local charity (Pure Innovations) to assist with travel training for their children and young people. People working in the service are now experimenting all of the time to find new ways of helping and improving the system for the children.

Parents have come forward to tell the service how this new system has been 'life-changing' for their children. Children who are able to become more independent no longer need the same level of support and are on their way to becoming independent adults. Individual cases already evidence savings of £20,000. Not all children can be helped to travel independently; some are too young and some will require significant support throughout their lives. However, currently 227 out of the 344 children assessed to date (26 January 2011) in Stockport have the potential for independent travel which illustrates the potential for radical change.

Testimony from a parent who was very wary on the first visit and didn't think it was for her daughter at all:

"Sarah started with the Pure Innovations team in August. During the time Sarah has thoroughly enjoyed the feeling of independence it has given her. We as parents have seen her confidence grow in leaps and bounds. It is not just the independent travel; it is also in Sarah as a person, she now wants to be given more freedom in everything."

"Prior to starting this course Sarah was taken everywhere by a responsible adult, but since the start it has made us feel that we can allow her more freedom, we can now extend the time we can let her be on her own if necessary. She has also for the first time been able to have a key to let herself in should we be delayed coming home to meet her."

6.0 Conclusions

6.1 Whilst the Group has been acutely aware of the financial pressures that the Council currently faces and therefore the savings that need to be made, the Group from the outset was determined that the Council should always strive to go beyond the statutory minimum by using any discretionary powers in a positive way. With this in mind, the group put two guiding principles, 'equity' and 'education', at the forefront of their thinking. Indeed, although this review has been driven by the financial context, it has proved an opportunity to review current access to education arrangements and to make sure that there is a 'level playing field' in Cheshire East which enables every child, regardless of background or tradition to fulfil their potential. It is believed that the following conclusions reflect this.

6.2 Denominational Transport

6.3 Firstly, the Group wants to reiterate and confirm its support for the role that faith education plays in contributing to Cheshire East's education system and its efforts to improve attainment. The Group was wholly impressed with the level of achievement that has been realised in the Borough's faith schools and all those involved are commended.

6.4 Having said this, the Group has not been convinced throughout the review that the removal of discretionary faith transport will have an adverse affect on the level of performance of the school. Indeed, the Group feels that it is the leadership of the school and the ethos it instils which is the crucial factor in a high performing school. This was demonstrated by Wilmslow High School, a non-faith High School which the Group visited during the evidence gathering process. Removing discretionary faith transport will not affect this.

6.5 The Group was also concerned about the potential number of unintended consequences that the removal of discretionary faith transport could bring about. Of particular note, was the argument that a change in policy would be a 'false economy' as pupils receiving a discretionary subsidy might find themselves receiving more expensive, statutory transport if they could not find a place in a local school, within 3 miles of their home. Similarly, the argument that removing the subsidy would increase congestion in areas of existing high traffic was of concern to the Group. However, after speaking to the officers of the Council, the Group has been reassured by their professional opinion that this would not be the case for the reasons outlined earlier in this report.

6.6 An argument of particular concern to the Group however is that the discretionary faith transport subsidy is unfair. This was compounded by the knowledge that to receive the subsidy a pupil is required to demonstrably be of the same faith as the respective school. This was felt to be discriminatory. Indeed, the Education and Inspections Act 2006 makes it clear that the same provision for transport should be made to enable the child of non-religious parents to attend a maintained school if the parent feels that this is important in view of their own belief system. This should be the same level of support as is made available to enable the child of religious parents to attend a faith school which is not the nearest to their home. A policy aligned to this guidance would obviously have significant financial implications for the Council and therefore the only way an equitable policy can be achieved is to remove discretionary transport for all pupils on the grounds of faith and/or belief.

6.7 Furthermore, the Group feels that parents tend to choose a school for their children based on a range of factors, with religion / belief being only one of those factors. Ethos, reputation, location, facilities, curriculum, extra curricular activities, convenience and accessibility are other factors that often apply.

6.8 It is clear that a number of parents opt not for their most local (and catchment area) school, but make a pro-active alternative choice to send their children to a school in an other location, taking into account a range of factors such as those outlined above. They therefore forego either the opportunity to walk their children to a nearby school, or their entitlement to receive free transport in the circumstances of their catchment area school being that bit further away. In making such an alternative choice, these parents are placing upon themselves the requirement to get their children to and from those schools, entirely at their own cost (other than when certain circumstances apply).

6.9 The Group argues therefore that it is inequitable that when parents choose a secondary school based on their holding of a particular religion or belief they are given a unique entitlement to free/subsidised transport which is not made available to parents when choosing a school based on other factors. This potentially distorts the exercising of a genuine choice being made between schools by providing a financial incentive to send to one particular school over another.

6.10 It is the Group's belief that removing the subsidy would ensure that in future all parents would be treated broadly equitably, irrespective of what choice they make, and for what reasons – and regardless of their religion or belief or lack of it. This would be a fairer and more equitable transport policy.

6.11 The Group reject the suggestion that the Council would be denying parents the means to exercise the choice of a faith education. Parents would still be fully able, through the admissions process, to exercise the choice of a faith education. However they would need to be aware, unless they are entitled to free transport by qualifying under the means test (for low incomes), that in making such a choice they would need to meet the cost themselves – just like parents in the vast majority of other circumstances do. Furthermore, the argument regarding the potential impact on family finances and the affordability of parents funding home-to-school transport themselves is not accepted. This concern is partly addressed by the statutory requirement to provide free transport to the nearest school preferred by reason of a parent's religion or belief to pupils who are entitled to free school meals or whose family are in receipt of their maximum level of Working Tax Credit, where that school is between 2 and 15 miles. For other households, this will be a matter of financial prioritisation, just like it is for other households who exercise an alternative school choice, for other reasons.

6.12 The Group also reject the suggestion that a change in policy would be contrary to the long-standing agreement between the State and the Diocese, outlined in the Education Act 1944. Legally, the agreement was only ever made in terms of capital expenditure, not transport provision. Additionally, the question must be asked how relevant the Act is in the context of a much changed education system and demographic situation. Indeed, on this latter point, it is not unforeseeable that in the near future, there could be demand in Cheshire East for faith schools that go beyond the Roman Catholic and Church of England traditions. Furthermore, under the Academies Act 2010, it is now possible to set up a free school under the banner of any faith, belief or tradition. This will add another layer of complexity to the discretionary faith transport issue and add another demand on an already stretched budget. Changing the policy in this way would mean that the Council would not be exposed to further similar transport costs were additional faith schools to be established in the future.

6.13 Having said all of this, and following on from the theme of 'fairness', it is recognised that some parents may have taken the availability of discretionary transport for faith schools into account when choosing schools for their children who are currently in the system. In order to make sure that the education of those children currently in the 'system' is not disrupted, the Group agrees with the original proposal in the July 2011 Cabinet paper which posited a 'phased' approach to removing the subsidy.

6.14 In this case, the subsidy would only be removed for 'new entrants' and that this would be defined by the admissions process. For example, in order to remove the subsidy for new entrants in the 2013/14 academic year, the following timetable would have to be considered:

Process	Secondary Transfers	Primary Admissions
School Information Booklets – data gathering deadline	End July 2012	
Application process opens (Schools information booklets available online)	**1 September 2012**	**1 September 2012**
School Information Booklets – Hard copies available	12 September 2012	
Closing date for applications	**31 October 2012***	**15 January 2013***
Offers released	**1 March 2013***	**16 April 2013 (draft)**

* Statutory Requirements

6.15 The Group also feels it is fair to retain a denominational subsidy for new entrant siblings of children who are currently in receipt of a denominational subsidy. It is believed that if this was removed, it would potentially cause a number of logistical issues for families.

6.16 Whilst the Group feels it is right to remove the discretionary transport subsidy, this does not mean that the Council should remove all support in terms of arranging transport for faith schools. On conducting this review, the Group has been informed of a number of ways in which the current arrangements around school transport could be improved. All of the Headteachers and nearly all of the representatives from the FE Colleges interviewed agreed that there would be scope to explore options around bus sharing. Indeed, the schools were prepared to explore staggering and/or changing start times to accommodate such a situation. It is suggested that the Council investigate these options in consultation with all the relevant stakeholders. Additionally, the Council is also encouraged to explore talking to bus companies to see if they would take up various bus routes or increase capacity on existing routes. This is not something that applies solely to faith schools or FE Colleges but all schools in Cheshire East.

6.17 The Group would also encourage the Council to open up discussions with parents about the possibility of increasing charges if this means that certain bus routes remain. It is noted from the consultation responses that a number of parents would prefer to pay more if it meant that a bus route was retained.

6.18 Finally, it is suggested that the Council investigate the efficacy of devolving the statutory transport budget to schools where they wish to take it on. It has been argued that this would create inefficiencies due to a loss of economies of scale. The Group would assert however that the Council often suffers from ‘diseconomies of scale’ as it lacks the flexibility and agility to negotiate better procurement contracts like a smaller enterprise such as a school would be able to. This is based on the principle that if you are procuring at a marginal volume, you can negotiate for a marginal price. If you negotiate for large scale contracts, it is likely that you will be paying an average price.

6.19 Post 16 Mainstream Transport

6.20 The Group is very aware that removing the post 16 mainstream transport budget would result in a significant saving (approximately £750k per annum) which could be realised relatively quickly (within one year). In the current financial climate this is a considerable amount of money and therefore the arguments for retaining the subsidy were carefully listened to.

6.21 The options for Post 16 mainstream transport subsidies were as follows:

	Option 1 Complete Withdrawal	**Option 2** Devolution to Schools/Colleges of Further Education	**Option 2a** Devolution with savings.
Impact	Increase in NEETs Unemployment to increase Life chances to decrease	Better efficiency	Unknown. Likely that participation in education and training would reduce to some extent.
Saving	£750k	Difficult to estimate	Proposed 50% cut resulting in a £375k saving per annum
Other Issues	Politically charged issue		

Option 3: Grants

Grant

Means test (inc hardship, distance and appropriateness of course/ training) administered by the Council

No Means test

Can be linked to Option 2/2a

6.22 The Group agreed that, in light of the well documented issues facing young people at the moment, particularly around employment, the Council should make some attempt within its powers to invest in young people to remove barriers so that they can follow a course that will lead into the world of work, help them fulfil their potential and enable them to follow a vocation.

6.23 Although the Group wishes access to education to be at the forefront of any policy, the Group is also mindful that savings are required. With both these points in mind, the Group suggests that the best option is to offer a reduced devolved grant (£375k p.a.) to schools and Further Education Colleges (option 3 – 2a). This grant would be on a needs led basis with the 2011/2012 subsidy data providing a base level. The efficacy of this grant would then need to be reviewed yearly. As the grant would be fully devolved to schools and Further Education Colleges, it would be under their discretion as to how they use the money for transport.

6.24 The Group is aware that it could be asserted that there is an inconsistency between supporting post 16 mainstream transport on grounds of supporting choice and access whilst not supporting discretionary faith transport. It is argued however, that access to post 16 mainstream transport is available to every student regardless of background whereas access to faith transport is only available to a distinct group. Removing discretionary subsidy for faith transport whilst retaining support for post 16 mainstream transport is therefore still consistent with the principle of equity and the promotion of a 'level playing field'.

6.25 Special Educational Needs Transport

6.26 It is important to stress that there is not solely an economic motive behind suggesting that changes could be made to SEN transport. On the contrary, in exploring other elements around Home to School Transport, it became apparent to the Group that there is an over use of taxis for children and young people with SEN which is fostering a culture of dependence and promoting poor outcomes.

6.27 It is suggested therefore that the Council, in full partnership and consultation with parents and carers, look at alternatives around SEN transport to improve outcomes by promoting a positive culture of independence for children, young people and families. Very simply, any decision around the provision of transport should be made around the needs of the child or young person in order for them to fulfil their full potential.

7.0 RECOMMENDATIONS

7.1 That discretionary denominational transport subsidies be removed for new entrants starting school in the 2013/14 academic year and subsequent years.

7.2 That the discretionary denominational subsidy be retained for new entrant siblings of children currently in receipt of the discretionary denominational subsidy.

7.3 That a reduced devolved grant of £375,000 per annum be offered to all Cheshire East Sixth Forms and Further Education Colleges for post 16 mainstream transport subsidies. The respective grants to be awarded on the basis of the 2011/12 data and the efficacy of this to be reviewed yearly.

7.4 That when the Council procures a new holistic education software system, transport management needs are considered so that home to school transport data that is linked with other core data can be produced automatically and on demand.

7.5 That the Council establish an overarching Integrated Transport Team in order to identify convergences (and synergies) between various transport policies. (See paragraph 5.35).

7.6 That the Council investigate options around bus sharing and staggered start times for schools and colleges taking into consideration the possibility of altering public transport routes, times and capacity. The Council should continue to support schools and sixth forms in developing their school travel plans, as well as offering advice on issues linked to procurement and traffic congestion.

7.7 That the Council opens up discussions with parents about the possibility of increasing charges to help facilitate the retention of existing bus routes.

7.8 That the Council devolve the statutory transport budget to schools (both Primary and Secondary) where schools feel that they have the appropriate resources to manage it.

7.9 That the Council, in full partnership and consultation with parents, carers and social workers look at alternatives around SEN transport to improve outcomes by promoting a positive culture of independence for children, young people and families.

7.10 That the Council open up discussion with special schools with a view to integrating Independent Travel Training into the curriculum.

8.0 Background Information

8.1 For background information relating to this report, please get in touch with the report author:
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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	6 February 2012
Report of:	Lisa Quinn - Director of Finance and Business Services
Subject/Title:	Financial Information
Portfolio Holder:	Cllr Michael Jones – Resources Portfolio Holder

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1.0 Report Summary

1.1 To consider a notice of motion submitted by Cllr D Newton and Cllr S Hogben at the meeting of full Council on 15th December 2011. The notice of motion stated that:

'This Council believes that elected Members are entitled to be provided with accurate and meaningful financial information, upon which they can form views and base judgments during the ongoing budget preparation and scrutiny process.'

1.2 The report sets out the current situation with regard to the provision of financial information to Members. It also sets out the recommended actions that are proposed to build on the improvements that are being implemented by Corporate Management Team and the Finance Service.

2.0 Decision Requested

2.1 To endorse the notice of motion.

2.2 To note the report and comment on the current and future provision of financial information to Members.

2.3 To agree the recommended actions set out in Section 10.12.

3.0 Reasons for Recommendations

3.1 The Resources Portfolio Holder acknowledged that he could not argue with the statement in the notice of motion and committed to ensuring that accurate and meaningful financial information would continue to be provided within the current Member governance arrangements.

3.2 The Resources Portfolio Holder committed to resolving any instances where Members feel that the provision of accurate and meaningful information has fallen down or has been lacking. This feedback is particularly valuable when it comes to identifying priority areas for improvement.

3.3 The Resources Portfolio Holder also committed to appropriately supporting the work of Overview & Scrutiny Committee Task and Finish Groups.

4.0 Wards Affected

4.1 All Wards are affected.

5.0 Local Ward Members

5.1 None

6.0 Policy Implications including - Carbon reduction
- Health

6.1 None

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

7.1 The decisions requested in the report have no direct financial implications. However, it must be noted that the availability of Finance support resources is limited and reducing. Therefore the support to Members needs to be prioritised and defined.

7.2 In order to achieve this prioritisation, and meet the needs of Members in terms of accurate and meaningful financial information, the Director of Finance and Business Services intends to work closely with Members through the various Committees and Groups.

7.3 The Director of Finance and Business Services also aims to establish and follow best practice applicable to Local Government and the wider Public Sector. To this end the Director will work with Members on an ongoing basis to improve arrangements and processes within available resources.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 In setting out the extent to which financial information is provided to Members the Director of Finance and Business Services is mindful of the need to comply with the Council's Constitution and with any external legislative and regulatory requirements.

9.0 Risk Management

9.1 If Members are generally unaware of the extent of Finance support that is provided across all Member activity, and the limitations of that support, it could lead to unfair reputational damage to the Finance Service.

9.2 The Director of Finance and Business Services has been, and intends to continue, to work closely with the Members of all relevant Committees and Groups to find ways to improve engagement and the provision of meaningful information. This is done on the basis of a clear understanding of the resource limitations and consequences.

10.0 Background and Options

Finance Support to Cabinet

10.1 The Director of Finance and Business Services, through the Finance Service, provides support to Cabinet in the following main areas:

- The development of the annual Business Plan through the Business Planning process, including Budget and Council Tax setting
- The reporting of monthly and quarterly financial performance
- The examination of the financial implications of the development of policy and new Council initiatives
- The work of Portfolio Holders and in particular the Resources Portfolio Holder and the Performance and Capacity Portfolio Holder

10.2 There has been a significant improvement in the development and implementation of the Business Planning process over the past year with the production now of a single publication called the Business Plan that incorporates the annual budget setting, the three-year medium term financial strategy and all of the elements of corporate planning.

10.3 There has also been very good progress with the integration of monthly and quarterly financial reporting with the Council's overall performance framework. This is now providing strong management information and is also providing Portfolio Holders with a clearer view of areas of good Service performance and areas to be reviewed and challenged.

10.4 The Director of Finance and Business Services has implemented an approach of continuous improvement in partnership with corporate support colleagues, which is overseen through the Business Management Programme. The improvement and development of financial management reporting is one of the main priorities. In improving the quality of information for Directors, in partnership with Service Managers, this is also supporting Cabinet in its understanding of the financial, resource and performance implications of the Council's business.

Finance Support to Overview and Scrutiny Committees

10.5 The Director of Finance and Business Services, through the Finance Service, provides support to Overview and Scrutiny Committees in the following main areas:

- The development of the Council's Business Plan
- The reporting of the Council's financial performance

- The scrutiny of Services' value for money to the customer

10.6 There is a high level of expectation in this area from Members in terms of the provision of financial information. The volume of meetings, due to the number of sub-Groups, Task and Finish Groups and adhoc meetings over and above the scheduled Committee meetings, has been difficult to support.

10.7 The Director of Finance and Business Services has therefore developed a Finance Protocol (Appendix 1), in line with the commitment in the Finance Service Plan to develop Charters for key internal stakeholders. The Protocol defines the support requirements for each Committee and Group and also the level of support that can be provided within available resources.

Finance Support for Audit & Governance Committee

10.8 The Director of Finance and Business Services, through the Finance Service, provides support for the Audit & Governance Committee in the following main areas:

- The annual reporting and approval of the Statement of Accounts
- The annual reporting and approval of the Annual Governance Statement
- The reporting requirements of the External Auditor
- The development and training of the Members of the Committee

10.9 The Audit & Governance Committee undertakes a very important role on behalf of the Council. It is therefore important that the Finance Service provides quality financial information and support throughout the financial year to provide the necessary assurance to carry out their duties.

10.10 The Chairman of the Audit & Governance Committee has recently arranged for each Member of the Committee, where possible, to specialise in one of the main areas of responsibility. This is proving to be a valuable exercise in terms of Member engagement and the provision of more detailed information, which is difficult to provide in the reports to the main Committee meetings.

10.11 In addition to the specific support provided in the specialist areas, the Finance Team provide training and briefing sessions at appropriate points in the financial year.

10.12 Although this area of Member support is not mentioned in the notice of motion, it is relevant to include this aspect of support in the report as it could provide a best practice example of Member support and involvement.

Next Steps

10.13 The Director of Finance and Business Services recommends that, as part of the continuous improvement in the provision of quality financial information, the following actions are undertaken:

- Work with the Scrutiny Chairmen's Group to develop an improved forward plan for the support requirements of each Overview and Scrutiny Committee.
- As with the 2011/14 Business Planning process, undertake a lessons learnt exercise with regard to Member involvement/engagement and the provision of information throughout the 2012/15 Business Planning process.
- Provide Members with regular links to the Finance centranet site in order to be kept up to date with topical national financial issues and local Cheshire East financial developments.
- Communicate with Members with regard to the work already being undertaken with Corporate Management Team to identify ways to rationalise and improve source business information systems.
- Communicate with Members with regard to the work that is being carried out through the Business Management Programme to improve financial reporting tools and bring about the 'enabled manager'.
- Examine the engagement mechanism being deployed with the Audit & Governance Committee to see if this can translate to other areas of Member support.

11.0 Access to Information

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

Name: Lisa Quinn
Designation: Director of Finance and Business Services
Tel No: 01270 686628
Email: lisa.quinn@cheshireeast.gov.uk

Appendix 1

Overview and Scrutiny Committee – Finance Protocol

1) Background

The role of the Overview and Scrutiny Committees is very important with regard to:

- The development of the Council's Business Plan
- The reporting of the Council's financial performance
- The scrutiny of Services' value for money to the customer

It is recognised that the agreed involvement of the Overview and Scrutiny Committee Members in the Council's Business Planning and financial performance processes needs supporting appropriately by the Director of Finance and Business Services.

In order to provide the adequate resources needed to meet this requirement a clearly understood Finance support Protocol is required. The Protocol is necessary in order to recognise the competing priorities for Finance support and the limited resources that are available.

The Finance Protocol will help all Members, but particularly the Members of the Overview and Scrutiny Committees, to understand the agreed relative responsibilities of each Overview and Scrutiny Committee or Group and the Finance support that can be expected in each case.

2) The Role of Each Overview and Scrutiny Committee or Group

The Role of the Scrutiny Chairmen's Group

In Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 2.8 it states that:

'The role of the Scrutiny Chairmen's Group is to drive forward the Overview and Scrutiny function. The Group plays a key role in deciding which committee will take the lead on cross cutting issues. The Group has a crucial role in acting as a sounding board for matters of common interest across all overview and scrutiny committees, including new legislation and best practice. It also monitors progress with work programmes and reviews workloads.'

In line with the above statement, the Scrutiny Chairmen's Group agreed at the start of the 2012/15 financial cycle that the Corporate Overview and Scrutiny Committee take on responsibility for the overview and scrutiny of financial cross-cutting issues, which includes the main financial performance reporting requirements of the Council and the development of the Council's Business Plan.

On behalf of all Overview and Scrutiny Committees, it has been agreed that the Corporate Overview and Scrutiny Committee consider:

The Business Planning launch report to Cabinet
The progress against the Business Planning process
The financial element of the quarterly Performance report to Cabinet

It was agreed that the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee, when attending the relevant Scrutiny Chairmen's Group meeting, will provide a general update on the outcome of the Corporate Overview and Scrutiny Committee deliberations in each of these areas.

It was also agreed that any comments from the Scrutiny Chairmen's Group will be fed back to the Corporate Overview and Scrutiny Committee at its next scheduled meeting to help to inform the improvement of the various processes.

The Role of the Corporate Overview and Scrutiny Committee

In Part 2 of the Constitution, Chapter 6, paragraph 1.2 states that:

'The Council fully supports the role of its Scrutiny Committees in holding the Cabinet and others to account in discharging their functions. The Council believes that the important parts of the role are:

- *To assist the Council and Cabinet in developing and reviewing its major plans, policies and strategies, which will set the climate in which the Cabinet and other decision-making bodies are required to operate*

- *To undertake specific reviews of the Council's organisation and service provision so that improvements can be made to service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'

In Part 2 of the Constitution, Chapter 6, paragraph 4.1 states that:

'The Scrutiny Committees:

14. *may advise the Cabinet and Council, as appropriate, of the Scrutiny response to the formulation of the Council's Budget and performance management reports;'*

In the Scrutiny Procedure Rules of the Constitution, Section 4 Work Programme, paragraphs 4.1 and 4.2 state that:

4.1 'The Scrutiny Committees will consult with other parts of the organisation as appropriate, including the Cabinet, on the preparation of any work programme.

4.2 The Committees will take into account any views expressed following consultation under 4.1 above in drawing-up and agreeing any work programme. It should also take into account the resources, both officer and financial, available to support its proposals.'

It has been agreed that the Corporate Overview and Scrutiny Committee has four major roles in terms of the financial reporting of Cheshire East Council, taking account of the general responsibilities of the Overview and Scrutiny Committees as detailed above:

- The Business Planning launch report to Cabinet in early to mid summer is considered by the Corporate Overview and Scrutiny Committee at a full meeting of the Committee, ahead of the relevant Cabinet meeting, or through the Budget Task Group if the main meeting schedule does not permit. The Chairman and/or Vice Chairman of the Committee attend the relevant Cabinet meeting to present the outcome of the Scrutiny meeting. The Chairman and/or Vice Chairman of the Committee also attend the next meeting of the Scrutiny Chairmen's Group, following the Cabinet meeting, to provide a general update on the outcome of the Committee's deliberations. This is part of the Committee's scrutiny role.

- The progress against the Business Planning process is considered by the Corporate Overview and Scrutiny Committee on at least four occasions in the financial year at relevant milestones in the process. The Committee has established a Budget Task Group to fulfil this role. The Chairman and/or Vice Chairman of the Committee report the outcome of the Budget Task Group meeting at the next main Committee meeting. The Chairman and/or Vice Chairman of the Committee also attend the next meeting of the Scrutiny Chairmen's Group to present the outcome of the Budget Task Group meeting. This is part of the Committee's overview role.

- The financial element of the quarterly Performance Cabinet report is considered by the Corporate Overview and Scrutiny Committee at a full meeting of the Committee, ahead of the relevant Cabinet meeting, or through the Budget Task Group if the main meeting schedule does not permit. The Chairman and/or Vice Chairman of the Committee attend the relevant Cabinet meeting to present the outcome of the Scrutiny meeting. The Chairman and/or Vice Chairman of the Committee also attends the next meeting of the Scrutiny Chairmen's Group, following the Cabinet meeting, to provide a general update on the outcome of the Committee's deliberations. This is part of the Committee's scrutiny role.

- The Corporate Overview and Scrutiny Committee work to an annual work programme, which includes work undertaken through Task and Finish Groups. Some areas of work will require the consideration of the budget/financial implications for a specific Service, area of operation or scheme. This is part of the Committee's scrutiny role.

The Role of the Non-Corporate Overview and Scrutiny Committees

In Part 2 of the Constitution, Chapter 6, paragraph 1.2 states that:

'The Council fully supports the role of its Scrutiny Committees in holding the Cabinet and others to account in discharging their functions. The Council believes that the important parts of the role are:

- *To assist the Council and Cabinet in developing and reviewing its major plans, policies and strategies, which will set the climate in which the Cabinet and other decision-making bodies are required to operate*

- *To undertake specific reviews of the Council's organisation and service provision so that improvements can be made to service delivery.'*

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'

In Part 2 of the Constitution, Chapter 6, paragraph 4.1 states that:

'The Scrutiny Committees:

15. may advise the Cabinet and Council, as appropriate, of the Scrutiny response to the formulation of the Council's Budget and performance management reports;'

In the Scrutiny Procedure Rules of the Constitution, Section 4 Work Programme, paragraphs 4.1 and 4.2 state that:

4.3 'The Scrutiny Committees will consult with other parts of the organisation as appropriate, including the Cabinet, on the preparation of any work programme.

4.4 The Committees will take into account any views expressed following consultation under 4.1 above in drawing-up and agreeing any work programme. It should also take into account the resources, both officer and financial, available to support its proposals.'

It has been agreed that the non-Corporate Overview and Scrutiny Committees have four major roles in terms of the financial reporting of Cheshire East Council, taking account of the general responsibilities of the Overview and Scrutiny Committees as detailed above:

- The Business Planning launch report to Cabinet in early to mid summer is considered by the Corporate Overview and Scrutiny Committee on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the non-Corporate Overview and Scrutiny Committee's scrutiny role.

- The progress against the Business Planning process is considered by the Corporate Overview and Scrutiny Committee on at least four occasions in the financial year at relevant milestones in the process on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the non-Corporate Overview and Scrutiny Committee's overview role.

- The financial element of the quarterly Performance Cabinet report is considered by the Corporate Overview and Scrutiny Committee on behalf of all Overview and Scrutiny Committees. The Chairman and/or Vice Chairman of the non-Corporate Overview and Scrutiny Committee attend the relevant Scrutiny Chairmen's Group meeting to receive the information provided by the Chairman and/or Vice Chairman of the Corporate Overview and Scrutiny Committee and to relay that information to their Committee Members. This is part of the Committee's scrutiny role.

- The non-Corporate Overview and Scrutiny Committees work to an annual work programme, which includes work undertaken through Task and Finish Groups. Some areas of work will require the consideration of the budget/financial implications for a specific Service, area of operation or scheme. This is part of the Committee's scrutiny role.

3) The Role of Individual Overview and Scrutiny Committee Members

In Part 2 of the Constitution, Chapter 6, paragraph 3.1 states that:

'The scrutiny committees may establish task and finish groups which they consider necessary, after taking into account the availability of resources, the work programme and scope of the review in question. The role of task and finish groups is to carry out in-depth examinations of particular aspects of the Council's functions, roles, responsibilities and service delivery.'

In addition to their individual role in the mechanism described in Section 2 above, an individual Member of an Overview and Scrutiny Committee may wish to receive additional financial information as part of the work of a Task and Finish Group. It is expected that the request is made through the Chairman of the Committee and the Democratic Services support officer so that such requests can be centrally recorded and responses co-ordinated efficiently and effectively by the Director of Finance and Business Services.

4) The Role of the Director of Finance and Business Services (the Director)

In developing this Finance Protocol the Director is mindful of the following areas of the Constitution:

In Part 3 of the Constitution, under the heading 'The Cabinet' it states that:

'Insofar as such functions do not fall within the responsibilities of individual Cabinet Members, the Cabinet is responsible for and accountable to the Council, where appropriate, for the following functions, recognising that certain functions discharged by officers or services within its remit fall, by virtue of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and any subsequent amendments thereto, to be discharged by the Council:

2. *subject to consultation with the appropriate Scrutiny body or bodies, advising on Budget setting, including all other related financial matters, plans and proposals;'*

In Part 3 of the Constitution, under the heading 'Scrutiny Committees', Section 1 General Responsibilities of all Scrutiny Committees, bullet point 4 states that:

'The Scrutiny Committees may specifically:

- *ensure that officers discharge their responsibilities effectively and efficiently in relation to the scrutiny function;'*

Director of Finance and Business Services Support Provision:

Generally the Overview and Scrutiny Committees and Groups can expect:

- Any financial information provided by the Director as part of this Finance Protocol to be provided on an effective and efficient basis.

- The financial information to be meaningful and accurate appropriate to the purpose for which it is provided.

- The Director to work with the Corporate Management Team to ensure that Service information and reports are appropriately supported from a financial perspective in accordance with this Protocol.

- The Director to work with the Democratic and Registration Services Manager to ensure that information and reports, and the associated administration for the Committee/Group, are provided in accordance with this Protocol.

- This Protocol to be applied in accordance with the Finance and Contract Procedure Rules as contained in the Council's Constitution.

The Scrutiny Chairmen’s Group can expect:

- Support from the Director, upon invite to a Group meeting, for any discussion on the mechanism described in Section 2 above.

- The completion of agreed actions identified to improve the mechanism described in Section 2 above.

The Corporate Overview and Scrutiny Committee can expect:

- Support from the Director with regard to the Committee’s responsibility as part of the Council’s quarterly financial performance reporting.

- Support from the Director with regard to the Committee’s responsibility as part of the Council’s annual Business Planning process, including direct support for the Budget Task Group.

- Support from the Director with regard to the Committee’s responsibility for the coverage of the listed areas of Portfolio Holder responsibility (Part 3 of the Constitution, under the heading ‘Scrutiny Committees’, Section 2.6) from existing reports and existing financial analysis.

- Support from the Director with regard to the direct support requirements for Task and Finish Groups, providing new financial analysis where appropriate alongside activity analysis provided by relevant Service Managers.

- Reports and information to be made available in line with the issue of the Committee or Group agenda where possible and, where not possible, to be informed on a timely basis ahead of the issue of the agenda with justification for the delay.

The Non-Corporate Overview and Scrutiny Committees can expect:

- Support from the Director with regard to the Committee’s responsibility for the coverage of the listed areas of Portfolio Holder responsibility (Part 3 of the Constitution, under the heading ‘Scrutiny Committees’, Section 2) from existing reports and existing financial analysis.

- Support from the Director with regard to the direct support requirements for Task and Finish Groups, providing new financial analysis where appropriate alongside activity analysis provided by relevant Service Managers.

- Reports to be made available in line with the issue of the Committee or Group agenda where possible and, where not possible, to be informed on a timely basis ahead of the issue of the agenda with justification for the delay.

Areas of support that cannot be provided by the Director of Finance and Business Services:

There are areas of support that cannot be provided due to Finance resources having to be allocated on a priority basis and the necessity to ensure that the support that is provided is of the required standard. These include the following:

- If a Non-Corporate Overview and Scrutiny Committee wishes to review the quarterly Performance Cabinet report, as part of its work programme, the Director will not provide Finance support for this item in the build up to the relevant Committee meeting, and at the meeting, due to this not being in line with the mechanism described in Section 2 above.

- The Director will not provide an analysis of the Council's Budget on the basis of Overview and Scrutiny Committee areas of responsibility as these do not directly align to the Council's organisational structure or the Council's Cabinet Portfolio Holder structure. However, the Council's annual Budget Book, available from the start of the financial year, provides good analysis of Service budgets that can be used by Overview and Scrutiny Committees to identify budgets in the Service areas that come within their remit.

- The Director will not provide additional support to individual Overview and Scrutiny Committee Members who request information related to the work of a Task and Finish Group that has not been made in accordance with Section 3 above.

- The Director will not provide support to individual Members outside of the relevant Overview and Corporate Scrutiny Committee who request information related to the work of a Task and Finish Group.

This list will be reviewed on a continual basis and the Director will discuss any proposed changes to the list of un-supported areas with the Scrutiny Chairmen's Group at its next available meeting in agreement with the Chairman of the Group.

Lisa Quinn
Director of Finance and Business Services
6th February 2012

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