

Council Agenda

Date:	Thursday, 23rd February, 2012
Time:	10.00 am – To consider Items 1-11 To be adjourned at approximately 12.30pm and reconvened at 1.30pm, to consider items 12- 20
Venue:	Main Hall, Congleton Town Hall, High Street, Congleton CW12 1BN

The agenda is divided into two 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**

2. **Minutes of the Meeting Held on 15 December 2011** (Pages 1 - 16)

To approve the minutes as a correct record.

3. **Mayor's Announcements**

To receive such announcements as may be made by the Mayor.

4. **Declarations of Interest**

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

5. **Public Speaking Time/Open Session - Budget items Only**

In accordance with Council Procedure Rule 35 and Appendix 7 to the rules, a total period of 15 minutes is allocated for members of the public to speak at Council meetings.

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

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given. It is not a requirement to give notice of the intention to make use of public speaking provision. However, as a matter of courtesy, a period of 24 hours notice is encouraged.

(Note – This item is reserved for matters relating to the budget. There is a further item relating to public speaking on the agenda for the afternoon session for non-budget related matters).

6. **Referral to Council of Recommendations from Cabinet - Business Planning Process 2012-2015 Business Plan** (Pages 17 - 168)

To consider and approve the recommendations from the meeting of Cabinet held on 6 February 2012.

7. **Referral to Council of Recommendation from Cabinet - Treasury Management Strategy 2012 to 2015, Annual Investment Strategy and Minimum Revenue Provision 2012-2013** (Pages 169 - 198)

To consider the recommendation from the meeting of Cabinet held on 6 February 2012 and to approve the Treasury Management Strategy and the MRP Statement for 2012/13, which 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, as set out in Appendix A of the report.

8. **Council Tax 2012/2013 - Statutory Resolution** (Pages 199 - 210)

To set the Council Tax for the financial year 2012/2013, in accordance with the formal resolutions as shown in section 19 of the report.

9. **Referral to Council of Recommendations from Constitution Committee Notice of Motion Local Service Delivery Committee** (Pages 211 - 220)

To consider the recommendations of the Constitution Committee held on 26 January 2012.

10. **Referral to Council of Recommendations from Constitution Committee - Finance Procedure Rules** (Pages 221 - 282)

To consider the recommendations of the Constitution Committee held on 26 January 2012.

11. **Referral to Council of Recommendations from Constitution Committee Cheshire East Governance Arrangements - Localism Act 2011** (Pages 283 - 292)

To consider the recommendations of the Constitution Committee held on 26 January 2012.

To be adjourned at approximately 12.30pm and reconvened at 1.30pm

12. **Public Speaking Time/Open Session - Non Budget Related Items**

In accordance with Council Procedure Rule 35 and Appendix 7 to the rules, a total period of 15 minutes is allocated for members of the public to speak at Council meetings.

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

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given. It is not a requirement to give notice of the intention to make use of public speaking provision. However, as a matter of courtesy, a period of 24 hours notice is encouraged.

13. **Petition For Debate - Gypsy and Traveller Site Coppenhall Crewe** (Pages 293 - 306)

A report from the Cabinet Member for Safer and Stronger Communities is enclosed.

Under the Council's Petition Scheme the petition organiser may address the meeting for up to 3 minutes and may be asked questions on the subject matter of the petition. The organiser may nominate another person to address the meeting and to answer any questions on the matter.

Council are required to debate the Petition. Council may then refer the petition to the appropriate decision making body for further considerations.

(A copy of the full petition is available on request and will be available at the meeting).

14. **Petition for Debate - Health and Social Care, Knutsford and the Stanley Centre in Knutsford** (Pages 307 - 318)

A joint report from the Cabinet Members for Adult Social Care and Health and Wellbeing is enclosed.

Under the Council's Petition Scheme the petition organiser may address the meeting for up to 3 minutes and may be asked questions on the subject matter of the petition. The organiser may nominate another person to address the meeting and to answer any questions on the matter.

Council are required to debate the Petition. Council may then refer the petition to the appropriate decision making body for further considerations.

(A copy of the full petition is available on request and will be available at the meeting).

15. **Notices of Motion** (Pages 319 - 326)

To consider the attached Notices of Motions, submitted in accordance with Procedure Rule 12.

16. **Supplementary Estimates - Quarter Three Review** (Pages 327 - 332)

To approve the Supplementary Estimates, as set out in the report.

17. **Leader's Report to Full Council**

The Leader to announce the appointment of Councillor Janet Clowes as the Cabinet Member and Councillor Stewart Gardiner as Cabinet Support Member for Health and Wellbeing.

18. **Appointment of a Vice Chairmen to the Audit and Governance Committee**
(Pages 333 - 334)

To appoint a Vice Chairman to the Audit and Governance Committee.

19. **Cheshire East Pay Policy Statement 2012/13** (Pages 335 - 360)

To consider the recommendation from the Staffing Committee, held on 20 February 2012, to approve the Pay Policy Statement for 2012/13, in line with the requirements of the Localism Act 2011.

20. **Questions**

In accordance with Procedure Rule 11, opportunity is provided for Members of the Council to ask the Mayor, the appropriate Cabinet Member or the Chairman of a Committee any question about a matter which the Council, the Cabinet or the Committee has powers, duties or responsibilities. Questions must be sent in writing to the Monitoring Officer at least 3 clear working days before the meeting.

At Council meetings, there will be a maximum question time period of 30 minutes. Questions will be selected by the Mayor, using the criteria agreed by Council. Any questions which are accepted, but which cannot be dealt with during the allotted period will be answered in writing. Questions must be brief, clear and focussed.

CHESHIRE EAST COUNCIL**Minutes of a meeting of the Council**

held on Thursday, 15th December, 2011 at Congleton Town Hall, High Street,
Congleton, CW12 1BN

PRESENT

Councillor R West (Chairman)
Councillor G M Walton (Vice-Chairman)

Councillors C Andrew, Rachel Bailey, Rhoda Bailey, A Barratt, G Baxendale, D Bebbington, G Boston, D Brickhill, D Brown, L Brown, B Burkhill, P Butterill, R Cartlidge, J Clowes, S Corcoran, H Davenport, W S Davies, R Domleo, D Druce, K Edwards, P Edwards, I Faseyi, J P Findlow, W Fitzgerald, R Fletcher, D Flude, H Gaddum, S Gardiner, M Grant, P Groves, J Hammond, M Hardy, P Hayes, S Hogben, D Hough, P Hoyland, J Jackson, L Jeuda, M Jones, S Jones, F Keegan, A Kolker, J Macrae, D Mahon, A Martin, M A Martin, P Mason, R Menlove, G Merry, B Moran, G Morris, B Murphy, H Murray, D Neilson, D Newton, P Nurse, M Parsons, P Raynes, L Roberts, J Saunders, M Sherratt, B Silvester, M J Simon, L Smetham, D Stockton, C G Thorley, A Thwaite, D Topping, M J Weatherill, P Whiteley, S Wilkinson and J Wray

66 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors G Barton, L Gilbert, A Harewood, O Hunter, W Livesley, D Marren, S McGrory and A Moran.

67 MINUTES OF THE MEETING HELD ON 13 OCTOBER 2011 AND THE SPECIAL MEETING OF THE COUNCIL HELD ON 14 NOVEMBER 2011**RESOLVED**

That the minutes of the meetings held on 13 October and 14 November 2011 be approved as correct record.

68 MAYOR'S ANNOUNCEMENTS

The Mayor:-

- 1 Announced that, since the last Council Meeting, he and the Deputy Mayor had undertaken over 90 engagements representing Cheshire East Council, which had included a number of events associated with his nominated charity and had raised a total of £8,000 for the charity.
- 2 Announced that he had met with the Prime Minister of the Netherlands, at an event held at Manchester Town Hall where he

had the opportunity of extolling the virtues of Cheshire East as an investment location.

- 3 Announced that he had the pleasure of appearing live on South Cheshire Hospital radio, at Leighton Hospital where he was interviewed and had the opportunity of playing a selection of his favourite music. He was also interviewed on Canal Side Radio. These media appearances had given him an excellent opportunity to talk about the work of the Council.
- 4 Announced that he had attended the Macclesfield & Wilmslow Business Awards, Cheshire Silk FM's Local Hero Awards and a Princes Trust Presentation Evening and on Sunday 22nd November, he had the privilege of spending the day with some of those hoping to compete in the London 2012 Special Olympics.
- 5 Announced that, on Remembrance Sunday, he and the Deputy Mayor had attended five Services within the Borough of Cheshire East.
- 6 Reported that Christ the King Primary School in Macclesfield has been invited to a reception at No.10 Downing Street to represent the North West of England at the School Games Party, hosted by the Prime Minister.
- 7 Asked Members to support the Cheshire East Adult Safeguarding Board's 'Stay Warm, Stay Well, Stay Safe' campaign and encouraged them to be 'Good Winter Neighbours' by being vigilant and giving support, if needed, to elderly neighbours or those with a disability or chronic illness.
- 8 Announced that the Olympic Flame would blaze a trail through the Cheshire East borough on 31 May 2012. It had been announced that the torch relay would pass through Crewe, Congleton, Knutsford and Macclesfield. These four towns were amongst over 1,000 villages, towns and cities announced by the London Organising Committee of the Olympic and Paralympic Games through which the Olympic Flame would be carried in the relay. The Organising Committee would be working closely with the Council to devise the route and street by street detail would be confirmed later in the year.
- 9 Announced the sad death of Honorary Alderman Les Cooper, who had Mayor of Crewe and Nantwich Borough Council in 1976-1977 and was made an Honorary Alderman in 1999.

69 DECLARATIONS OF INTEREST

Cllr S Hogben declared a personal interest in item 12 – Local Service Delivery Committee Membership, by virtue of being a Cheshire East Allotment holder.

Cllr R Domleo declared a personal and prejudicial interest in item 7 – Notice of Motion relating to Feed in Tariffs, by virtue of being a shareholder in the main company in the country who supplied solar panels. He left the room during consideration of this matter.

70 PUBLIC SPEAKING TIME/OPEN SESSION

Mrs Charlotte Peters Rock, representing Knutsford Area for Knutsford Action, used public speaking time to report that she had presented a three part petition, to the Mayor, in advance of the Council meeting, which represented the views of more than 6000 people who objected to “the current policy of removing local services for local people from local areas”. The first part of the petition consisted of more than 3000 signatures gathered in Knutsford, the second part consisted of a similar number of signatures from the towns and villages across Cheshire East and on its borders and the third part was a 275 signature petition on the single topic of “Save Stanley Centre”, which had been begun by family members of an adult who attended the Stanley Centre, Knutsford. She stated that, as the other relevant bodies were not represented at the meeting, namely East Cheshire Hospital Trust, Central and East Cheshire PCT, PCT Cluster Board for Cheshire, Wirral and Warrington GP Commissioning Consortium, Eastern Cheshire GP Commissioning Consortium - Vale Royal, and the GP Commissioning Consortium South Cheshire – Health, she expected the Council to act as disseminator.

Mrs Judy Collins used public speaking time to thank Knutsford Area for Knutsford Action group for their hard work in respect of the petition which had been handed to the Mayor. She quoted the Right Honourable John Denham MP with regard to the rights of citizens to defend local facilities and stated that she felt that this was not happening with the partnership between Cheshire East and Cheshire West Councils and the NHS and that she expected Cheshire East Council to take the lead on this matter.

Dr John Shaw used public speaking time to make comment about the cost of the Mayoralty. He had submitted a Freedom of Information Request to the Council, which had the cost of this. He questioned where the money was spent and whether all the Mayoral engagements were necessary. He suggested that many of the events should be attended by the Town Mayors and some did not require attendance at all. He also stated that the Mayoral car and chauffeurs were very expensive to run and caused carbon monoxide pollution to the environment. He suggested that requests for attendance by the Mayor should be prioritised; that the Mayor should be allowed to attend additional events to support his Charity, at no extra cost to Ratepayers; that an executive car company should be used for the

hire of a car and chauffeur; that to reflect the reduced workload, Mayoral allowances should be in line with those of Committee Chairmen and that there should be a total budget cap of £20,000 per year. He asked the Council to support the immediate implementation of these measures.

71 NOTICES OF MOTION

(a) Consideration was given to the following Notice of Motion, submitted by Cllr Brickhill and seconded by Cllr Murphy :-

“In view of the obvious and continued failure of the Cabinet system, as evidenced by their inability, for a second year running, to manage their budget, letting it overrun by a predicted £16,000,000, with the resultant reductions of reserves to a dangerously low level, this Council instructs its Constitution Committee to prepare the necessary amendments to bring about a proven successful system of governance, similar to the earlier committee systems of the successful predecessor Councils, to begin from the start of the 2012/13 financial year.”

RESOLVED

That the motion stands referred to the Constitution Committee for consideration.

(b) Consideration was given to the following Notice of Motion, submitted by Cllr Newton and seconded by Cllr Hogben:-

“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.”

RESOLVED

That the motion stands referred to Cabinet for consideration.

(Cllr R Domleo had declared a personal and prejudicial interest in the following Notice of Motion and left the room during consideration of this matter).

(c) Consideration was given to the following Notice of Motion, submitted by Cllr Fletcher and seconded by Cllr Hough :-

“FEED IN TARIFFS

This Council notes that increasing numbers of households are installing photo voltaic panels on their roofs, lowering the carbon usage and dependency on fossil fuels.

This has resulted in the creation of new jobs.

Social Landlords have installed, or are considering installing PV panels on some multiple tenanted properties, with tenants able to use the electricity generated to reduce fuel poverty.

This Council also notes the consultation on changes to the feed in tariff, which currently helps to fund these installations

Council is concerned that halving the tariff at short notice is causing problems for installers and users. Any reductions in the number of systems being installed will mean fewer jobs and will undermine the aim of increased low carbon energy supplies.

The proposal to apply a lower tariff to multi installation schemes could exclude social Landlords and their tenants from the scheme.

Council, therefore, agrees to write to the Prime Minister, the Secretary of State for energy and climate change asking that:

- 1 The tariff is reduced progressively to enable the industry and householders to adjust. NO reductions before April 2012.
- 2 A community Tariff for social housing providers is established, excluding them from the proposed multi-user lower rate.
- 3 That the Local Government Association be copied into any correspondence to help in their lobbying work with the Government."

The Mayor reported that, due to the time limits of the consultation period in respect of this matter, he had agreed that this motion should be dispensed with at the meeting, this being conducive to the despatch of business.

The Environment Portfolio Holder suggested a number of additions to the motion, as set out below and the mover and seconder accepted these additions:-

RESOLVED

That the motion be approved, subject to the following additional requests to Government:-

1. That the Government be asked to consider that any further reduction in the feed in tariffs be linked to the costs of installation, rather than by the arbitrary application of a percentage reduction.
2. That the Government be asked to consider amending the proposal for a further 20% reduction in tariffs for aggregated FITs (multiple FIT ownership), to ensure that this does not apply to community schemes that are wholly to the benefit of communities and

vulnerable groups i.e those funded by local Councils, community groups and/or social enterprises.

3. That the Government be asked to consider an exemption of public buildings from any reduction in the tariff rate, to allow for income generation in the support of other energy efficiency initiatives required to meet Government renewable energy targets.

72 RECOMMENDATION FROM CABINET - SHADOW HEALTH AND WELLBEING BOARD TERMS OF REFERENCE

Consideration was given to the recommendation from Cabinet regarding the approval of the Shadow Health and Wellbeing Board Terms of Reference.

RESOLVED

That the Shadow Health and Wellbeing Board Terms of Reference be referred back to the Shadow Health and Wellbeing Board and Cabinet for further consideration.

73 RECOMMENDATION FROM THE RESOURCES PORTFOLIO HOLDER - COUNCIL TAX BASE

Consideration was given to the recommendation from the Resources Portfolio Holder regarding the setting of the Council Tax Base.

RESOLVED

That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Cheshire East Council as its Council Tax Base for the year 2012/13 is:
for the whole area – 146,807.37
for each Parish area, as set out in Appendix A to the report.

74 RECOMMENDATION FROM THE STRATEGIC PLANNING BOARD - NOTICE OF MOTION RELATING TO THE PHOTOVOLTAIC ROOF PANEL SCHEME

Consideration was given to the recommendation from the Strategic Planning Board regarding a Notice of Motion submitted to the Council meeting on 13 October 2011, which suggested that the Council should notify any enquirers that planning permission was not required for the installation of Photovoltaic Roof Panels and to cease to require details, drawings or charges except for listed buildings or conservation areas for which permission is still required.

Part 40 of the Town & Country Planning (General Development Permitted Development) Order 1995 (as amended) granted extensive permitted development rights to householders wishing to establish solar panels on their property. In most cases planning permission was,

therefore, not required. However planning consent may be required if the solar panels exceeded a certain size or occupied a certain position either on or within the grounds of a property. These parameters were clearly detailed within the specific legislation but were also simplified on the Council's website where residents could access links to an interactive 'virtual' house.

The Constitution Committee had recommended that the Council should continue to adopt the approach as advocated within the Town and Country Planning (General Permitted Development) Order.

RESOLVED

That the Council continue to adopt the approach as advocated within the Town and Country Planning (General Permitted Development) Order.

75 RECOMMENDATION FROM THE CONSTITUTION COMMITTEE - NOTICE OF MOTION RELATING TO THE RESCISSION OF OFFICER DELEGATED POWERS RELATING TO CAR PARKING CHARGES

Consideration was given to the recommendation from the Constitution Committee regarding a Notice of Motion, which had been submitted to the Council meeting on 13 October 2011, relating to the proposed rescission of Officer Delegated Powers Relating to Car Parking Charges.

RESOLVED:

- (1) That the Constitution be amended to provide that decisions relating to the variation of off-street parking places charges be made by the relevant Cabinet Member at a Portfolio Holder meeting; and
- (2) That the Borough Solicitor be authorised to make such changes to the Constitution as she considers necessary.

76 RECOMMENDATION FROM THE CONSTITUTION COMMITTEE - NOTICE OF MOTION RELATING TO LOCAL SERVICE DELIVERY COMMITTEE MEMBERSHIP (INCLUDING APPROVAL OF TERMS OF REFERENCE)

Consideration was given to the recommendation from the Constitution Committee regarding a Notice of Motion submitted to the Council meeting on 13 October 2011, relating to the Local Service Delivery Committee membership and also to the approval of Terms of Reference for the Local Service Delivery Committees.

An amendment to refer this matter back to the Constitution Committee for further consideration and to report back to the next meeting of the Council was moved and seconded and declared carried.

RESOLVED

That this matter be referred back to the Constitution Committee for further consideration, with a report back to the next meeting of the Council.

77 RECOMMENDATION FROM THE CONSTITUTION COMMITTEE - CALENDAR OF MEETINGS 2012/13

Consideration was given to the recommendation from the Constitution Committee regarding approval of the Calendar of Meetings 2012/13.

In considering the Calendar, Members made several suggestions, including a request that provision be made for the migration of Calendar dates into Members' electronic calendars, early publication of the Council diary, inclusion of Police and Fire Authority Meeting dates and a note to say that all planning site visits would be on the Friday before the relevant Committee meeting. Members also asked for consideration to be given to later start times for Portfolio Holder meetings, that some meetings take place in the evening to enable those members who worked and had young children to attend and that consideration be given to holding all Council meetings at Congleton Town Hall, it being a more central location for most Members.

The Chairman of the Corporate Scrutiny Committee, Cllr Findlow, reported a change to the date of the Corporate Scrutiny Committee from 10 July to 20 July 2012.

RESOLVED

That, subject to consideration of the above matters and the change in date of the Corporate Scrutiny Committee from 10th to 20th July 2012, the Calendar of Meetings for 2012-2013 be approved.

78 RECOMMENDATION FROM THE STANDARDS COMMITTEE - APPOINTMENT TO FILL THE VACANCY FOR A PARISH REPRESENTATIVE ON THE STANDARDS COMMITTEE

Consideration was given to the recommendation from the Standards Committee regarding an appointment to fill the Vacancy for a Parish Representative on the Committee.

RESOLVED

That Councillor Barbara Lawton, of Odd Rode Parish Council, be appointed to Cheshire East Council Standards Committee, as a Parish Member for the same term of office as existing Parish Members.

79 MEMBER MILEAGE RATES

Consideration was given to a report which recommended changes to mileage rates which may be claimed by Members of the Council. This followed the recent collective agreement which had resulted in a reduction of the mileage rates which may be claimed by officers of this Council from those set out in the NJC Agreement. The majority of Group Leaders supported a reduction in the mileage rate which may be claimed by Members, notwithstanding that the current scheme which linked the rates payable to the NJC scheme.

RESOLVED

That the current Scheme of Members' Allowances be amended to reflect the following mileage rates which may be claimed by Members of the Council:

Miles per annum	451-999 cc	1000+ cc
Per mile, first 8,500	46.9p	52.2p
Per mile, after 8,500	13.7p	14.4p

That the above rates shall apply to all claims for reimbursement of the cost of travel, with effect from 1st December 2011.

That the Borough Solicitor and Monitoring Officer be authorised to make consequential changes to the Scheme of Members' Allowances, which forms part of the Constitution.

80 SUPPLEMENTARY ESTIMATES - MID YEAR REVIEW

Consideration was given to a report, which brought forward Cabinet recommendations for Supplementary Estimates, contained within the Mid Year Review of Performance report for Council approval.

RESOLVED

- 1 That a Supplementary Revenue Estimate of up to £860,000 to be met from general reserves to meet one-off costs of the Pay Harmonisation package in 2011-12, as detailed in Appendix 1 of the report be approved.
- 2 That a Supplementary Capital Estimate/Virement of over £1,000,000 for Church Lawton School, as detailed in Appendix 2 of the report, be approved.

81 QUESTIONS

The Following questions had been submitted in accordance with Procedure Rule 11:-

Question 1 from Cllr B Murphy to the Cabinet Member for Environmental Services

Refuse Collection on 30 November 2011

Whilst we are grateful to our employees who ensured the delivery of services on 30th November and, at the same time, we acknowledge and respect the right of those who took industrial action on a matter of legitimate concern, why did the Council not have a contingency plan to avoid inconvenience and anxiety to taxpayers by ensuring the continuation of vital public health services to them, in particular the collection of putrescent refuse material in the Tytherington and Bollinbrook and other places in Cheshire East?

Response

The industrial action affected a significant number of households across the Borough and that meant it was impossible to catch up on the missed collections without disrupting many other residents within the Borough whose collections were scheduled for the subsequent days. In transforming our waste collection services over the past few months we have moved to a completely new system and the collection rounds have been designed to optimise collection efficiency, based on a fortnightly collection. To introduce additional collections over and above the fortnightly cycle would increase operational costs and this is an area that the Council has tried very hard to reduce.

To provide additional collections to catch up, the added work would need to be done either after the normal working day or at weekends. This work would then be classed as overtime and this is paid at a higher rate than normal working time. This means that there would be additional revenue pressure on Council budgets to provide additional collections and any savings in salary costs resulting from the day of industrial action would be more than offset by the cost of paying overtime.

Furthermore, there would have been practical barriers to managing and disposing of the waste if it were collected during the week after a normal day's work or at weekends eg the opening times of the landfill sites and garden waste deposition sites.

Although we were unable to catch up on the normal waste collection services, if we were made aware of any residents who had specific needs, e.g people who were extremely ill and had no way of disposing of extra waste themselves – and were in severe difficulty, we did our very best to assist them.

The plan for this week is collect all waste materials placed out for collection on 14 December 2011 as this coincides with the fortnightly

collection schedule for those properties affected by the industrial action. A memo has been issued to all front line staff to this effect.

Supplementary Question

Cllr Murphy asked, in view of the likelihood of further industrial action, whether this matter could be referred to the Staffing Committee for further discussion.

Question 2 from Cllr D Brickhill to the Cabinet Member for Procurement and Shared Services

Places Payroll

Please account for the massive 66% increase in the Places payroll from £33M pa to £55M pa following this year's reorganisation when several non statutory functions were taken in to the Directorate.

Response

The pay budget for Places and Organisational Capacity has increased due to the Council's restructure of services across the Council's Corporate Management Team. Following consultation a number of services have been transferred to the Places and Organisational Capacity Directorate and this has more than doubled the headcount within the Directorate.

All of these services previously existed elsewhere within the Council's structures':-

- Performance and Capacity
 - Communications
 - Partnerships & Performance
 - Customer Services
 - Libraries
- Leisure, Culture, Libraries and Greenspaces
 - Leisure Services
 - Public Rights of Way & Countryside Management
 - Greenspaces
 - Cultural Facilities and Arts
- Assets
 - CE Cleaning
 - Facilities Management
 - Property
 - Projects
- Organisational Improvement

Supplementary Question

Cllr Brickhill asked whether it could be assumed that virtually all the increase was for non-statutory services and Councillor Mason, in response, stated that he did not think so, but there would be significant savings and that fourteen senior management posts have already been taken out of the structure.

Question 3 from Cllr P Nurse to the Cabinet Member for Adult Services

Deaths from Cold Weather and Fuel Poverty

What estimate does the Portfolio Holder for Adult Services have of the number of elderly persons who died in the winter of 2010-2011 in Cheshire East from conditions of cold weather and inability to heat their homes?

What action is the Portfolio Holder taking to identify vulnerable elderly persons, who suffer from fuel poverty, so that they can receive help to stay warm and alive?

Response

Every year, Cheshire East sees a 20% rise in the number of deaths between December and March compared to the remainder of the year. This equates to about 55 additional deaths in each of these four months.

About a third of these deaths are due to cardiovascular disease. Cold weather causes the blood to thicken, which increases the risk of death from heart attack or stroke in people who have pre-existing cardiovascular disease. Cold weather also lowers people's resistance to influenza infection, which is an important contributor to excess winter mortality. Flu is dangerous for people of all ages who have chronic medical conditions, as they are eleven times more likely than healthy people to die if they catch the infection.

In order to reduce the number of winter deaths, many more people need to have their annual influenza jab (as at the end of November 2011, over 45% of people with chronic medical conditions and 23% of people aged 65 and over had still not attended for their flu jab). Protective measures against cold should initially be targeted to those who are clinically most at risk, some of whom will be in younger age groups. These protective measures include maintaining indoor warmth, and also actions to minimise the risk of becoming cold when outdoors.

The Authority is currently working with partners to finalise its cold weather plan (in response to the Government's Cold Weather Plan for England

2011/12, the first co-ordinated plan supported by the Met Office Cold Weather Alert Service). The aims of the plan are to reduce winter mortality in vulnerable people through appropriate preparation and alerts.

The plan encourages local areas to mobilise civil society so that neighbours, friends, relatives and individuals themselves seek to protect against avoidable harm to health in the winter. Additionally it aims to reduce the pressure on the health and social care system during the busiest months of the year through better co-ordinated preparation, and anticipatory actions when routinely interacting with vulnerable people. Partners are sharing information on vulnerable people to ensure that those most at risk are clearly identified

We have a Stay Warm, Stay Well, Stay Safe campaign and regular media alerts to raise the profile of local services and what local communities can do to identify and support those who are vulnerable. This information is available today and will be in Members Brief as well.

Supplementary Question

Cllr Nurse asked whether the Portfolio Holder considered that the reduction of £50 in the winter fuel allowance per household would result in an increase in the number of deaths. Cllr Domleo responded that, unfortunately, he did not have this information.

Question 4 from Cllr D Flude to the Cabinet Member for Safer and Stronger Communities

The Proposed Gypsy / Traveller Site, Parkers Road, Crewe

The residents of Crewe East have petitioned the Council [1500 names] and held a public meeting with their MP Edward Timpson opposing the Council's proposed Gypsy /Traveller site at Parkers Road.

When is the planning application for this site going to be considered by the Strategic Board?

Response

The planning application for the proposed Gypsy and Travellers Site has not yet been submitted. It is being finalised at present and we expect it to be submitted shortly after we have had the opportunity to circulate more information on the proposal to the local community.

Once the application has been received, we anticipate it will be determined at a meeting of the Strategic Planning Board approximately eight weeks after the date of submission.

Question 5 from Cllr D Flude to the Cabinet Member for Environmental Services

Wardens Queens Park Crewe

The Friends of Queens Park Crewe recently presented to this Council a petition in regard to their concerns about the safety of visitors to the park relating to the reduction of park wardens.

Concerns were also raised by local primary school pupils attending a Democracy Day at the Municipal Buildings in Crewe who stated that they did not feel safe in the Park now that the Park Wardens are not patrolling.

Recently members of the public have been locked in the park at closing time!

The questions listed below are raised after consultation with the Friends:

What is the cost to this Council for the Private Security Company who are contracted to open and close the Park?

Who does the secondary cleaning of the public toilets?

Who is patrolling the area of the park and adjacent Tipkinder area?

Who is providing the safety checks and litter clearance at the adjacent BMX track?

Who is doing the daily inspection of the playground equipment in the Park?

Who is monitoring the 4.5 acres of the park lake, and who is providing safety cover?

Who is combating any antisocial behaviour?

Other concerns are drug and alcohol abusers and inappropriate sexual behaviour in toilets, who is doing regular visits to combat these behaviours?

Cllr Flude indicated that she was content to receive a written response to her question, which would be circulated to all Members of the Council.

Question 6 from Cllr S Jones to the Cabinet Member for Adult Services

Care Quality Commission

The Care Quality Commission has admitted in the press that they have only completed half of inspections planned for the past twelve months. The reports about the variable standards of quality in both residential and domiciliary care for the elderly are a matter of serious concern. At Full Council in July 2011, Cllr Rod Fletcher proposed a Notice of Motion on my behalf which asked the Chief Executive of Cheshire East to write to the Care Quality Commission expressing our concerns about their lack of capacity to fulfil their inspection role and the impact this was having on the

quality of residential and domiciliary care being provided for our elderly residents in Cheshire East. Copies of this letter were to be sent to all Cheshire East MPs. Has this letter been sent and have any replies been received?

The Notice of Motion asked for a Task/Finish group to be set up to scrutinise the inspection of care services in Cheshire East to ensure that our contracts were being honoured and that the Authority is receiving value for money as well as for those people purchasing their own care packages.

The Government is very concerned about the number of complaints being received about poor quality services being provided to the elderly. They are planning to introduce a points system based on comments received by both clients and their families to grade care homes. Surely we should be very wary of residential and nursing homes being treated like restaurants. Why is the Notice of Motion proposed in July not receiving the urgent attention it merits as the good quality of domiciliary care is central to our policy of aiming to help the elderly stay in their own homes as long as possible thus reducing the need for residential care.

Response

The Notice of Motion requested a task and finish group be set up to investigate this concern. This was remitted to the Local Safeguarding Adults Board who received this request at its November meeting. The independent chair of the Board with officer support will convene a multi agency group to prepare a response from the Board to this Notice of Motion. This will be convened early in the New Year. The Chief Executive would wish to review the outcome of this work before writing to Care Quality Commission and Cheshire East MP's. At a recent compliance meeting with Care Quality Commission, we were informed that Care Quality Commission were reporting an increase in inspections in our region and were on target to achieve 62.5%.

A task and finish group has also been established to scrutinise residential and nursing care home arrangements within the Borough. This will be considering both the quality and cost of such services. In addition to this our Supporting People and Contracting team are visiting all provision in a planned way to carry out mini checks on basic elements such as registration, staffing. To date they have visited 47 homes out of 93 as well as 17 domiciliary care providers out of 78 this is additional to registration inspections. Where we have safeguarding concerns with homes we work in partnership with Care Quality Commission and other specialists such as infection control, fire, environmental health. LINKs also have an Enter and View role and work with Care Quality Commission. This approach provides local monitoring as well as regulatory inspection both of which are important.

I have great sympathy with Cllr Jones's complaint about the delay in getting some action following the Motion being moved in July 2011. It would appear to be a common problem with all Notices of Motion, and I will raise the matter formally to see what can be done to speed up the handling of Notices of Motion

Supplementary Question

Cllr Jones requested to be kept informed of the outcomes in respect of this Notice of Motion.

The meeting commenced at 2.00 pm and concluded at 5.15 pm

Councillor R West (Chairman)
CHAIRMAN

CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting: 23rd 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 was reported to Cabinet on 6th February 2012 and this final report sets out the updated position with regard to Government funding levels.
- 1.5 When this report was submitted to Cabinet the Local Government Finance Report for 2012/2013 had not been published or confirmed following a debate in the House of Commons. Prior to the Council meeting both of those stages have been completed and confirmed that the formula and specific grant allocations, which have been included in the Business Plan, remain unchanged from the provisional settlement issued in December 2011.
- 1.6 The Government consultation on the adjustment made to funding in relation to Academies and the impact on support functions provided by the local authority has not resulted in any changes to the Council's funding for 2012/2013.

2.0 Decision Requested

- 2.1 Note the updated 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 Approve the 2012/2015 Business Plan (**Appendix B**).
- 2.4 Approve the three-year Capital Programme for 2012/2013 to 2014/2015 (**Appendix B, Annex 3, paragraphs 88 to 94 and Annex 7, pages 108 to 116**).
- 2.5 Approve the Band D Council Tax of £1,216.34 (no change from 2011/2012) (**Appendix B, Annex 3, paragraphs 57 to 58**).
- 2.6 Approve the Reserves Strategy. (**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 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 Approve the Prudential Indicators for Capital Financing. (**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, is recommending to Council for approval the Budget for 2012/2013 (following no change as a result of the final Formula Grant Settlement and 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 2011 and 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 writer:

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 – UPDATE FOR COUNCIL

Introduction

1. Cheshire East Council conducted the engagement process on the 2012/2015 Draft Business Plan, including the Budget for 2012/2013, from 24th January to 22nd February 2012. During that time the Council was 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. This 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. Where possible, round 1 of the engagement exercise used existing meeting structures to provide a briefing on the current year position, on-going 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:

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

Round 2

6. Round 2 was based on the Draft Business Plan. It included the following events:

- | | |
|---|--|
| - 11 th and 13 th January | Business Planning Briefing to all Members |
| - 24 th January | Draft Business Plan available for stakeholders and staff |
| - 24 th January | Business Event with South Cheshire Chamber of Commerce |
| - 24 th January | Schools Forum |
| - 25 th January | Trades Unions |
| - 1 st February | Business Event with East Cheshire Chamber of Commerce and Enterprise |
| - 15 th February | Service Managers |
| - 21 st February | Business Event with Macclesfield Chamber of Commerce and Enterprise |

Engagement Material

7. The key purpose of the second round was 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.
8. 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

9. 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.
10. 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

11. A summary of issues raised at the events is attached at **Annex 1**.
12. 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 Council meeting on 23rd February.

Conclusion

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

Draft Business Plan – Budget Engagement

Summary of Key Engagement Issues

Financial Stability

Grant Funding

Noted that a low level of grant funding was beneficial when it came to the impact of percentage reductions. This had also ensured the Council maximised other funding sources such as Council Tax, where collection rates were very high in Cheshire East.

The Chancellor was being fully briefed on the low levels of Government funding in Cheshire East which failed to recognise the ageing population.

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

Council Tax

In the medium term, Council Tax levels would be under review.

Confirmation that in return for freezing Council Tax for 2012/2013 the Council will receive a grant for one year of £4.5m. This is included within the Business Plan being recommended to Council, but it is not being used to balance the Budget.

Confirmation that transfer of services or assets to local town and parish councils could result in an increase in the amount required in those areas but each situation would be different.

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 been accurately identified and offset by savings within each respective service.

Changes to Local Government Finance

Several changes lay ahead in terms of funding arrangements, 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 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 discounts 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.

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.

Where a payment to reserves increased the funding gap, then the need for the payment would be reviewed before reducing services.

Reserves were set to rise above the risk assessed minimum level as a result of the Council Tax Freeze grant being paid into reserves to help with the funding gaps in later years and invest-to-save initiatives.

Capital Programme

Confirmation that the Capital commitment figures were spread across the different services and included ICT investment.

Income from Fees and Charges

The Council would monitor the impact of any increase in charges in terms of reduced demand. The Council's aim was to harmonise charging across the Borough but it had to recognise local factors that made this impractical in some cases.

General

Support for a 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.

Clarification provided over the mileage rates available for elected Members and officers.

Confirmation that any reductions to grants to the community and voluntary sector would be subject to an equality impact assessment.

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 the 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 receive Direct Payments.

The Council was looking at options surrounding leisure facilities to keep older people fit, living in their own homes and not requiring expensive publicly funded care services.

Places and Organisational Capacity

Assets

The news of a reduction in gas prices will help the in year position, however, the 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.

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 emissions, packaging etc. This was generally going well. The Localism Bill may help the local authorities' role in this and the position will be reviewed.

Highways

Noted comments re provision of cycle lanes in main towns and that this may be easier under revised legislation.

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.

Assets

Savings from vacating buildings will be captured corporately under new budgeting arrangements.

HR

Staff training and development budgets were being maintained.



Business Plan 2012 / 2015

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***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 as 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

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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.

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.	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

<p>The costs of borrowing to support the capital programme can be offset by investing when balances are available.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>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.</p>	<p>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.</p> <p>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.</p>
<p>Measure 2:</p>	<p>Review Local Taxation</p> <p>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.</p>
<p>Council Tax payments, from occupiers or owners of domestic properties in the area, contribute 25% of the Council's gross funding.</p>	<p>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.</p>

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

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.

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.

Impact of the 2012 – 2015 Business Plan

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.

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
	<p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>
<p>Deliver services as locally as possible</p> <p>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.</p>	<p>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.</p>
<p>Ensure communities feel safe</p> <p>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.</p>	<p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p>

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
<p>Harness emerging growth opportunities</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>Provide a leading broadband infrastructure</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Delivery items:</p> <ul style="list-style-type: none"> - 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
	<p>Investment profile to achieve 90% coverage: 2012/2013 - £0.4m, 2013/2014 - £0.69m, 2014/2015 - £0.11m</p> <p>Further grant funding opportunities are being explored to achieve 100% coverage.</p>
<p>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.</p>	<p>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.</p> <p>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.</p>
<p>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.</p>	<p>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.</p> <p>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.</p> <p>In addition, savings will be made through the new highways contract of £0.5m and from back office efficiencies of £0.1m.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p> <p>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.</p>

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
<p>Regenerate Crewe</p> <p>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.</p>	<p>All Change for Crewe</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>Revitalise Macclesfield</p> <p>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.</p> <p>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.</p>	<p>Make it Macclesfield</p> <p>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.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>Deliver sustainable growth for our towns</p> <p>We need to focus on the key development priorities for each town that reflect the unique local character of each place.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>Ensure good transitions and skills for the future</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p> <p>Annex 7 provides a breakdown of the Income & Expenditure changes related to items contained within the Dedicated Schools Grant.</p>
<p>Improve support to families and facilities for children and young people</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p> <p>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.</p>

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
<p>Development of the new Local Plan</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>Provide affordable and appropriate housing</p> <p>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 group of people are disadvantaged because of the housing they have available to them.</p>	<p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>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</p>	<p>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.</p>
<p>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.</p>	<p>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.</p> <p>There is significant capital investment planned into reducing street lighting energy consumption to provide lower usage and on-going revenue savings of £275,000.</p> <p>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.</p>
<p>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.</p>	<p>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.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>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'.</p>	<p>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.</p> <p>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.</p>
<p>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.</p>	<p>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.</p>

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
<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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
<p>Target actions to reduce heart disease and cancer</p> <p>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.</p>	<p>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.</p>
<p>Tackle the impact of alcohol misuse on individuals and society</p> <p>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.</p>	<p>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.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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	
<p>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:</p> <ul style="list-style-type: none"> - 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. 	<p>Core System Stability</p> <p>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.</p> <p>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.</p> <p>The proposals for 2012/2013 include a capital investment of £4.2m in ensuring the stability of core ICT systems.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>Location-Independent Workforce</p> <p>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 the needs of customers and employees rather than the constraints of building design, fixed hours and geographic locations.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p> <p>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.</p> <p>The proposals for 2012/2013 include a capital investment of £2.7m to create a location-independent workforce.</p> <p>Enabled Citizen / Business</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The proposals for 2012/2013 include a capital investment of £0.6m to enable citizens and businesses to access Council services more effectively.</p> <p>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 business efficiency, saving £0.1m in 2012/2013.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p>
Assets that are fit for purpose in supporting the Council's priorities.	
<p>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.</p> <p>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.</p>	<p>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.</p> <p>The Council will continue to dispose or develop property which is surplus to operational requirements via a dedicated Disposals Team.</p> <p>The proposals include capital expenditure of £4.2m in 2012/2013 broken down into :</p> <ul style="list-style-type: none"> - Planned Maintenance £3m. - Minor works £0.5m. - Compliance testing works £0.4m. <p>Revenue savings from:</p> <ul style="list-style-type: none"> - 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. <p>The Council is seeking to generate income from advertising on street furniture along the highway.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>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.</p>
Maximise Funding Opportunities and Reduce Subsidy	
<p>The Council is comparatively low funded and must regularly review the charges and income opportunities it has to ensure they are maximised.</p> <p>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.</p> <p>In addition the Council is reviewing grant funding with a view to maximising income levels it uses.</p>	<p>A Council-wide income target of £0.1m has been introduced to acknowledge efforts already being made in specific areas.</p> <p>The non schools expenditure will be reviewed to save £0.3m by ensuring all appropriate costs are charged to the Dedicated Schools Grant.</p> <p>Bereavement fees will be further increased to generate an extra £0.15m.</p> <p>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.</p> <p>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.</p> <p>Registration income will be increased by £0.1m.</p>
Provide Value for Money	
<p>In addition to the key policy proposals in relation to Services, the Council is delivering some important savings in Corporate Support areas.</p>	<p>The Council will:</p> <ul style="list-style-type: none"> - 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	
<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Support Shared Services to Deliver Efficiencies	
<p>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).</p>	<p>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.</p> <p>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.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>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.</p>	<p>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.</p> <p>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.</p>

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. A review of the Council's home to school transport policy and arrangements is underway which may have an impact upon future arrangements. 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.
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 Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase) Actual proposed increase in charges for 2012/2013	£3,179 £153 £41

<p>Pensioner Couple</p>  <p>Typical Household Facts:</p> <p>Private pension with combined net income of £23,200pa</p> <p>Living in a Band D property</p>	<p>Council Tax</p> <p>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)</p> <p>Total Charges in 2011/2012</p> <p>Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase)</p> <p>Actual proposed increase in charges for 2012/2013</p>	<p>£1,806</p> <p>£87</p> <p>£44</p>	<p>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.</p> <p>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.</p> <p>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.</p>
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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

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***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

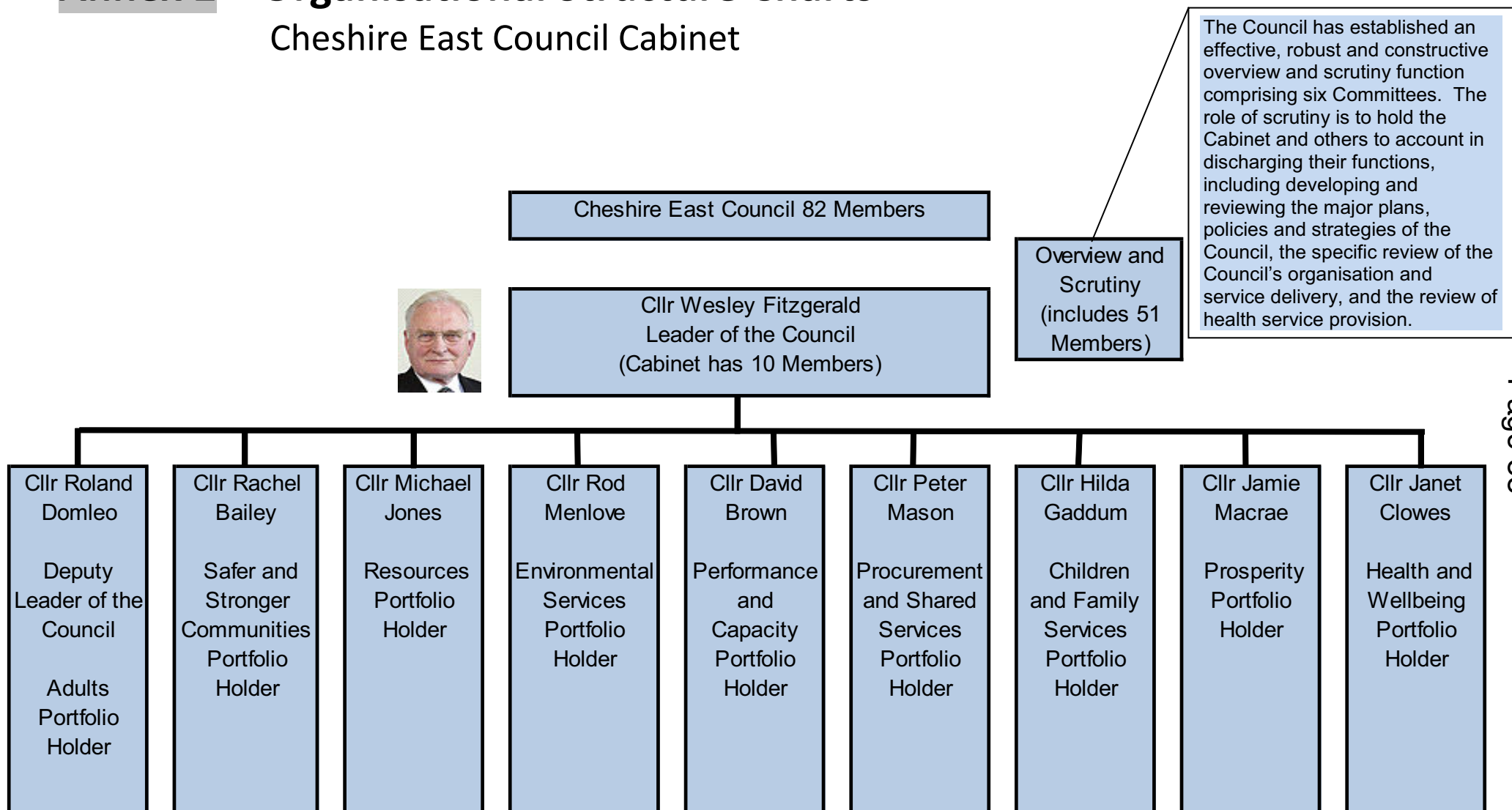
7. Cheshire East has an area of 116,638 hectares. The population is 363,800 (2010), making it the 3rd largest in the North West and 12th largest authority in England. Principal concentrations of population are in the towns of Crewe (61,800), Macclesfield (51,100), and Wilmslow (29,120). Other main towns 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.

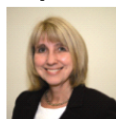
10. The number of children (aged 0-15) in 2010 has increased marginally (235) since 1991, to 65,800 in Cheshire East; however, whilst numbers have increased by 9% in Crewe & Nantwich they have decreased by 3% in Congleton and 4% in Macclesfield. It is forecast that by 2029 there will be around 4% fewer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

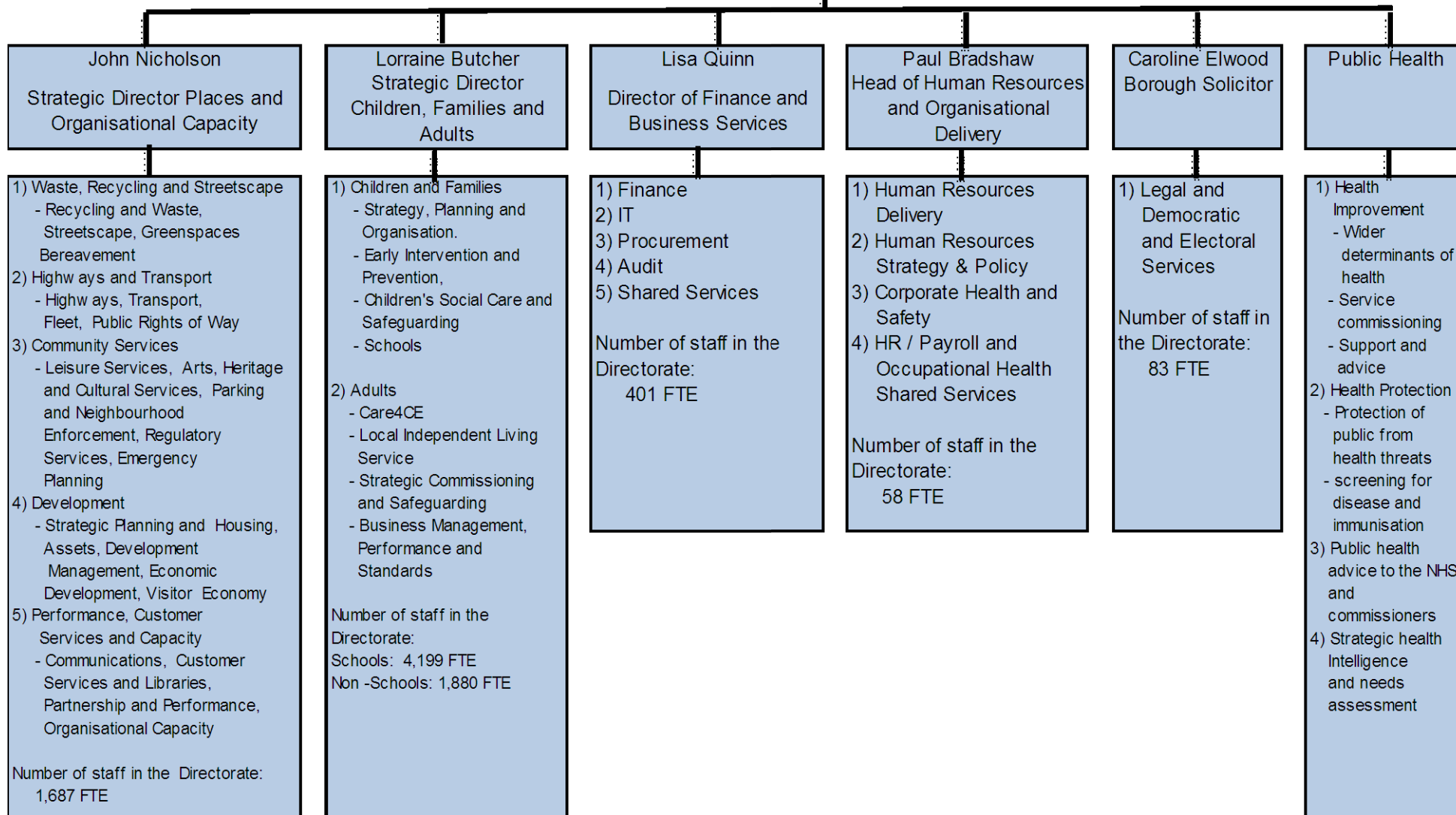
Cheshire East Council Cabinet



Cheshire East Council Corporate Management Team



Erika Wenzel
Chief Executive



Annex 3 – The Business Planning Process

1. This Annex includes the following sections:

	Page
Background	62
Funding Revenue Expenditure in the Medium Term	62
Why is the Council in this Position?	65
What is the Council Doing About it?	66
The Shortfall in the Revenue Budget	68
General Reserve Balances	70
Investment, Borrowing and the Capital Programme	71
Capital Financing Costs	71
Capital Programme Funding	73
Central Adjustments	75

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.

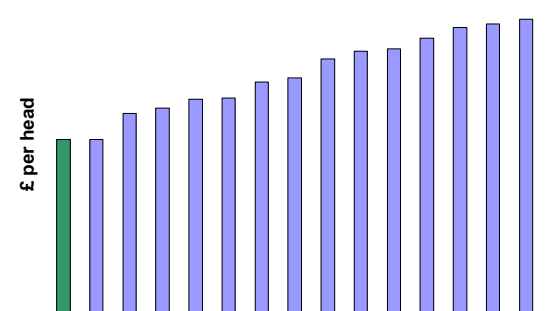
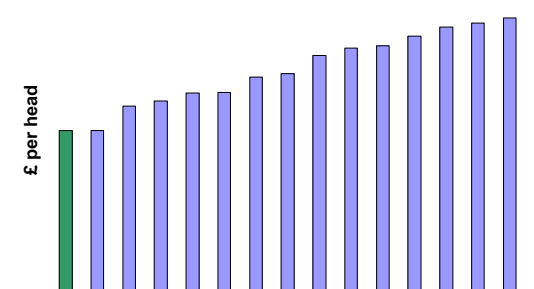


Chart 2 ~ Cheshire East Council receives less Revenue Support Grant per head than similar councils.

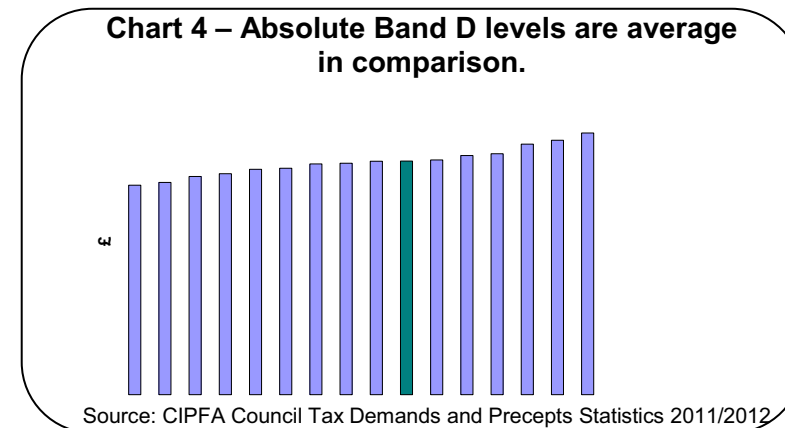
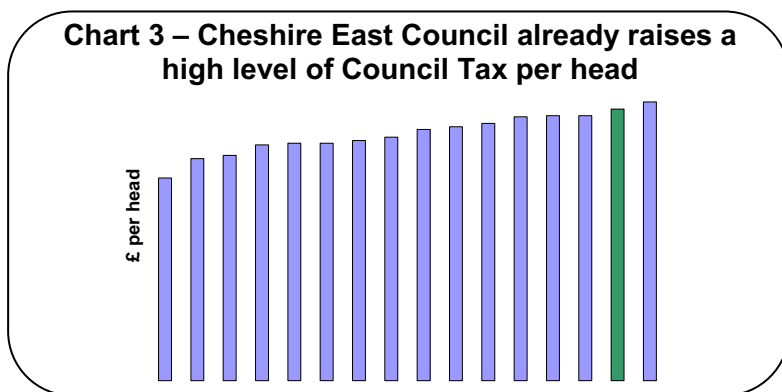


Source: DCLG Provisional Settlement December 2011

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.



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

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.

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

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).

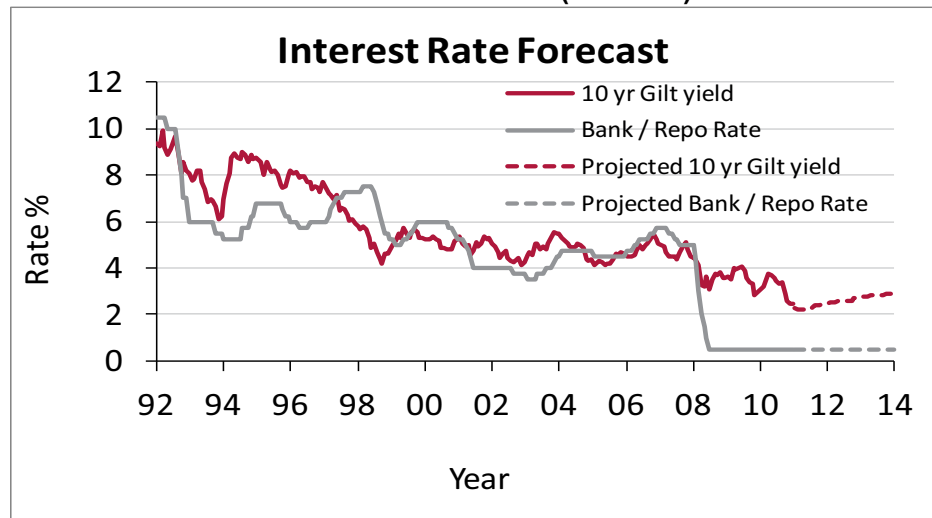
Reserves Strategy

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.

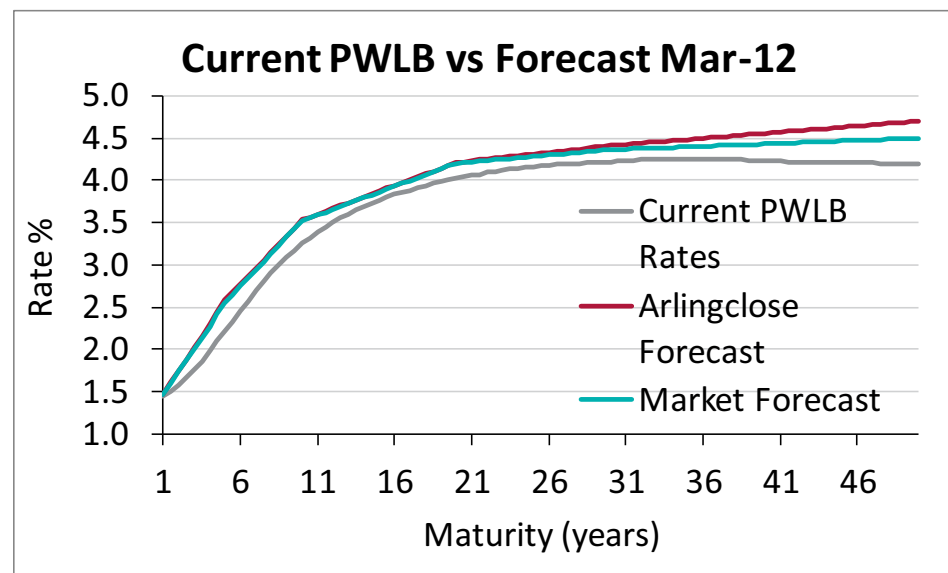
Table 8 Capital Financing Budget 2012/2013

	£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	2012/13	2013/14	2014/15
	£m	£m	£m	£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	Specific Grants	2012/2013 £000	2013/2014 £000	2014/2015 £000
Ringfenced Grants				Unringfenced Grants (continued)			
Dedicated Schools Grant	193,822	188,482	183,143	NHS Funding	3,756	3,568	3,310
Pupil Premium Grant	2,696	3,263	3,787	Local Service Support Grant -			
Sixth Form funding	8,898	7,756	6,613	- Preventing Homelessness Grant	253	241	223
Council Tax Benefit ⁽¹⁾	20,408	18,367	18,367	- Lead Local Flood Authorities	176	168	155
Housing Benefit	75,128	75,128	75,128	- Community Safety Fund	148	140	130
Total Ringfenced Grants	300,952	292,996	287,038	- Extended Rights to Free Transport	385	366	339
Unringfenced Grants				Children's Workforce in Schools	79	0	0
Early Intervention Grant	12,908	12,263	11,374	Modernisation Grant			
Learning Disabilities & Health Reform	4,124	3,918	3,634	Youth Offending Team Grant	411	0	0
New Homes Bonus 2011/12	870	870	870	Learner Support Funds	37	0	0
New Homes Bonus 2012/13	1,844	1,844	1,900	16+ Transport Partnership grant	68	0	0
New Homes Bonus 2013/14	0	870	870	Further Education Funding (16-18)	9	0	0
New Homes Bonus 2014/15	0	0	870	Adult and Community Learning	675	641	595
Affordable Homes	85	85	100	Train to Gain Grant	216	205	190
Council Tax Freeze Grant	4,505	0	0	Grants claimed retrospectively	382	363	336
Housing & Council Tax Benefit Admin	2,094	1,989	2,100	Total Unringfenced Grants	33,545	28,024	27,454
Business Rates Admin Grant	519	493	458				
				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 Regulations¹, 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 Regulations², 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 guidance³ 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.

 - **Option 2: CFR Method** - MRP is equal to 4% of the Capital Financing Requirement (CFR), as derived from the balance sheet at the end of the preceding financial year.

¹ Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 2003/3146, as amended]

² Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414]

³ Guidance on Minimum Revenue Provision, issued by the Secretary of State for Communities and Local Government, under Section 21(1A) of the Local Government Act 2003, 28 February 2008

This produces a similar MRP charge to Option 1, but is technically simpler.

- **Option 3: Asset Life Method** - MRP is determined by reference to the life of the asset, by equal instalment method or annuity method.

MRP should commence in the financial year following the one in which expenditure was incurred, or the year following the one in which the asset becomes operational.

- **Option 4: Depreciation Method** - MRP is to be equal to the provision required in accordance with depreciation accounting
8. For capital expenditure incurred on or after 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.	Ratio of	2011/12	2011/12	2012/13	2013/14	2014/15
2	Financing	Approved	Revised	Estimate	Estimate	Estimate
	Costs to	%	%	%	%	%
	Net					
	Revenue					
	Stream					
	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.	Capital	2011/12	2011/12	2012/13	2013/14	2014/15
3	Financing	Approved	Revised	Estimate	Estimate	Estimate
	Requirement	£m	£m	£m	£m	£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.	Actual External Debt as at	£m
4	31/03/2011	
	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.	Incremental Impact of	2011/12	2012/13	2013/14	2014/15
5	Capital Investment	Approved	Estimate	Estimate	Estimate
	Decisions	£	£	£	£
	Increase in Band D	2.33	6.02	19.05	21.00
	Council Tax				

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.	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
6	Borrowing	213	222	245	259	265
	Other Long-term Liabilities	22	25	23	22	22
	Total	235	247	268	281	287

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.

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.	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
7	Borrowing	203	212	235	249	255
	Other Long-term Liabilities	22	25	23	22	22
	Total	225	237	258	271	277

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

No.	Upper Limit for Fixed Interest Rate Exposure	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
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 £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £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		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
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.

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
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

Changes to Budget Requirement

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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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	0	0
Funding ongoing Teacher's Pensions Commitment	2,000	2,000	0	0	0	0
Reduction in Corporate Support Budgets (See note 2)	-235	-235	0	0	0	0
Financial Impact of Policy Proposals	2,614	0	2,614	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
Cost of Investment Items						
Total Cost of Investment Items	0	0	0	0	0	0
Total Budget for the Year	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.

MEMORANDUM PAGE

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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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

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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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			
Car Parking developments	-31	-118	23	-59	-59	-59
Leisure and Cultural Services						
Additional income school swim / reduction of options card discount		-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				
Review Grants	-50	-50				
Other Policy Proposals (See note 1)	-325	-10	-12	-12		
Financial Impact of Policy Proposals	-855	-558	-214	-59	0	-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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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				
Savings linked to accelerated disposal of assets	-200	-200				
Visitor Economy and Tatton Park						
Reduce Council's subsidy to Tatton Park	-73	-111	54	-395	64	-291
Other Policy Proposals (See note 1)	-236	-35	-40	-30	-25	-25
Financial Impact of Policy Proposals	-1,014	-386	519	-425	94	-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
Cost of Investment Items						
Assets & Housing VR costs	391	391	0	0	0	0
LDF Infrastructure Planning	100	100	0	0	0	0
Macclesfield Cultural Strategy	40	40	0	0	0	0
Total Cost of Investment Items	531	0	531	0	0	0
Total Budget for the Year	37,419	-13,894	23,525	37,407	-14,319	23,088

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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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						
One off Grants to Town and Parish Councils	209		209	-209		-209	-50		-50
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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
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 £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £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	-29	-29	-100	-100		
Service Delivery						
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	-65	-13		0
Financial Impact of Policy Proposals	376	-30	-265	-13	-600	-600
	2012/2013 Budget		2013/2014 Budget		2014/2015 Budget	
Budget Carried Forward	116,173	-99,860	115,908	-99,873	115,308	15,435

Cost of Investment Items						
Investment in Core System Stability	50	50	0	0	0	0
Strategy Structure Reductions	30	30	30	30		
ICT Shared Services Rationalisation	650	650	0	0		
Total Cost of Investment Items	730	0	30	0	0	0
Total Budget for the Year	116,903	-99,860	115,938	-99,873	115,308	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	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£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

Other	2012/2013			2013/2014			2014/2015		
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.

CAPITAL PROGRAMME - SUMMARY

CAPITAL

	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

Capital Programme 2012/2013 - 2014/2015
Children and Families

CAPITAL

Scheme	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
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									
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.

Capital Programme 2012/2013 - 2014/2015
Adults

CAPITAL

Scheme	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
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									
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)

Capital Programme 2012/2013 - 2014/2015
Recycling, Waste & Streetscape

CAPITAL

	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
<u>Recycling, Waste & Streetscape</u>									
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
<u>Funded By</u>									
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.

Capital Programme 2012/2013 - 2014/2015
Highways & Transport

CAPITAL

	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
<u>Highways & Transport</u>									
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
<u>Funded By</u>									
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.

Capital Programme 2012/2013 - 2014/2015

Community Services

CAPITAL

Scheme	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
<u>Community Services</u>									
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
<u>Funded By</u>									
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
<u>Further Details</u>									

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.

Capital Programme 2012/2013 - 2014/2015 Development

CAPITAL

	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.

Capital Programme 2012/2013 - 2014/2015 Performance and Capacity

CAPITAL

	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.

Capital Programme 2012/2013 - 2014/2015

Corporate Services

CAPITAL

	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 Investment - 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			0						
Revenue Contributions									
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 Investment - 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.



Reserves Strategy

**Ambition
Action
Achievement**

2012/2015

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Executive Summary

Cheshire East Council will maintain reserves for two main purposes:

1. to protect against risk, and;
2. to support investment

The Reserves Strategy presents information about the requirements to maintain adequate financial reserves and provides statements on the types of reserves and current and predicted balances.

This strategy 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
February 2012

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

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

balances for the year, planned additions / withdrawals and the estimated closing balances.

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

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.

COUNCIL – 23 FEBRUARY 2012**EXTRACT FROM CABINET MINUTES – 6 FEBRUARY 2012****TREASURY MANAGEMENT STRATEGY 2012 TO 2015, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION 2012-2013**

Consideration was given to the report of the Director of Finance and Business Services concerning 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, the Annual Investment Strategy 2012/13, and the Annual Policy on Statement on Minimum Revenue Provision for the redemption of debt 2012/13.

The strategy included the Department for Communities and Local Government reporting requirements in accordance with the Local Government Investments Guidance under Section 15(1) of the Local Government Act 2001.

RESOLVED

That Council be recommended to approve the:-

1. Treasury Management Policy Statement (Appendix A of the report);
2. Treasury Management Strategy and the Minimum Revenue Provision Statement for 2012/13 (Appendix B of the report); and
3. Revisions to the Treasury Management Strategy for 2011/12.

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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
<u>Less</u> 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:

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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.

**Treasury Management Strategy Statement
and Investment Strategy 2012/13 to 2014/15**

Contents

- 1. Background**
- 2. Balance Sheet and Treasury Position**
- 3. Interest Rate Forecast**
- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. Annual Investment Strategy**
- 7. Balanced Budget Requirement**
- 8. 2012/13 MRP Statement**
- 9. Reporting on the Treasury Outturn**
- 10. Other Items**

Annexes

- A. Prudential Indicators**
- B. Interest Rate Outlook**
- C. Specified Investments for use by the Council**
- D. Non- Specified Investments for use by the Council**

1. **Background**

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.
- 1.2 CIPFA has defined Treasury Management as:
"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.3 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk is an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:
 - Liquidity Risk (Inadequate cash resources)
 - Market or Interest Rate Risk (Fluctuations in interest rate levels)
 - Inflation Risk (Exposure to inflation)
 - Credit and Counterparty Risk (Security of Investments)
 - Refinancing Risk (Impact of debt maturing in future years)
 - Legal & Regulatory Risk
- 1.4 The strategy also takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the Prudential Indicators (Annex A) and the outlook for interest rates (Annex B).
- 1.5 The purpose of this Treasury Management Strategy Statement is to approve:
 - 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:		
<i>Managed in-house</i>		
- Short-term monies (Deposits/ monies on call /MMFs)	3.0	23
- Long-term investments (maturities over 12 months)	-	-
<i>Managed externally</i>		
- 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 undertake 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 led 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. Other items

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.

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.

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.

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?
<ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies 	✓		2 yrs	25% in aggregate	No
Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments 	✓ (on advice from treasury advisor)	✓	10 years	75% in aggregate	No
Money Market Funds and Collective Investment Schemes but which are not credit rated	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	No
Government guaranteed bonds and debt instruments issued by corporate bodies	✓	✓	10 years	25%	Yes
Non-guaranteed bonds and debt instruments issued by corporate bodies	✓	✓	10 years	25%	Yes
Collective Investment Schemes (Pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573	✓ (on advice from treasury advisor)	✓	These funds do not have a defined maturity date	50%	Yes

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting:	23 rd February 2012
Report of:	Director of Finance and Business Services
Subject/Title:	Council Tax 2012/2013 – Statutory Resolution
Portfolio Holder:	Cllr Michael Jones

1.0 Report Summary

- 1.1 The Council, as a billing authority, is responsible for the billing and collection of Council Tax due from local taxpayers and must set the overall Council Tax level. This means that the authority also collects Council Tax income to cover not only its own services but also precepts set by other authorities.

The Council Tax levied is therefore made up of four elements:

- Cheshire East Borough Council element
- Parish Councils & Charter Trustees precepts
- Cheshire Police Authority precept
- Cheshire Fire Authority precept

2.0 Decision Requested

- 2.1 To set the Council Tax for the financial year 2012/2013, in accordance with the formal resolutions as shown in section 19 of the report.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2012/2013 for each of the categories of dwelling in the Council Tax area. This requirement is achieved by approving the statutory resolution shown in this report.
- 3.2 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

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 None.

**7.0 Financial Implications (Authorised by the Director of Finance and
Business Services)**

8.1 As covered in the report.

9.0 Legal Implications (Authorised by the Borough Solicitor)

9.1 As covered in the report.

10.0 Risk Management

10.1 The steps outlined in this report will address the main legal and financial risk to the Council's financial management in the setting of a legal Council Tax for 2012/2013.

11.0 Background

11.1 The Council Tax levied is made up of four elements as follows:

- the Council Tax Base for 2012/2013 - Appendix A.
- the statutory calculation required to arrive at the amount of Council Tax for each area in respect of Borough Council, Parish Council and Charter Trustees requirements - Appendices B and C.
- the precepts issued by Cheshire Police Authority and Cheshire Fire Authority under Section 40 of the Act – sections 16 and 17 of the report.
- the statutory calculation of the aggregate of the Borough Council, Parish Council, Charter Trustees, Cheshire Police Authority and Cheshire Fire Authority amount of Council Tax for each of the categories of the dwelling for each Council Tax area – Appendix D.

12.0 Council Tax Base

12.1 The Council Tax base for the year 2012/2013 is 146,807.37. A breakdown of the calculation by Parish and Charter Trustees area is shown in Appendix A.

13.0 General Fund Budget

13.1 On 6th February 2012 Cabinet recommended a General Fund Budget of £246,244,650. The budget is detailed in a separate report on the Council Agenda.

14.0 Cheshire East Borough Council Tax

14.1 The Council Tax Requirement for the Borough Council is £178,567,676.

14.2 The Band D Council Tax is therefore £1,216.34 (the requirement of £178,567,676 divided by the tax base of 146,807.37).

15.0 Parish Council and Charter Trustee Precepts

15.1 Each Parish Council and the Charter Trustees of Crewe and Macclesfield have notified the Council with its precept requirement for the year. The total amount of these special items is £4,428,344 which produces an average Band D Council Tax of £30.16.

16.0 Police Authority Precept

16.1 The precept demand issued by Cheshire Police Authority is £x which produces a Band D Council Tax of £x. This represents an increase of £x (x%). Cheshire Police Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H

17.0 Fire Authority Precept

17.1 The precept demand issued by Cheshire Fire Authority is £9,752,414 which produces a Band D Council Tax of £66.43. This represents an increase of £0 (0.00%). Cheshire Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
44.29	51.67	59.05	66.43	81.19	95.95	110.72	132.86

18.0 Total Council Tax

The average Council Tax to be charged to taxpayers in Band D can be summarised as follows:

Element	Charge
	£
Cheshire East Borough Council	1,216.34
Average for Parish Councils and Charter Trustees	30.16
Average Local Council Tax	1246.50
Cheshire Police Authority	x
Cheshire Fire Authority	66.43
Total Council Tax	x

19 Formal Resolution

19.1 That it be noted that on 15th December 2011 the Council calculated the Council Tax base 2012/2013

(a) for the whole Council area as 146,807.37.

(b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendices.

19.2 Calculate that the Council Tax requirement for the Council's own purposes for 2012/2013 (excluding Parish precepts) is £178,567,676.

19.3 That the following amounts be calculated for the year 2012/2013 in accordance with Sections 31 to 36 of the Act:

- a. £715,217,994 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- b. £532,221,974 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c. £182,996,020 being the amount by which the aggregate at 19.3(a) above exceeds the aggregate at 19.3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year.
- d. £1,246.50 being the amount at 19.3(c) above divided by the amount at 19.1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic

amount of its Council Tax for the year (including Parish precepts).

- e. £4,428,344 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- f. £1,216.34 being the amount at 19.3(d) above less the result given by dividing the amount at 19.3(e) above by the amount at 19.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g. Appendix A being the amounts calculated by the Council, in accordance with regulations 3 and 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its total council tax base for the year and council tax base for dwellings in those parts of its area to which one or more special items relate.
- h. Appendix B being the amounts given by adding to the amount at (f) above, the amounts of special items relating to dwellings in those parts of the Council's area mentioned above divided by in each case the appropriate tax base from Appendix A, calculated by the Council in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate. (Band D charges for each Parish and Charter Trustees area).
- i. Appendix C being the amounts given by multiplying the amount at (h) above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Local charges for all Bands).
- j. Appendix D being the aggregate of the local charges in (i) above and the amounts levied by major precepting authorities, calculated in accordance with Section 30(2) of the 1992 Act (The total Council Tax charge for each band in each Parish and Charter Trustees area).

19.4 To note that the Police Authority and the Fire Authority have issued precepts to Cheshire East Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as shown in sections 16 and 17 above.

19.5 Determine whether Cheshire East Council's basic amount of Council tax for 2012/2013 is excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

20.0 *Access to Information*

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

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COUNCIL TAX - TAX BASE 2012/2013 - by parish and charter trustees area

	Tax Base
Acton, Edleston, Henhull	195.73
Adlington	599.80
Agden	77.47
Alderley Edge	2,633.44
Alpraham	186.36
Alsager	4,548.24
Arclid	117.72
Ashley	159.55
Aston-by-Budworth	178.58
Audlem	941.85
Barthomley	97.68
Betchton	281.17
Bickerton, Egerton	155.32
Bollington	3,060.50
Bosley	196.84
Bradwall	83.13
Brereton	566.74
Brindley, Faddiley	147.06
Buerton	219.05
Bulkeley, Ridley	191.85
Bunbury	620.32
Burland	277.14
Calveley	130.42
Chelford	637.22
Cholmondeley, Chorley	127.79
Cholmondeston, Wettenhall	189.00
Chorley	259.11
Church Lawton	895.60
Church Minshull	208.57
Congleton	10,143.54
Cranage	617.55
Crewe (The Charter Trustees of Crewe)	14,893.09
Crewe Green	95.41
Disley	1,941.68
Dodcott-cum-Wilkesley	187.88
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	307.98
Eaton	180.39
Gawsworth	856.72
Goostrey	1,091.24
Great Warford	452.09
Handforth	2,418.78
Hankelow	127.20
Haslington	2,399.27
Hassall	109.16
Hatherton, Walgherton	235.37
Haughton	100.46
Henbury	332.10
High Legh	906.19
Higher Hurdfield	340.34
Holmes Chapel	2,430.22
Hough, Chorlton	846.29
Hulme Walfield & Somerford Booths	160.87
Kettleshulme	175.99
Knutsford	6,013.12
Little Bollington	86.69
Little Warford	37.07
Lower Peover	72.85
Lower Whithington	298.92

	Tax Base
Lyme Handley	72.76
Macclesfield (The Charter Trustees of Macclesfield)	19,079.51
Macclesfield Forest / Wildboardclough	114.08
Marbury-cum-Quoisley, Norbury, Wirswall	264.20
Marton	119.74
Mere	428.26
Middlewich	4,740.29
Millington	108.71
Minshull Vernon, Leighton, Woolstanwood	1,912.45
Mobberley	1,470.77
Moston	182.20
Mottram St Andrew	384.60
Nantwich	5,512.16
Nether Alderley	379.01
Newbold Astbury-cum-Moreton	349.03
Newhall	358.88
North Rode	123.78
Odd Rode	2,031.18
Ollerton / Marthall	298.09
Over Alderley	215.35
Peckforton	75.29
Peover Superior	391.10
Pickmere	374.35
Plumley with Toft and Bexton	396.20
Pott Shrigley	151.00
Poynton with Worth	6,058.36
Prestbury	2,113.50
Rainow	593.64
Rope	820.76
Rostherne	85.34
Sandbach	6,820.65
Shavington-cum-Gresty	1,673.57
Siddington	194.97
Smallwood	288.84
Snelson	83.02
Somerford	184.74
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	442.92
Spurstow	191.77
Stapeley, Batherton	1,358.66
Stoke, Hurlston	138.91
Styal	367.59
Sutton	1,175.07
Swettenham	167.81
Tabley	210.73
Tatton	10.63
Twemlow	93.89
Wardle	62.73
Warmingham	111.04
Weston, Basford	974.77
Willaston	1,302.22
Wilmslow	11,374.95
Windle	91.81
Wistaston	3,092.33
Worleston, Poole, Aston Juxta Mondrum	261.76
Wrenbury-cum-Frith	471.58
Wybunbury	614.11
TOTAL TAX BASE	146,807.37

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COUNCIL TAX - BAND D PER PARISH AND CHARTER TRUSTEES AREA 2012/2013

	£
Acton, Edleston, Henhull	1,240.86
Adlington	1,226.34
Agden	1,225.63
Alderley Edge	1,261.91
Alpraham	1,234.58
Alsager	1,275.70
Arclid	1,233.75
Ashley	1,235.14
Aston-by-Budworth	1,221.94
Audlem	1,256.19
Barthomley	1,226.58
Betchton	1,227.01
Bickerton, Egerton	1,229.22
Bollington	1,270.34
Bosley	1,232.19
Bradwall	1,232.58
Brereton	1,248.11
Brindley, Faddiley	1,229.94
Buerton	1,230.72
Bulkeley, Ridley	1,234.58
Bunbury	1,241.33
Burland	1,228.97
Calveley	1,235.51
Chelford	1,231.72
Cholmondeley, Chorley	1,231.99
Cholmondeston, Wettenhall	1,225.86
Chorley	1,234.26
Church Lawton	1,224.71
Church Minshull	1,228.33
Congleton	1,283.54
Cranage	1,232.53
Crewe (The Charter Trustees of Crewe)	1,219.55
Crewe Green	1,247.78
Disley	1,273.25
Dodcott-cum-Wilkesley	1,241.89
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	1,226.08
Eaton	1,244.27
Gawsworth	1,242.60
Goostrey	1,248.41
Great Warford	1,222.98
Handforth	1,251.48
Hankelow	1,239.92
Haslington	1,235.10
Hassall	1,234.66
Hatherton, Walgherton	1,224.84
Haughton	1,226.29
Henbury	1,234.41
High Legh	1,230.13
Higher Hurdfield	1,231.03
Holmes Chapel	1,257.87
Hough, Chorlton	1,237.02
Hulme Walfield & Somerford Booths	1,216.34
Kettleshulme	1,256.11
Knutsford	1,254.19
Little Bollington	1,227.88
Little Warford	1,224.43
Lower Peover	1,234.95
Lower Whithington	1,226.38

	£
Lyme Handley	1,216.34
Macclesfield (The Charter Trustees of Macclesfield)	1,217.85
Macclesfield Forest / Wildboarclough	1,216.34
Marbury-cum-Quoisley, Norbury, Wirswall	1,235.27
Marton	1,243.06
Mere	1,230.35
Middlewich	1,275.39
Millington	1,225.54
Minshull Vernon, Leighton, Woolstanwood	1,236.11
Mobberley	1,243.54
Moston	1,249.27
Motttram St Andrew	1,229.34
Nantwich	1,311.58
Nether Alderley	1,246.68
Newbold Astbury-cum-Moreton	1,239.20
Newhall	1,226.23
North Rode	1,234.52
Odd Rode	1,253.66
Ollerton / Marthall	1,243.18
Over Alderley	1,225.63
Peckforton	1,226.30
Peover Superior	1,241.91
Pickmere	1,251.07
Plumley with Toft and Bexton	1,233.87
Pott Shrigley	1,239.52
Poynton with Worth	1,262.90
Prestbury	1,239.55
Rainow	1,233.19
Rope	1,230.96
Rostherne	1,239.78
Sandbach	1,272.45
Shavington-cum-Gresty	1,246.68
Siddington	1,229.16
Smallwood	1,225.00
Snelson	1,240.43
Somerford	1,237.99
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	1,224.35
Spurstow	1,226.38
Stapeley, Batherton	1,221.49
Stoke, Hurlston	1,230.67
Styal	1,238.65
Sutton	1,233.49
Swettenham	1,259.54
Tabley	1,226.78
Tatton	1,216.34
Twemlow	1,245.63
Wardle	1,232.28
Warmingham	1,240.66
Weston, Basford	1,226.86
Willaston	1,230.16
Wilmslow	1,237.81
Windle	1,216.34
Wistaston	1,232.19
Worleston, Poole, Aston Juxta Mondrum	1,225.09
Wrenbury-cum-Frith	1,226.31
Wybunbury	1,234.82

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LOCAL COUNCIL TAX (BOROUGH + PARISH AND CHARTER TRUSTEES)

	VALUATION BAND							
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Acton, Edleston, Henhull	827.24	965.11	1,102.99	1,240.86	1,516.61	1,792.36	2,068.10	2,481.72
Adlington	817.56	953.82	1,090.08	1,226.34	1,498.86	1,771.38	2,043.90	2,452.68
Agden	817.08	953.27	1,089.45	1,225.63	1,497.99	1,770.36	2,042.71	2,451.26
Alderley Edge	841.27	981.48	1,121.70	1,261.91	1,542.34	1,822.76	2,103.18	2,523.82
Alraham	823.05	960.23	1,097.40	1,234.58	1,508.93	1,783.29	2,057.63	2,469.16
Alsager	850.46	992.21	1,133.95	1,275.70	1,559.19	1,842.68	2,126.16	2,551.40
Arclid	822.50	959.58	1,096.67	1,233.75	1,507.92	1,782.09	2,056.25	2,467.50
Ashley	823.42	960.66	1,097.90	1,235.14	1,509.62	1,784.10	2,058.56	2,470.28
Aston-by-Budworth	814.62	950.40	1,086.17	1,221.94	1,493.48	1,765.03	2,036.56	2,443.88
Audlem	837.46	977.03	1,116.61	1,256.19	1,535.35	1,814.50	2,093.65	2,512.38
Barthomley	817.72	954.00	1,090.29	1,226.58	1,499.16	1,771.73	2,044.30	2,453.16
Betchton	818.00	954.34	1,090.67	1,227.01	1,499.68	1,772.35	2,045.01	2,454.02
Bickerton, Egerton	819.48	956.06	1,092.64	1,229.22	1,502.38	1,775.54	2,048.70	2,458.44
Bollington	846.89	988.04	1,129.19	1,270.34	1,552.64	1,834.94	2,117.23	2,540.68
Bosley	821.46	958.37	1,095.28	1,232.19	1,506.01	1,779.83	2,053.65	2,464.38
Bradwall	821.72	958.67	1,095.63	1,232.58	1,506.49	1,780.40	2,054.30	2,465.16
Brereton	832.07	970.75	1,109.43	1,248.11	1,525.47	1,802.83	2,080.18	2,496.22
Brindley, Faddiley	819.96	956.62	1,093.28	1,229.94	1,503.26	1,776.58	2,049.90	2,459.88
Buerton	820.48	957.22	1,093.97	1,230.72	1,504.22	1,777.71	2,051.20	2,461.44
Bulkeley, Ridley	823.05	960.23	1,097.40	1,234.58	1,508.93	1,783.29	2,057.63	2,469.16
Bunbury	827.55	965.48	1,103.40	1,241.33	1,517.18	1,793.04	2,068.88	2,482.66
Burland	819.31	955.86	1,092.42	1,228.97	1,502.08	1,775.18	2,048.28	2,457.94
Calveley	823.67	960.95	1,098.23	1,235.51	1,510.07	1,784.63	2,059.18	2,471.02
Chelford	821.14	958.00	1,094.86	1,231.72	1,505.44	1,779.16	2,052.86	2,463.44
Cholmondeley, Chorley	821.32	958.21	1,095.10	1,231.99	1,505.77	1,779.55	2,053.31	2,463.98
Cholmondeston, Wettenhall	817.24	953.44	1,089.65	1,225.86	1,498.28	1,770.69	2,043.10	2,451.72
Chorley	822.84	959.98	1,097.12	1,234.26	1,508.54	1,782.82	2,057.10	2,468.52
Church Lawton	816.47	952.55	1,088.63	1,224.71	1,496.87	1,769.03	2,041.18	2,449.42
Church Minshull	818.88	955.37	1,091.85	1,228.33	1,501.29	1,774.26	2,047.21	2,456.66
Congleton	855.69	998.31	1,140.92	1,283.54	1,568.77	1,854.01	2,139.23	2,567.08
Cranage	821.68	958.63	1,095.58	1,232.53	1,506.43	1,780.33	2,054.21	2,465.06
Crewe	813.03	948.54	1,084.04	1,219.55	1,490.56	1,761.58	2,032.58	2,439.10
Crewe Green	831.85	970.49	1,109.14	1,247.78	1,525.07	1,802.35	2,079.63	2,495.56
Disley	848.83	990.30	1,131.78	1,273.25	1,556.20	1,839.14	2,122.08	2,546.50
Dodcott-cum-Wilkesley	827.92	965.91	1,103.90	1,241.89	1,517.87	1,793.85	2,069.81	2,483.78
Doddington, Blakenhall, Bridgemere, Checkley-cum-Wrinehill, Hunsterson, Lea	817.38	953.62	1,089.85	1,226.08	1,498.54	1,771.01	2,043.46	2,452.16
Eaton	829.51	967.76	1,106.02	1,244.27	1,520.78	1,797.28	2,073.78	2,488.54
Gawsworth	828.40	966.46	1,104.53	1,242.60	1,518.74	1,794.87	2,071.00	2,485.20
Goostrey	832.27	970.98	1,109.70	1,248.41	1,525.84	1,803.26	2,080.68	2,496.82
Great Warford	815.32	951.20	1,087.09	1,222.98	1,494.76	1,766.53	2,038.30	2,445.96
Handforth	834.32	973.37	1,112.43	1,251.48	1,529.59	1,807.70	2,085.80	2,502.96
Hankelow	826.61	964.38	1,102.15	1,239.92	1,515.46	1,791.00	2,066.53	2,479.84
Haslington	823.40	960.63	1,097.87	1,235.10	1,509.57	1,784.04	2,058.50	2,470.20
Hassall	823.10	960.29	1,097.47	1,234.66	1,509.03	1,783.40	2,057.76	2,469.32
Hatherton, Walgherton	816.56	952.65	1,088.75	1,224.84	1,497.03	1,769.22	2,041.40	2,449.68
Haughton	817.52	953.78	1,090.03	1,226.29	1,498.80	1,771.31	2,043.81	2,452.58
Henbury	822.94	960.09	1,097.25	1,234.41	1,508.73	1,783.04	2,057.35	2,468.82
High Legh	820.08	956.77	1,093.45	1,230.13	1,503.49	1,776.86	2,050.21	2,460.26
Higher Hurdsfield	820.68	957.47	1,094.25	1,231.03	1,504.59	1,778.16	2,051.71	2,462.06
Holmes Chapel	838.58	978.34	1,118.11	1,257.87	1,537.40	1,816.93	2,096.45	2,515.74
Hough, Chorlton	824.68	962.12	1,099.57	1,237.02	1,511.92	1,786.81	2,061.70	2,474.04
Hulme Walfield & Somerford Booths	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Kettleshulme	837.40	976.97	1,116.54	1,256.11	1,535.25	1,814.39	2,093.51	2,512.22
Knutsford	836.12	975.48	1,114.83	1,254.19	1,532.90	1,811.61	2,090.31	2,508.38
Little Bollington	818.58	955.02	1,091.45	1,227.88	1,500.74	1,773.61	2,046.46	2,455.76
Little Warford	816.28	952.33	1,088.38	1,224.43	1,496.53	1,768.63	2,040.71	2,448.86
Lower Peover	823.30	960.51	1,097.73	1,234.95	1,509.39	1,783.82	2,058.25	2,469.90
Lower Whithington	817.58	953.85	1,090.11	1,226.38	1,498.91	1,771.44	2,043.96	2,452.76
Lyme Handley	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Macclesfield	811.90	947.21	1,082.53	1,217.85	1,488.49	1,759.12	2,029.75	2,435.70
Macclesfield Forest / Wildboardclough	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Marbury-cum-Quoisley, Norbury								
Wirswall	823.51	960.76	1,098.02	1,235.27	1,509.78	1,784.28	2,058.78	2,470.54
Marton	828.70	966.82	1,104.94	1,243.06	1,519.30	1,795.54	2,071.76	2,486.12
Mere	820.23	956.94	1,093.64	1,230.35	1,503.76	1,777.18	2,050.58	2,460.70

LOCAL COUNCIL TAX (BOROUGH + PARISH AND CHARTER TRUSTEES)

	VALUATION BAND							
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Middlewich	850.26	991.97	1,133.68	1,275.39	1,558.81	1,842.23	2,125.65	2,550.78
Millington	817.02	953.20	1,089.37	1,225.54	1,497.88	1,770.23	2,042.56	2,451.08
Minshull Vernon, Leighton, Woolstanwood	824.07	961.42	1,098.76	1,236.11	1,510.80	1,785.50	2,060.18	2,472.22
Mobberley	829.02	967.20	1,105.37	1,243.54	1,519.88	1,796.23	2,072.56	2,487.08
Moston	832.84	971.65	1,110.46	1,249.27	1,526.89	1,804.51	2,082.11	2,498.54
Mottram St Andrew	819.56	956.15	1,092.75	1,229.34	1,502.53	1,775.72	2,048.90	2,458.68
Nantwich	874.38	1,020.12	1,165.85	1,311.58	1,603.04	1,894.51	2,185.96	2,623.16
Nether Alderley	831.12	969.64	1,108.16	1,246.68	1,523.72	1,800.76	2,077.80	2,493.36
Newbold Astbury-cum-Moreton	826.13	963.82	1,101.51	1,239.20	1,514.58	1,789.96	2,065.33	2,478.40
Newhall	817.48	953.73	1,089.98	1,226.23	1,498.73	1,771.23	2,043.71	2,452.46
North Rode	823.01	960.18	1,097.35	1,234.52	1,508.86	1,783.20	2,057.53	2,469.04
Odd Rode	835.77	975.07	1,114.36	1,253.66	1,532.25	1,810.85	2,089.43	2,507.32
Ollerton / Marthall	828.78	966.92	1,105.05	1,243.18	1,519.44	1,795.71	2,071.96	2,486.36
Over Alderley	817.08	953.27	1,089.45	1,225.63	1,497.99	1,770.36	2,042.71	2,451.26
Peckforton	817.53	953.79	1,090.04	1,226.30	1,498.81	1,771.33	2,043.83	2,452.60
Peover Superior	827.94	965.93	1,103.92	1,241.91	1,517.89	1,793.87	2,069.85	2,483.82
Pickmere	834.04	973.05	1,112.06	1,251.07	1,529.09	1,807.11	2,085.11	2,502.14
Plumley with Toft and Bexton	822.58	959.67	1,096.77	1,233.87	1,508.07	1,782.26	2,056.45	2,467.74
Pott Shrigley	826.34	964.07	1,101.79	1,239.52	1,514.97	1,790.42	2,065.86	2,479.04
Poynton with Worth	841.93	982.25	1,122.58	1,262.90	1,543.55	1,824.19	2,104.83	2,525.80
Prestbury	826.36	964.09	1,101.82	1,239.55	1,515.01	1,790.47	2,065.91	2,479.10
Rainow	822.12	959.15	1,096.17	1,233.19	1,507.23	1,781.28	2,055.31	2,466.38
Rope	820.64	957.41	1,094.19	1,230.96	1,504.51	1,778.06	2,051.60	2,461.92
Rostherne	826.52	964.27	1,102.03	1,239.78	1,515.29	1,790.80	2,066.30	2,479.56
Sandbach	848.30	989.68	1,131.07	1,272.45	1,555.22	1,837.99	2,120.75	2,544.90
Shavington-cum-Gresty	831.12	969.64	1,108.16	1,246.68	1,523.72	1,800.76	2,077.80	2,493.36
Siddington	819.44	956.01	1,092.59	1,229.16	1,502.31	1,775.46	2,048.60	2,458.32
Smallwood	816.66	952.78	1,088.89	1,225.00	1,497.22	1,769.45	2,041.66	2,450.00
Snelson	826.95	964.78	1,102.60	1,240.43	1,516.08	1,791.74	2,067.38	2,480.86
Somerford	825.32	962.88	1,100.43	1,237.99	1,513.10	1,788.21	2,063.31	2,475.98
Sound, Austerson, Baddiley, Baddington, Broomhall, Coole Pilate	816.23	952.27	1,088.31	1,224.35	1,496.43	1,768.51	2,040.58	2,448.70
Spurstow	817.58	953.85	1,090.11	1,226.38	1,498.91	1,771.44	2,043.96	2,452.76
Stapeley, Batherton	814.32	950.05	1,085.77	1,221.49	1,492.93	1,764.38	2,035.81	2,442.98
Stoke, Hurleston	820.44	957.19	1,093.93	1,230.67	1,504.15	1,777.64	2,051.11	2,461.34
Styal	825.76	963.39	1,101.02	1,238.65	1,513.91	1,789.17	2,064.41	2,477.30
Sutton	822.32	959.38	1,096.43	1,233.49	1,507.60	1,781.71	2,055.81	2,466.98
Swettenham	839.69	979.64	1,119.59	1,259.54	1,539.44	1,819.34	2,099.23	2,519.08
Tabley	817.85	954.16	1,090.47	1,226.78	1,499.40	1,772.02	2,044.63	2,453.56
Tatton	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Twemlow	830.42	968.82	1,107.23	1,245.63	1,522.44	1,799.25	2,076.05	2,491.26
Wardle	821.52	958.44	1,095.36	1,232.28	1,506.12	1,779.96	2,053.80	2,464.56
Warmingham	827.10	964.96	1,102.81	1,240.66	1,516.36	1,792.07	2,067.76	2,481.32
Weston, Basford	817.90	954.22	1,090.54	1,226.86	1,499.50	1,772.14	2,044.76	2,453.72
Willaston	820.10	956.79	1,093.47	1,230.16	1,503.53	1,776.90	2,050.26	2,460.32
Wilmslow	825.20	962.74	1,100.27	1,237.81	1,512.88	1,787.95	2,063.01	2,475.62
Wincle	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
Wistaston	821.46	958.37	1,095.28	1,232.19	1,506.01	1,779.83	2,053.65	2,464.38
Worleston, Poole, Aston Juxta Mondrum	816.72	952.85	1,088.97	1,225.09	1,497.33	1,769.58	2,041.81	2,450.18
Wrenbury-cum-Frith	817.54	953.79	1,090.05	1,226.31	1,498.83	1,771.34	2,043.85	2,452.62
Wybunbury	823.21	960.41	1,097.62	1,234.82	1,509.23	1,783.63	2,058.03	2,469.64

COUNCIL MEETING – 23RD FEBRUARY 2012**Extract from the Minutes of the Constitution Committee Meeting
on 26th January 2012****49 LOCAL SERVICE DELIVERY COMMITTEES**

The Committee at its meeting on 17th November 2011 had considered a report on proposed terms of reference for the Crewe and Macclesfield Local Service Delivery Committees. The Committee had also considered the following Notice of Motion by Councillor D Neilson, which had been referred by Council for consideration:

“In view of the consultative role of the Local Service Delivery Committee for Macclesfield, plus the request from the Cabinet in relation to precepting powers for the Committee and in order to enhance its mandate, to reflect opinion across the town, the Council requests the Constitution Committee to re-consider the Committee's composition, with a view to incorporating into its membership all elected Councillors for the unparished area.”

Having considered both matters, the Committee had resolved as follows:

“That Council be recommended to approve the revised terms of reference for the Local Service Delivery Committees as set out in the Appendix to the report, subject to the addition of the Leighton ward for the Crewe Committee.”

Council at its meeting on 15th December 2011, having considered the Committee's recommendation, referred the matter back to the Committee for further consideration, and requested a report back to the next meeting of the Council.

Councillors L Brown and K Edwards attended the meeting for this item and, at the invitation of the Chairman, spoke on the matter.

RESOLVED

That

- (1) Council be recommended that the memberships of the Local Service Delivery Committees for Macclesfield and Crewe be amended to comprise those members who represent the wards in the respective unparished areas;
- (2) subject to (3) below, the revised terms of reference for the Local Service Delivery Committees as set out in the Appendix to the report be recommended to Council, subject to the addition of the Leighton ward for the Crewe Committee; and
- (3) the Borough Solicitor be authorised, in consultation with the Chairman and Vice-Chairman, to make such further amendments to the terms of reference as are considered necessary and appropriate, and the amended

wording be circulated to all Members of the Committee and the visiting Members prior to submission to full Council for approval.

Note:

In accordance with recommendation (3) above, the following amended Terms of Reference have been agreed with the Chairman and Vice-Chairman of the Constitution Committee. Council is asked to approve the amended Terms of Reference.

“To consider and review the delivery of services and the transfer of assets within the relevant unparished area in accordance with the Council’s Policy for Local Service Delivery Arrangements , namely the transfer of assets and the devolution of local services to Town and Parish Councils within the Cheshire East area.

To consider and review the cost implications of both the delivery of services and the transfer of assets within the relevant unparished area in accordance with the Council’s Policy for Local Service Delivery arrangements.

To make recommendations to Cabinet on the level of service provision for those services and / or assets being considered as part of the Local Service Delivery arrangements within the relevant unparished area.

To consider and make recommendations to Cabinet on any necessity for, and the amount of, a special expense levy in the relevant unparished area to represent the cost of the Local Service Delivery arrangements and to ensure consistency with the arrangements in the Parished areas.”

CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 26th January 2012
Report of: Borough Solicitor
Subject/Title: Local Service Delivery Committees

1.0 Report Summary

- 1.1 The Committee is asked to give further consideration to this matter following reference back by Council.

2.0 Recommendation

- 2.1 That the Committee consider the matter and make an appropriate recommendation to Council.

3.0 Reasons for Recommendations

- 3.1 The Local Service Delivery Committees require Terms of Reference in order to operate effectively.
- 3.2 The Constitution Committee is required to consider the arrangements for the Local Service Delivery Committees and to formulate advice and report back to Council.

4.0 Wards Affected

Crewe

Crewe North
Crewe East
Crewe South
Crewe West
Crewe Central
Crewe St. Barnabas
Leighton

Macclesfield

Macclesfield West and Ivy
Macclesfield Hurdsfield
Broken Cross and Upton
Macclesfield South
Macclesfield Central
Macclesfield Tytherington
Macclesfield East

5.0 Local Ward Members

Crewe

Cllrs Grant, M Martin, Newton, Thorley, Flude, Hogben, Nurse, Sherratt, Faseyi, Cartlidge, Bebbington.

Macclesfield

Cllrs Andrew, Harewood, Boston, L Brown, Hardy, Jeuda, Druce, K Edwards, Jackson, Murphy, Roberts, Neilson.

6.0 Policy Implications (including carbon reduction and health)

- 6.1 The Council's agreed arrangements must be clearly documented in the Constitution.

7.0 Financial Implications

- 7.1 No such implications arise from the proposals contained in this report.

8.0 Legal Implications

- 8.1 Once agreed, the arrangements will be included in the Constitution which can be amended by Council, following a recommendation of the Committee.

9.0 Risk Management

- 9.1 No risks would appear to arise from the proposals contained in this report.

10.0 Background and Options

- 10.1 The Committee considered the attached report at its meeting on 17th November 2011 and resolved as follows:

"That Council be recommended to approve the revised terms of reference for the Local Service Delivery Committees as set out in the Appendix to the report, subject to the addition of the Leighton ward for the Crewe Committee."

Council at its meeting on 15th December 2011, having considered the Committee's recommendation, resolved as follows:

"That this matter be referred back to the Constitution Committee for further consideration, with a report back to the next meeting of the Council."

11.0 Access to Information

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

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Designation: Senior Democratic Services Officer

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CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 17th November 2011
Report of: Borough Solicitor
Subject/Title: Local Service Delivery Committees Terms of Reference/membership

1.0 Report Summary

- 1.1 Council approved the constitution of two Local Service Delivery Committees for the unparished areas of Crewe and Macclesfield, whose membership should be constituted on a proportionate basis 'to make representations to Cabinet and Council about the delivery of local services in the area and to monitor local services where a town or parish council acting under local devolution arrangements would have been expected to do so (but not otherwise)'.
- 1.2 At the first meeting of each of the Committees consideration was given to the Terms of Reference, which the Committees would operate under. The draft Terms of Reference, are appended to the report. The first paragraph has been amended slightly, to reflect the current position with regard to membership, which is currently on a politically proportionate basis. Each Committee gave consideration to the draft Terms of Reference and suggested the following changes:

Crewe Committee

- 1.3 The original resolution made by Council in respect of the membership of the Committee (i.e. that Ward Members representing the un-parished areas of Crewe be appointed) had been superseded by the resolution made by Council on 15 December 2010, which resolved that the Committee be appointed on a politically proportionate basis. The current membership of 4 Conservative, 1 Labour and 2 Independents reflects this decision. It was also noted that Leighton should also have been included in the list of wards affected, as a small proportion of the ward fell outside the parish boundary. The Committee resolved that, subject to the wording relating to membership of the Committee being amended to reflect the political proportionality of the Council and the inclusion of Leighton in the wards affected, that the Terms of Reference for the Local Service Delivery Committee (Crewe) be recommended to Council for approval.

Macclesfield Committee

- 1.4 With regard to the positions of Chairman and Vice-Chairman there was agreement that the Committee should nominate the Chairman and Vice-

chairman, rather than nominations coming via the political groups and it was, recommended that this be added to the proposed Terms of Reference.

- 1.5 It was agreed that the process for speaking at Committee meetings would be that Members of the Committee would be invited to speak on a matter in the first instance, followed by Participating/Ward Members. In the light of the above, it was agreed that the following additions be made to the proposed Terms of Reference:

- That the nomination and appointment of the Chairman and the Vice-Chairman of the Committee be a function of the Committee.
- That the procedure for Participating Members be that they be invited to speak and to participate, after Committee Members, but prior to any decisions being taken. (Note - The Crewe Committee also agreed to adopt this approach and it is, therefore, suggested that it would be appropriate to include this in the terms of reference for both Committees).

Notice of Motion Relating to Membership of the Local Service Delivery Committee (Macclesfield)

- 1.6 At the meeting of the Council held on 13 October 2011, it was resolved that the following Notice of Motion, submitted by Councillors D Neilson and B Murphy, should stand referred to the Constitution Committee for consideration:
- 1.7 “In view of the consultative role of the Local Service Delivery Committee for Macclesfield, plus the request from the Cabinet in relation to precepting powers for the Committee and in order to enhance its mandate, to reflect opinion across the town, the Council requests the Constitution Committee to re-consider the Committee's composition, with a view to incorporating into its membership all elected Councillors for the unparished area.”
- 1.8 If the above change to membership is agreed, it will not be necessary to include details of the procedure/order of speaking in the Terms of Reference, as recommended by the Local Service Delivery Committee (Macclesfield), as all Councillors for the unparished area would be members of the Committee.

2.0 Recommendation

2.1 That

- (1) the Committee recommend to Council that the Terms of Reference be approved and consider whether to also recommend the changes suggested by the Local Service Delivery Committees for Crewe and Macclesfield.
- (2) the Committee decide whether to recommend to Council that the membership of the Local Service Delivery Committee (Macclesfield)

should be amended to comprise all elected Councillors for the unparished area, as proposed in the above Notice of Motion to Council.

3.0 Reasons for Recommendations

- 3.1 The Committees require Terms of Reference in order to operate effectively.
- 3.2 The Constitution Committee is required to consider the Notice of Motion, as submitted and to formulate advice and report back to Council.

4.0 Wards Affected

Crewe

Crewe North
Crewe East
Crewe South
Crewe West
Crewe Central
Crewe St. Barnabas
Leighton

Macclesfield

Macclesfield West and Ivy
Macclesfield Hurdsfield
Broken Cross and Upton
Macclesfield South
Macclesfield Central
Macclesfield Tytherington
Macclesfield East

5.0 Local Ward Members

Crewe

Cllrs Grant, M Martin, Newton, Thorley, Flude, Hogben, Nurse, Sherratt, Faseyi, Cartlidge, Bebbington.

Macclesfield

Cllrs Andrew, Harewood, Boston, L Brown, Hardy, Jeuda, Druce, K Edwards, Jackson, Murphy, Roberts, Neilson.

6.0 Policy Implications (including carbon reduction and health)

- 6.1 The Council's agreed arrangements must be clearly documented in the Constitution.

7.0 Financial Implications

- 7.1 No such implications arise from the proposals contained in this report.

8.0 Legal Implications

- 8.1 Once agreed, the arrangements will be included in the Constitution which can be amended by Council, following a recommendation of the Committee.

9.0 Risk Management

- 9.1 No risks would appear to arise from the proposals contained in this report.

10.0 Background and Options

- 10.1 The Committee will need to consider the options as set out in the decision requested and consider whether to recommended the proposed changes to the draft terms of Reference, as suggested by the Local Service Delivery Committees and the change in membership arrangements for the Macclesfield Committee, as proposed in the Notice of Motion, as set out in paragraph 1.2 of the report.

11.0 Access to Information

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

Name: Julie North

Designation: Senior Democratic Services Officer

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LOCAL SERVICE DELIVERY COMMITTEES - TERMS OF REFERENCE

Council has agreed that two Local Service Delivery Committees be constituted for the unparished areas of Crewe and Macclesfield, whose membership shall be constituted on a politically proportionate basis 'to make representations to Cabinet and Council about the delivery of local services in the area and to monitor local services where a town or parish council acting under local devolution arrangements would have been expected to do so (but not otherwise)'.

Membership

The Committees will be appointed at the Annual meeting of the Council.

Other Ward Members for the unparished areas, who are not members of the Committee will receive copies of all agenda papers and will be invited to participate.

Wards Affected**Crewe**

Crewe North
Crewe East
Crewe South
Crewe West
Crewe Central
Crewe St. Barnabas

Macclesfield

Macclesfield West and Ivy
Macclesfield Hurdsfield
Broken Cross and Upton
Macclesfield South
Macclesfield Central
Macclesfield Tytherington
Macclesfield East

Proposed Terms of Reference

1. To consider the delivery of services in the relevant unparished area in relation to those services or asset types being transferred or devolved, as part of the overall local delivery arrangements across Cheshire East, consistent with the parished areas.
2. To consider the cost implications of the delivery of services or cost of assets in the relevant unparished area consistent with the agreed policy in parished areas.

3. To consider the cost and delivery implications in the context of a potential special expenses levy in the unparished area to represent the cost of delivery to provide consistency across Cheshire East
4. To make recommendations to Cabinet on the level of service provision for those services/assets being considered as part of the local delivery arrangements (in parished areas)
5. To make recommendations to Cabinet on any special expenses levy arising from point 4 above.

COUNCIL MEETING – 23RD FEBRUARY 2012**Extract from the Minutes of the Constitution Committee Meeting
on 26th January 2012****47 PROPOSED AMENDMENTS TO THE COUNCIL'S FINANCE AND
CONTRACT PROCEDURE RULES**

The Committee considered proposed amendments to the Finance and Contract Procedure Rules, which formed part of the Council's Constitution.

The report sought approval for proposed amendments to the Foreword and Sections A, B, C and D of the Rules. Section E (Contract Procedure Rules) had already been approved and Section F would be considered at a later date.

The amendments sought to reflect the recent changes made to the Officer Scheme of Delegation and to improve the alignment of the Finance and Contract Procedure Rules, in terms of wording and content, with other parts of the Constitution. The amendments also took into account updated national best practice recommendations and changes to the way the Council operated. Finally, the amendments had included clarification of ring-fenced budgets and schemes of financial delegation.

The proposed amendments had been endorsed by the Constitution Task Group at its meeting on 16th December 2011. In addition, the Task Group had agreed a number of further amendments, which had been incorporated into the amended Rules.

RESOLVED

That the amended Finance and Contract Procedure Rules be recommended to Council and the Constitution be amended accordingly.

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CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 26th January 2012
Report of: Director of Finance and Business Services
Subject/Title: Proposed Amendments to the Council's Finance and Contract Procedure Rules

1.0 Report Summary

- 1.1 This report seeks approval from the Committee for proposed amendments to the Foreword and Sections A, B, C and D of the Council's Finance and Contract Procedure Rules, and a recommendation to the Council for their endorsement.

2.0 Recommendation

- 2.1 That the amended Finance and Contract Procedure Rules (as set out in Appendix 1) be recommended to Council for approval and the Constitution be amended accordingly.

3.0 Reasons for Recommendations

- 3.1 The Finance and Contract Procedure Rules form Part E of the Council's Constitution.
- 3.2 The amendments set out in this report have been proposed in order to reflect the recent interim changes made to the Council's Officer Scheme of Delegation; and to generally improve the alignment of the Finance and Contract Procedure Rules, in terms of wording and content, with other parts of the Constitution. The amendments also take into account updated national best practice recommendations and changes to the way the Council operates. Some minor re-wording has also been undertaken to clarify points which have given rise to interpretational ambiguity and to improve clarity and readability.
- 3.3 At its meeting on 17th November 2011, the Constitution Committee appointed a Task Group of five members to consider and advise on detailed changes to the Finance Procedure Rules. The Task Group met on 16th December to review the proposed changes and agreed a number of further amendments, which have now been incorporated. The minutes of the Constitution Task Group are attached for information in Appendix 2.
- 3.4 Sections E and F of the Finance and Contract Procedure Rules have been excluded from this update. Changes to Section E (Contract Procedure Rules) were considered and agreed by Council at their meeting on 12th October 2011. Section F (External Arrangements) is currently being reviewed and proposals for amendments to this section will be brought forward at a later date.

4.0 Wards Affected

4.1 Not applicable

5.0 Local Ward Members

5.1 Not applicable

6.0 Policy Implications (including carbon reduction and health)

6.1 None identified

7.0 Financial Implications (authorised by Director of Finance and Business Services)

7.1 The Finance and Contract Procedure Rules set out the arrangements for managing the Council's financial affairs and are a key element of the overall governance and control framework. They apply to every Member and officer of the Council and anyone acting on its behalf, including School Governors operating under local delegation arrangements.

7.2 Compliance with the provisions of the Finance and Contract Procedure Rules is essential in ensuring the security of Council assets and the appropriate and lawful use of resources. It is also essential in maintaining appropriate standards of stewardship and accountability and in demonstrating value for money for local tax payers and other stakeholders.

8.0 Legal Implications (authorised by Borough Solicitor)

8.1 Any changes to the Constitution need to be agreed by the Council following a recommendation from the Constitution Committee. Any changes which are proposed also need to comply with the relevant statutory requirements.

9.0 Risk Management

9.1 The Council is undergoing continual change both in terms of the way it works and the climate in which it operates. It is essential that there is a clear framework of rules in place to guide officers and Members in both their financial and operational decision making, in order to ensure proper control and to safeguard both the reputation and the resources of the Council and its employees.

9.2 The Finance and Contract Procedure Rules provide this guidance and give assurance both to the Council and its stakeholders with regard to proper financial management. They are an important control in mitigating against the risk of fraud and misappropriation as well as waste, inefficiency and poor decision making. In order to be effective however, they need to be regularly reviewed and updated so that they remain relevant and usable, and reflect best practice developments at local and national level.

- 9.3 Section C of the Finance and Contract Procedure Rules deals specifically with Risk Management and the Control of Resources and establishes the key principles for wider risk management practice across the Council.

10.0 Background and Options

- 10.1 The current version of the Finance and Contract Procedure Rules was developed during the shadow period leading up to 1 April 2009 launch of Cheshire East Council. It was modelled on the Good Practice Guide issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2001.
- 10.2 No significant changes to the original Rules have been made since 2009 and in general they have provided a robust and effective framework for financial decision making and financial management. The amendments currently proposed do not therefore, seek to introduce any fundamental changes either to the underlying principles of the Finance and Contract Procedure Rules or to the financial limits and thresholds which apply to key decisions.
- 10.3 The changes proposed fall broadly into three main categories:-

Amendments required to align the Finance and Contract Procedure Rules with the overall Constitution

- 10.4 Following recent changes to the Council's senior management and directorate structure a number of amendments to the Officer Scheme of Delegation were agreed by Council in October, including changes to job titles and service responsibilities. The amended Finance and Contract Procedure Rules included at Appendix 1 have been updated to reflect these changes, so that for example, references to the 'Borough Treasurer and Head of Assets' have been replaced by 'Director of Finance and Business Services', in order to maintain consistency.
- 10.5 The opportunity has also been taken to redraft the summary of financial responsibilities set out in Section A of the Finance and Contract Procedure Rules, so that the wording aligns with that included in Part 3 of the Constitution, which sets out the Responsibility for Functions at both officer and Member level. This eliminates a number of unintended, and potentially confusing, anomalies between the wording in separate parts of the Constitution, and also removes some unnecessary duplication.

Amendments to reflect changes in Council operation and national best practice recommendations

- 10.6 The key changes here relate to Section B, where the overview section and regulations B4 to B6 have been updated to reflect recent changes to the Council's strategic planning framework, following the introduction of a revised approach to Business Planning; and Section C, where regulations C37 to C41 have been updated to reflect the role of the Corporate Landlord.
- 10.7 In line with national best practice recommendations, regulation A19 has also been updated to include reference to recently published CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Amendments to improve general clarity and readability

10.8 Since the Finance and Contract Procedure Rules came into effect, a number of presentational issues in terms of wording, typography and grammar have come to light. Whilst they do not materially detract from the usability of the overall document, they do cause frustration and occasionally interpretational uncertainties. The opportunity has therefore, been taken to correct as many of these discrepancies as possible, so that terminology is clearer and more consistent. Once all sections of the Finance and Contract Procedure Rules have been updated a comprehensive review of the Glossary of Terms/Definitions and Contents lists will be undertaken to further improve readability and interpretation.

10.9 Beyond this general proof editing, the following specific areas of clarification have been addressed:-

Ring-fenced budgets - an additional sub-paragraph has been added to regulation A31 to explain the nature of ring-fenced budgets and the restrictions that apply to their management. This addresses an omission in the current version of the Finance and Contract Procedure Rules, which refer to 'ringfenced budgets' (in a footnote to the table of approval limits for virements included at A32), but without a proper definition of this term.

Schemes of Financial Delegation - regulation A24-A27 have been redrafted with a view to distinguishing more clearly between local Schemes of Delegation, which document the assignment of functions and general decision making powers from the Corporate Management Team to Heads of Service and other subordinate officers; and Schemes of Financial Delegation, which are intended to set out approval responsibilities and limits for specific financial and budgetary transactions.

This distinction is not generally well understood, and the proposed revisions are intended to provide greater clarity and eliminate any potential confusion.

10.10 The changes outlined above were endorsed by the Constitution Task Group at its meeting on 16th December. In addition, the Task Group agreed a number of further amendments, which are set out in the minutes attached at Appendix 2. The Finance and Contract Procedure Rules included at Appendix 1 have been updated accordingly, with the key changes highlighted for ease of reference.

11.0 Access to Information

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

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FINANCE AND CONTRACT PROCEDURE RULES



APPENDIX 1

**FINANCE AND CONTRACT
PROCEDURE RULES**

**Proposed revisions to Foreword &
Sections A- D (January 2012)**



FINANCE AND CONTRACT PROCEDURE RULES

Foreword

- 1 Finance and Contract Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf, including School Governors operating under local delegation arrangements
- 2 The Rules identify the financial responsibilities of the full Council, Cabinet, Overview and Scrutiny Members, statutory officers and the Corporate Management Team. Cabinet Members and the Corporate Management Team **must** maintain a written record where decision making has been delegated to Members of their staff, including seconded staff.
- 3 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 4 The Director of Finance and Business Services is responsible for maintaining a continuous review of the Finance and Contract Procedure Rules and submitting any additions or changes necessary to the full Council for approval. The Director of Finance and Business Services is also responsible for reporting, where appropriate, breaches of the Finance and Contract Procedure Rules to the Council and/or to the Cabinet Members.
- 5 Corporate Management Team are responsible for ensuring that all staff in their Services are aware of the existence and content of the Council's Finance and Contract Procedure Rules and other internal regulatory documents and that they comply with them, as required by the Council's Code of Conduct for Employees. Failure to comply with the Code of Conduct will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.. They must also ensure that an adequate number of copies are available for reference within their Services.
- 6 The Director of Finance and Business Services, as Section 151 Officer, is responsible for issuing advice and guidance to underpin the Finance and Contract Procedure Rules that Members, officers and others acting on behalf of the Council are required to follow. Internal Audit provides assurance to the Section 151 Officer with regard to the effectiveness of the Council's internal control environment. The Internal Audit Manager reports to the Director of Finance and Business Services



FINANCE AND CONTRACT PROCEDURE RULES

- 7 The Rules set out the framework for managing the Council's financial affairs and although they can not cover every eventuality, the spirit of the Rules must always be followed. Where there is any uncertainty in matters of interpretation, you are advised to consult the Director of Finance and Business Services, the Internal Audit Manager and/or the Monitoring Officer. You are also advised to consult the Employee Code of Conduct or Members Code of Conduct .



FINANCE AND CONTRACT PROCEDURE RULES

A Financial Management

Why is this important?

Financial Management covers all financial accountabilities in relation to the running of the Council, including the policy framework and budget.

What's covered in this Section?

The roles and responsibilities of:

- The full Council
- The Cabinet
- The committees of the Cabinet
- The statutory officers
- The Corporate Management Team

Other financial accountabilities:

- Virement
- Supplementary estimates
- Treatment of year end balances
- Accounting policies
- Accounting records and returns
- The Annual Statement of Accounts



FINANCE AND CONTRACT PROCEDURE RULES

The Full Council

- A.1** The responsibilities of the full Council are set out in Chapter 4 and Part 3 of the Constitution. In respect of financial matters, this includes approving the Policy Framework and Budget within which the Cabinet operates.
- A.2** The Budget comprises the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax base and Council Tax rate, and decisions relating to the control of the Council's borrowing requirement, the control of capital expenditure and the setting of virement limits.

The Cabinet

- A.3** The Cabinet's responsibilities , in respect of financial matters include :-
- Developing and reviewing the Council's plans and policies.
 - Advising on budget setting.
 - Ensuring proper arrangements exist for the effective and efficient management of the Council's executive affairs.
 - Monitoring and auditing the lawful, proper and efficient conduct of the Council's financial affairs, including the extent to which budgets and financial policies are being met and any appropriate remedial action.
 - Ensuring officers exercising delegated powers on behalf of the Cabinet discharge their responsibilities efficiently and effectively.

Cabinet Members

- A.4** Individual Cabinet Members or Portfolio Holders have specific decision making powers which are set out in Part 3 of the Council's Constitution. Cabinet Members responsibilities in respect of financial matters include:-
- The proper administration of the Council's services.
 - Ensuring adequate staffing, premises and other resources to secure agreed standard and target outcomes within the scope of their portfolio.



FINANCE AND CONTRACT PROCEDURE RULES

- The efficient use and day to day maintenance of Council premises.
- Ensuring budget control and financial monitoring within the scope of their portfolio.
- Submitting to the Cabinet, annual estimates of expenditure and income in respect of services within their portfolio.
- Making recommendations to the Cabinet in respect of strategic policy concerning matters within their portfolio.

A.5

Cabinet Members must consult with relevant officers before exercising their delegated decision making powers. In doing so, the individual Member must take account of legal and financial liabilities and risk management issues that may arise from the decision.

Committees

Overview and Scrutiny Committees

A.6

Overview and Scrutiny Committees are responsible for discharging the Council's functions under Section 21 of the Local Government Act 2000, including:-

- scrutinising Cabinet decisions before or after they have been implemented;
- undertaking general policy reviews and making recommendations in respect of the development of future policies and strategies.
- establishing task and finish reviews as they see fit.

Audit and Governance Committee

A.7

The Audit and Governance Committee has right of access to all the information it considers necessary and can consult directly with internal and external auditors.

A.8

The committee is responsible for :

- Overseeing the Council's role and responsibilities in respect of Corporate Governance and Audit.
- Supporting the Council's audit function, both internal and external.
- Supporting the Chief Financial Officer in relation to the



FINANCE AND CONTRACT PROCEDURE RULES

performance of their duties.

- Approving any Council Statement of Accounts as may be required by the relevant Account and Audit Regulations.
- Reviewing and approving the Annual Governance Statement.
- Ensuring the Council's Risk Management arrangements are operating effectively.
- Ensuring the Council has in place appropriate policies and mechanisms to safeguard resources.

Standards Committee

A.9 The Standards Committee is established by the full Council and its responsibilities include:-

- promoting and maintaining high standards of ethical behaviour by developing, maintaining and monitoring codes of Conduct for Members of the Council and its employees.
- promoting high standards of responsiveness by the Council to its clients and contacts.

Statutory Officers

Head of Paid Service (Chief Executive)

A.10 The Chief Executive is the Head of the Council's Paid Service. The responsibilities of the Chief Executive are set out in full in Part 3 of the Council's Constitution, they include:-

- Leading and directing the strategic management of the Council.
- Ensuring the effective pursuit and achievement of the Council's objectives.
- Ensuring the Council's activities are carried out with maximum effectiveness and efficiency.

A.11 The Chief Executive must report to and provide information for the Cabinet, the full Council, the Overview and Scrutiny Committees and other committees.

Monitoring Officer

A.12 The Borough Solicitor is the Council's Monitoring Officer pursuant to Section 5 and 5A of the Local Government and Housing Act 1989 (as amended) and is responsible for exercising the functions of that role,



FINANCE AND CONTRACT PROCEDURE RULES

This includes reporting, in consultation with the Chief Executive and Director of Finance and Business Services, to the full Council (or to the Executive in relation to an Executive function), if he or she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to a finding of maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. Cabinet

- A.13** The Borough Solicitor must ensure that Cabinet decisions and the reasons for them are made public. He or she must also ensure that Council Members are aware of decisions made by the Cabinet and of those made by officers who have delegated responsibility.
- A.14** The Borough Solicitor is responsible for advising all Members and officers about who has authority to take a particular decision.
- A.15** The Borough Solicitor is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the Policy Framework.
- A.16** The Borough Solicitor (together with the Director of Finance and Business Services) is responsible for advising the Cabinet or full Council about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:
- initiating a new policy which may have financial implications;
 - committing expenditure in future years to above the budget level;
 - agreeing budget transfers above virement limits;
 - causing the total expenditure financed from Council tax, grants and corporately held reserves to increase, or to increase by more than a significant amount ("Significant" to be defined by the Director of Finance and Business Services or their representative).
- A.17** The Borough Solicitor is responsible for maintaining an up-to-date Constitution.

Responsible Financial Officer

- A.18** The Director of Finance and Business Service is the financial adviser to the Council, the Cabinet and officers and is the Council's 'responsible financial officer' under the Accounts and Audit Regulations. He or she is



FINANCE AND CONTRACT PROCEDURE RULES

responsible for the proper administration of the Council's affairs as specified in, and undertaking the duties required by, Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989, the Local Government Act 2003 and all other relevant legislation.

A.19

The Director of Finance and Business Services is responsible generally, for discharging, on behalf of Cheshire East Council, the responsibilities set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government , including :-

- in conjunction with the other Corporate Management Team, the proper administration of the Council's financial affairs;
- setting and monitoring compliance with financial management standards.
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- providing financial information
- preparing the revenue budget and capital programme
- treasury management.

A.20

Section 114 of the Local Government Finance Act 1988 includes a requirement for the Director of Finance and Business Services to report to the full Council, Cabinet and external auditor if the Council or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council
- is about to make an unlawful entry in the Council's accounts.

Section 114 of the 1988 Act also requires:

- the Director of Finance and Business Services to nominate a properly qualified Member of staff to deputise should he or she be unable to perform the duties under section 114 personally. The designated deputy for this purpose is the Finance Manager.
- the Council to provide the Director of Finance and Business Services with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to



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carry out the duties under section 114.

Money Laundering Reporting Officer

- A.21** The Director of Finance and Business Services is appointed as the Council's Money Laundering Reporting Officer and will maintain and advise on Anti-Money Laundering procedures.
- A.22** They will be responsible for notifying the Serious Organised Crime Agency (SOCA) of any suspected cases of money laundering committed within the accounts of the Council as soon as possible and fulfil other duties as defined by legislation or regulation related to the post. Simultaneously, the Resources Portfolio Holder will be kept informed of any notifications to SOCA and of any issues arising from them.

Corporate Management Team

- A.23** The officer management arrangements for the Council are overseen by a Corporate Management Team comprising the Chief Executive, the Strategic Director (Places and Organisational Capacity), the Strategic Director (Children, Families and Adults), the Head of Human Resources and Organisational Development, the Director of Finance and Business Services, and the Borough Solicitor. Each member of the Corporate Management Team is accountable to the Chief Executive for leading the Services within his or her area of responsibility and ensuring that the Services are managed in accordance with the objectives, plans, policies programmes, budgets and processes of the Council.
- A.24** Within these arrangements, powers are delegated to Corporate Management Team members, who will establish, operate and keep under review Local Schemes of Delegation, to cascade powers and responsibilities to Heads of Service and other subordinate officers. Every such sub-delegation will be recorded in writing within a Local Scheme of Delegation. The sub-delegation of functions shall not in any way diminish the overall responsibility and accountability of the delegator.
- A.25** Corporate Management Team members are responsible for financial management within their directorates. They shall manage the development of budget policy options with a detailed assessment of financial implications within the budget process and resource framework agreed by the Council.



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Schemes of Financial Delegation

A.26 Corporate Management Team members will establish, operate and keep under review Local Schemes of Delegation, in consultation with the Director of Finance and Business Services, to ensure that:-

- The day to day financial management of services within their directorate is carried out in a secure, efficient and effective manner, and in accordance with the Finance Procedure Rules and associated relevant guidance.
- Budgetary problems are contained wherever possible, within the directorate, and if necessary, specific in year approval for the transfer of resources between budgets is sought.
- Reports are made to the appropriate bodies on the management of resources and performance against targets set out in the business plan.
- Risks are appropriately assessed, reviewed and managed.
- All members of staff are fully trained, aware of and comply with the requirements of Financial Procedure Rules, including the Contract Procedure Rules.
- All allegations of suspected fraud, corruption and financial irregularity are promptly reported to the Director of Finance and Business Services and Borough Solicitor, and that any local investigations are undertaken thoroughly, consistently and impartially.

A27 Schemes of Financial Delegation will set out all financial responsibilities and approval limits as delegated by the Corporate Management Team to Heads of Service, and any sub-delegations within services. Authorised Officers are those officers given specific delegated authority by their Head of Service as documented in that service's Scheme of Financial Delegation. The financial limits specified in the Scheme of Financial Delegation will be used to control access to financial systems and on-line transaction approvals.

Managing Expenditure

Scheme of Virement

A.28 A virement constitutes the movement of existing approved budgets from one area to another and is not an increase in overall budgets through



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the addition of new monies.

- A.29** The Scheme of Virement is intended to enable the Cabinet, Corporate Management Team and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the full Council, and therefore to optimise the use of resources.
- A.30** The full Council is responsible for agreeing procedures for virement of expenditure between budget headings.
- A.31** Corporate Management Team are responsible for agreeing in-year virements within delegated limits, in consultation with the Director of Finance and Business Services where required.

Key controls for the scheme of virement are:

(a) It is administered by the Director of Finance and Business Services within guidelines set by the full Council. Any variation from this scheme requires the approval of the full Council

(b) The overall budget is agreed by the Cabinet and approved by the full Council. Corporate Management Team and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget. Income received cannot be used to defray expenditure. The rules below cover virement; that is, switching resources between approved estimates or heads of expenditure. For the purposes of this scheme, a budget head is considered to be a division of service as identified in the approved Budget Report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis.

(c) Virement does not create additional overall budget liability. Corporate Management Team are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should aim to avoid supporting recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Corporate Management Team must plan to fund such commitments from within their own budgets.

(d) The Director of Finance and Business Services may determine that specific budgets are 'ringfenced' for budget management purposes. This means that they may only be used for the approved purpose and



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are exempt from the normal scheme of virement. Resources may not be vired into or out of ringfenced budgets and any year-end under or overspends are not available for carry forward.

A.32

Approval limits for virements are as follows:

Approval Level	Virement Amount/Percentage
Head of Service	Up to £100,000 or 10% of their net Service budget, whichever is the lowest. (Revenue)
Corporate Management Team	Greater than 10% of a net Service budget but less than £100,000 (Revenue) Up to £100,000 between net Service budgets (Revenue) within their area of responsibility Up to £100,000 funded from underspends within the approved Service budget (Capital)
Corporate Management Team in consultation with Resources Portfolio Holder	Over £100,000 and up to and including £500,000 (Revenue/Capital)
Cabinet Members	Over £500,000 and up to and including £1,000,000 (Revenue/Capital)
Council	<ul style="list-style-type: none"> ▪ £1,000,000 or more; and/or ▪ Significant ongoing financial implications; and/or ▪ Significant policy change. (Revenue/Capital) “Significant” to be defined by the Director of Finance and Business Services or their representative.

- No virements are permitted from ringfenced budgets.

Supplementary Estimates

A.33

Where services wish to undertake an activity not originally identified in the budget or extend an existing capital scheme where additional income or ringfenced funding becomes available in year, approval must be sought for a fully funded supplementary capital or revenue estimate in accordance with A36 below. The Director of Finance and Business Services must be consulted to establish that the funding identified can be legitimately linked to the expenditure in question.



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- A.34** Any request for a supplementary capital or revenue estimate for £1,000,000 or more, whether or not it is fully funded, must be approved by Council.
- A.35** Supplementary estimates which are not fully funded and are to be met from reserves or balances or general purpose funding (i.e Council tax or non-ringfenced grant) regardless of value, must be approved by Council. Council approval is also required where there are significant implications (as determined by the Director of Finance and Business Services) for future year's budgets.
- A.36** Approval limits for fully funded supplementary capital and revenue estimates, as defined in A36 above, are as follows:

Approval Level	Supplementary Estimate Amount
Corporate Management Team	Up to £100,000
Corporate Management Team in consultation with Resources Portfolio Holder.	Between £100,000 and £500,000
Cabinet Members	Between £500,000 and £1,000,000
Council	Over £1,000,000

Treatment of Year End Balances

- A.37** The full Council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.
- A.38** A budget head is considered to be a division of service as identified in the approved Budget Report, or, as a minimum, at an equivalent level to the standard service subdivision as defined by CIPFA's Service Expenditure Analysis.
- A.39** Any residual overspending on a Service budget will be carried forward as the first call on the following year's budget.
- A.40** Any revenue underspending at the year end may be carried forward, subject to the agreement of the Cabinet, and on the advice of the Resources Portfolio Holder. All carryforward proposals must be supported by an appropriate business case demonstrating that the underspend was planned and that the resources carried forward will be earmarked for a specific purpose or issue. Corporate Management Team should include provisional indications of likely carry forward requests in their reports on the mid-year and three-quarter review of



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performance.

- A.41** Capital block provisions are allocations within which the full starts value of approved schemes must be contained. Any uncommitted sum at the year end may, exceptionally, be carried forward subject to consideration by the Resources Portfolio Holder, of the business case supporting the proposal. Any uncommitted sum which is not justified on this basis will be returned to Council balances. Equally, any overspending will be carried forward as the first call on the following year's provision.

Accounting Policies

- A.42** The Director of Finance and Business Services is responsible for selecting accounting policies and ensuring that they are applied consistently.

- A.43** The key controls for accounting policies are:

- Systems of internal control are in place to ensure that financial transactions are lawful.
- Suitable accounting policies are selected and applied consistently.
- Accurate and complete accounting records are maintained.
- Financial statements are prepared which present fairly the financial position of the Council and its expenditure and income.

- A.44** The Director of Finance and Business Services is responsible for:

- selecting suitable accounting policies and ensuring that they are applied consistently.
- exercising supervision over financial and accounting records and systems.
- preparing and publishing reports containing the statements on the overall finances of the Council including the Council's Annual Report and Accounts.

- A.45** Corporate Management Team are responsible for adhering to the accounting policies and guidelines set by the Director of Finance and Business Services.

Accounting Records and Returns

- A.46** The Director of Finance and Business Services is responsible for determining the accounting procedures and records for the Council.



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- A.47** All accounting procedures will be approved by the Director of Finance and Business Services.
- A.48** All accounts and accounting records will be compiled by the Director of Finance and Business Services or under his/her direction. The form and content of records maintained in other directorates will be approved by the Director of Finance and Business Services.
- A.49** The key controls for accounting policies are:
- calculation, checking and recording of sums due to or from the Council will be separated as completely as possible from their collection or payment.
 - officers responsible for examining and checking cash transaction accounts will not process any of these transactions themselves.
 - reconciliation procedures are carried out to ensure transactions are correctly recorded.
 - procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
 - prime documents are retained in accordance with legislative and other requirements.

The Annual Statement of Accounts

- A.50** The Director of Finance and Business Services is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). Approval of the statutory accounts has been delegated by Council to the Audit and Governance Committee.



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B Financial Planning

Why is this important?

The full Council is responsible for agreeing the authority's Policy Framework and Budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

The Business Plan – this sets out:-

- What the Council wants to achieve in the short and medium term
- How services will change in the light of priorities, performance, resources, workforce planning needs and consideration of risks.
- Investment required to deliver change
- How much services will cost in overall terms and to service users
- How much Council Tax will be levied

The Budget - this is the financial expression of the Council's Business Plan. It sets out the allocation of resources to services and projects, the level of contingency funding, the Council Tax base and Council Tax rate, borrowing limits and capital financing requirements.

The Capital Strategy - Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

The Treasury Management Strategy – which sets out the arrangements for the management of the Council's borrowing, lending, cash flows and investments.

Specific Service Plans and Strategies which have a financial implications.

What's covered in this Section?

- Policy Framework
- Strategic Planning Framework



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- Budgeting
 - Format of the Budget
 - Revenue Budget Preparation, Monitoring and Control
 - Determination, Monitoring and Control of Affordable Borrowing
 - Resource Allocation
 - Capital Programmes
- Leasing and Rental Agreements
- Maintenance of Reserves
- Reporting



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Policy Framework

- B.1** The full Council is required by law, to agree a Policy Framework. The Policy Framework is defined in Chapter 4 of the Council's Constitution.
- B.2** The full Council is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the Policy Framework.
- B.3** The full Council is responsible for setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the Policy Framework within the financial limits set by the Council.

Strategic Planning Framework

- B.4** Each year the Council produces a Business Plan, including an approved budget, capital programme, treasury management strategy asset management strategy and reserves strategy detailing the financial and service scenario over a three year planning horizon and the policy and expenditure changes required to respond to this scenario.
- B.5** The Director of Finance and Business Services will advise the Council on the financial environment, financial policies (including the appropriate levels of reserves and contingencies, prudential borrowing and treasury management) and the policy and expenditure options to assist in the determination of its Budget. The Corporate Management Team and Heads of Service will support this process by assessing and advising on the service scenario and policy and expenditure options for revenue and capital, in their area of responsibility, in a form determined by the Director of Finance and Business Services.
- B.6** The Cabinet, advised by the Director of Finance and Business Services, Corporate Management Team and Heads of Service, will develop a budget package including financing options, policy and expenditure options and capital programme. This will be subject to scrutiny by the Overview and Scrutiny Committee before the Cabinet finalises its recommendations to Council. The final Budget policy and Council Tax precept will be determined by Council.



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Budgeting

Format of the Budget

- B.7** The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.
- B.8** The general format of the budget will be approved by the full Council and proposed by the Cabinet on the advice of the Director of Finance and Business Services. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds.

Revenue Budget Preparation, Monitoring and Control

Revenue expenditure

- B.9** Revenue expenditure is broadly defined as any expenditure incurred on the day to day running of the Council. Examples of revenue expenditure include salaries, energy costs, and consumable supplies and materials.

Preparation

- B.10** The Director of Finance and Business Services is responsible for ensuring that a revenue budget is prepared on an annual basis and a general revenue plan on a three-yearly basis for consideration by the Cabinet, before submission to the full Council. The full Council may amend the budget or ask the Cabinet to reconsider it before approving it in accordance with the Constitution.
- B.11** The Cabinet is responsible for issuing guidance on the general content of the budget in consultation with the Director of Finance and Business Services as soon as possible following approval by the full Council.
- B.12** It is the responsibility of Corporate Management Team to ensure that budget estimates reflecting agreed service plans are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the Cabinet.
- B.13** The Cabinet will then submit a 'final budget' to the full Council for approval.
- B.14** The Director of Finance and Business Services is responsible for reporting to the full Council on the robustness of estimates contained within the



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budget proposed by the Cabinet and the adequacy of reserves allowed for in the budget proposals.

- B.15** The Council shall not approve additional net expenditure to either revenue or capital budgets without first having considered the advice of the Cabinet and the Director of Finance and Business Services on the financial implications arising.

Monitoring and Control

- B.16** The Director of Finance and Business Services is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He or she must monitor and control expenditure against budget allocations at a corporate level and report to the Cabinet on the overall position on a regular basis.

- B.17** It is the responsibility of Corporate Management Team to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance and Business Services. They **must** report on variances within their own areas. They **must** also take any action necessary to avoid exceeding their budget allocation and alert the Director of Finance and Business Services to any problems.

- B.18** The Director of Finance and Business Services is responsible for the following:

(a) Establishing an appropriate framework of budgetary management and control which ensures that:

- budget management is exercised within annual cash limits unless the full Council agrees otherwise
- timely information on receipts and payments is made available, which is sufficiently detailed to enable officers to fulfil their budgetary responsibilities
- expenditure is committed only against an approved budget head
- all officers responsible for committing expenditure comply with relevant guidance, and Finance and Contract Procedure Rules
- each cost centre has a single named manager, determined by the relevant Head of Service. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure
- significant variances from approved budgets are investigated and reported by budget managers regularly.



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- (b) Administering the Council's scheme of virement.
- (c) Submitting reports to the Cabinet and to the full Council, in consultation with the relevant Director or Head of Service, where they are unable to balance expenditure and resources within existing approved budgets under their control.
- (d) Preparing and submitting reports on the Council's projected income and expenditure compared with the budget on a regular basis.

B.19 Corporate Management Team are responsible for the following:

- (a) Maintaining budgetary control within their Services, in adherence to the principles in B.17, and ensuring that all income and expenditure is properly recorded and accounted for.
- (b) Ensuring that an accountable budget manager is identified for each item of income and expenditure under their control. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- (c) Ensuring that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- (d) Ensuring that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.
- (e) Preparing and submitting to the Cabinet reports on the service's projected expenditure compared with its budget, in consultation with the Director of Finance and Business Services.
- (f) Ensuring prior approval by the full Council or Cabinet (as appropriate) for new proposals, of whatever amount, that:
 - create financial commitments in future years



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- change existing policies, initiate new policies or cease existing policies or materially extend or reduce the Council's services.

(g) Ensuring compliance with the scheme of virement.

(h) Agreeing with the appropriate Director or Corporate Management Team member any budget proposal, (including a virement proposal) which impacts across their respective service areas, after having consulted with the Director of Finance and Business Services and the Resources Portfolio Holder.

(i) Ensuring Schemes of Financial Delegation are maintained for all Services within their area of responsibility.

(j) Ensuring best value is obtained.

Determination, Monitoring and Control of Affordable Borrowing

B.20 Under the Local Government Act 2003 the Council is required by regulation to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities. The key objectives of the Prudential Code are to ensure that within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable. A further objective is to ensure that treasury management supports prudence, affordability and sustainability.

B.21 The Council is responsible for approving prior to the commencement of the financial year the prudential indicators for the forthcoming financial year and at least the two subsequent financial years required by the Code. The indicators required as a minimum are:

For the three year period:

- Estimates of the ratio of financing costs to net revenue stream
- Estimates of capital expenditure
- Estimates of the Council Tax that would result from the totality of the estimated capital expenditure
- Estimate of capital financing requirement (underlying need to borrow for a capital purpose)
- Authorised limit for external debt
- Operational boundary for external debt

After the year end actual values are to be calculated for:

- Ratio of financing costs to net revenue stream



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- Capital expenditure
- Capital financing requirement
- External debt

B.22 The Director of Finance and Business Services is responsible for:

- establishing procedures to both monitor performance against all forward looking prudential indicators and for ensuring that net external borrowing does not exceed the capital financing requirement.
- reporting to Council any significant deviations from expectations.
- ensuring that regular monitoring is undertaken in year against the key measures of affordability and sustainability, by reviewing estimates of financing costs to revenue and the capital financing requirement.
- reporting to Council, setting out management action, where there is significant variation in the estimates used to calculate these prudential indicators, for example caused by major overruns of expenditure on projects or not achieving in-year capital receipts.

Resource Allocation

B.23 The Director of Finance and Business Services is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Council's Policy Framework.

B.24 The Director of Finance and Business Services is responsible for:

- Advising on methods available for the funding of resources, such as grants from central government and borrowing requirements.
- Assisting in the allocation of resources to budget managers.

B.25 Corporate Management Team are responsible for:

- Working within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way.
- Identifying opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

Capital Programmes

Capital Expenditure



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- B.26** Capital expenditure is broadly defined as expenditure in excess of £10,000, on the acquisition of a tangible asset, or expenditure which adds to (rather than merely maintains), the value of an existing asset and/or extends the useful life of an asset and increasing usability, provided that the asset yields benefits to the Council and the services it provides is for a period of more than one year.

Capital Approvals

- B.27** Capital approvals referred to in these Finance Procedure Rules relate to the total cost or “starts value” of each provision or scheme rather than the anticipated expenditure in each year. Individual items estimated to cost in excess of £250,000 will be treated as separate schemes or provisions.
- B.28** An Option Appraisal in the form of a detailed Business Case Template, in a form agreed by the Director of Finance and Business Services, must be prepared for all capital proposals with a gross estimated cost in excess of £250,000, including the replacement of individual vehicles or items of equipment, before being submitted for inclusion in the Capital Programme or before approval is sought from Members in year. A summarised version of the Business Case Template will also be required for all proposals over £100,000. These will be used as the basis for assessing the affordability and deliverability of the scheme, as well as for monitoring, reporting and post-implementation review.
- B.29** Option Appraisals, in the form of a Business Case Template, must also be prepared for all revenue proposals with a significant financial impact, risk profile or policy change, as specified by the Director of Finance and Business Services. The proforma, in a form agreed by the Director of Finance and Business Services, must include an assessment of the Service consequences, risk and impact on users, and include any differential impact on particular groups or localities.

Capital Block Provisions

- B.30** As part of the annual policy and planning process, schemes in the capital programme which have not reached an advanced state will be reconsidered.
- B.31** Services are expected to develop reserve capital schemes which can be brought forward in the event of changes in the approved programme, subject to approval via the normal routes.
- B.32** Block provisions will be approved within the Capital Programme for individual schemes costing less than £250,000. A detailed breakdown of



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the expenditure proposed must be submitted for approval by the appropriate Cabinet Member as part of the policy and planning process. This requirement will also apply to block provisions included in the vehicle and equipment replacement programme.

Capital Monitoring and Amendments to the Capital Programme

- B.33** Where possible, all capital schemes contained within the block provision should be approved through the annual capital programme setting process, within the timetable set out by the Director of Finance and Business Services and approved by Council in February. Any subsequent further breakdown of block approvals must follow the appropriate approval route, with completion of a delegated decision proforma where necessary.
- B.34** Any 'in year' approval sought for capital schemes in excess of £250,000 must be supported by a complete Business Case Template, in the format prescribed by the Director of Finance and Business Services, which has been endorsed by the Capital Asset Group prior to submission to the appropriate Members.
- B.35** Project managers must ensure that the project specification remains consistent with the approved capital appraisal and continues to represent value for money for the Council. Where project outcomes or costs alter significantly from those set out in the original appraisal a revised Business Case Template must be completed and submitted to the officer Capital Asset Group.
- B.36** Wherever possible, expenditure in respect of Highways improvements funded by developers and Rechargeable works should be included in the Capital Programme. Where this is not possible Heads of Service may approve capital expenditure in respect of:
- Highway improvements fully funded by developers under Section 278 of the Highways Act 1980, provided that a formal agreement has been completed with the developer
 - Other rechargeable reinstatement work costing in excess of £10,000
 - Urgent work to repair, replace or reinstate vehicles, buildings or equipment, where the work is to be fully funded from insurance monies following consultation with the Finance Manager.
- B.37** In addition, Heads of Service may authorise essential design work required in advance of the start of the financial year on capital schemes



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which are in the programme approved by Council in February.

Capital Receipts

- B.38** The Director of Finance and Business Services must be informed of all proposed sales of land and buildings so that the effect on financial and property management can be assessed.
- B.39** The Council will determine the amount of receipts to be set aside for the repayment of debt and how the balance of such receipts is to be used.

Leasing and Rental Agreements

- B.40** Leasing or renting agreements must not be entered into unless the service has established that they do not constitute a charge against the Council's prudential borrowing limits. Advice can be obtained from the Director of Finance and Business Services on general leasing arrangements and on whether the lease is a finance or operating lease. Director of Finance and Business Services approval must be obtained for all agreements which may involve a leasing charge.
- B.41** Leases relating to land or property also require the approval of the Director of Finance and Business Services. Only the Monitoring Officer or his/her authorised deputies, or persons specifically authorised by the Service Scheme of Financial Delegation, may sign such agreements.

Maintenance of Reserves

- B.42** It is the responsibility of the Director of Finance and Business Services to advise the Cabinet and/or the full Council on prudent levels of reserves for the Council.
- B.43** The key controls are:
- Professional standards as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC) and agreed accounting policies.
 - Clear agreement of the purpose for which reserves are held and the type of expenditure which they may be used to fund.
 - Clear processes for the authorisation of appropriations to and from reserves.
- B.44** The Director of Finance and Business Services is responsible for:



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- Advising the Cabinet and/or the full Council on prudent levels of reserves for the Council, and to take account of the advice of the external auditor in this matter.

B.45 Corporate Management Team are responsible for:

- Ensuring that resources are used only for the purposes for which they were intended.

Reporting

B.46 Heads of Service are responsible for preparing regular reports on overall financial and non-financial performance and progress against service plan targets, and for submitting these to the Cabinet, and the Overview and Scrutiny Committee after consulting the Director of Finance and Business Services in accordance with procedures agreed from time to time. These reports must include specific reference to the implementation of policy changes and new developments agreed as part of the budget setting process and other specific requirements as notified in the reporting guidance. Capital Project Managers will report periodically to their relevant Cabinet Member on the progress and forecast of all capital expenditure and income against the approved programme.

B.47 These regular reports are also to include specific reference to Service performance against the expected non-financial outcomes in the form of key performance targets. Heads of Service are expected to achieve value for money in the delivery of services and the reports should demonstrate how this has been achieved together with an analysis of how key policy and expenditure proposals have been implemented.

The key reporting stages are:

- Approval of the service plan, including budget statement and performance targets.
- Approval of the Business Case, which will be in a form prescribed by the Director of Finance and Business Services for any scheme estimated to cost in excess of £250,000, before it can be included in the Capital Programme.
- Quarterly reviews of revenue and capital expenditure with the first quarter report concentrating on the emerging budget issues resulting from a budget risk analysis, together with details of the action plans in place to mitigate budget risk.
- Final outturn reports for both revenue and capital expenditure, including full post-implementation review, on all major capital



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schemes completed during the year. This will also include a report on the use of block provisions.

- Summary quarterly reviews and outturn position statements of both capital and revenue expenditure will also be reported to Council through its relevant subordinate bodies.

B.48 In addition, the reports will be specifically required to give details in respect of the following:-

- Potential overspends and proposed remedial action, including any impact on balances and future year's budgets which may need to be factored in to future financial scenario planning
- Amendments to approved budgets (virements, SCE's etc) where Member approval is required.



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C Risk Management and Control of Resources

Why is this important?

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This should include the proactive participation of all those associated with planning and delivering services.

What's covered in this Section?

- Risk Management
- Insurance
- Internal Controls
- Audit Requirements
 - Internal Audit
 - External Audit
- Preventing Fraud and Corruption
- Financial Irregularities
- Assets
 - Property
 - Security
 - Inventories
 - Stocks and Stores
 - Cash
 - Intellectual Property
 - Asset Disposal
 - Write offs
- Treasury Management
 - Treasury Management and Banking
 - Investments and Borrowings
 - Trust Funds and Funds held for Third Parties
- Staffing
 - Salaries and Wages
 - Early Retirement/Severance
 - Travelling and Subsistence
 - Code of Conduct
- Third Party Funds
- Retention of Records



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Risk Management and Insurance

- C.1** The Cabinet is responsible for advising Council on an appropriate risk management policy statement and strategy, including risk appetite/tolerance levels, and for reviewing the effectiveness of risk management. The Cabinet is also responsible for ensuring that proper insurance exists where appropriate.
- C.2** The Head of Policy and Performance is responsible for preparing the Council's risk management policy statement and for promoting it throughout the Council.

Insurance

- C.3** The Director of Finance and Business Services will maintain and administer the Council's insurances. The Director of Finance and Business Services is responsible for authorising the settlement or repudiation of insurance claims and associated costs. Advice will be sought from the Council's solicitors, insurers, and claim handlers.
- C.4** Corporate Management Team and Heads of Service are responsible for informing the Director of Finance and Business Services immediately of:
- Any insurance claims received
 - Any events which may result in an insurance claim against the Council
 - The terms of any indemnity which the Council is required to give prior to entering into any contracts etc.
 - Any new risks which might require to be insured, together with any changed circumstances affecting existing risks. Consideration should be given to new projects, new ways of working, changes in legislation requiring new ways of delivery etc where the insurance impact is often overlooked.
- C.5** No new insurances may be taken out without prior consultation with the Director of Finance and Business Services.
- C.6** Corporate Management Team must ensure that there is co-operation with the Insurance Team in providing the correct documentation and that the correct retention of documents is observed.
- C.7** Service budgets will be charged with the cost of legal penalties or losses incurred by the Council as a result of any failure to comply with the



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requirements of the Civil Procedure Rules and these Finance and Contract Procedure Rules relating to claims.

Risk Management

- C.8** The Council's approach to Risk Management is that it should be embedded throughout the organisation at both a strategic and an operational level, through integration into existing systems and processes.
- C.9** The Head of Policy and Performance develops the strategy and supporting framework on behalf of the Corporate Management Team, The Audit and Governance Committee scrutinise the risk management process ensuring the Council's risks are managed effectively and that strategic decisions are informed by, and influence the Risk Register.
- C.10** Corporate Management Team are responsible for ensuring the Risk Management Strategy is implemented and that the full risk management cycle operates within their Service.

The full cycle consists of:

- Identification of risks, both negative and positive, in relation to the objectives of the Council.
- Evaluation of risks scored for likelihood and impact, both gross (before any controls) and net (with existing controls)
- Treatment of the risk either by: avoidance, mitigation, transfer or to consciously accept the risk.
- Actions and risks monitored and reviewed on a regular basis.
- The Council's Risk Register will be maintained and co-ordinated by the Head of Policy and Performance.

- C.11** There are two levels to the Risk Register:

Corporate - those risks that impact on the organisation's overall objectives either because of their frequency of occurrence or the significance of the impact.

Service - those risks that impact on the service objectives. There should be a movement of risks both upwards and downwards throughout the levels and treatment addressed at the most appropriate level of the organisation.

- C.12** Heads of Service are responsible for ensuring risk management is carried out at both an operational and strategic level in accordance with the agreed guidance and procedures.



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- C.13** Service strategic risk assessments will be carried out annually to inform the service plan. These risk assessments will form the basis of the Service element of the Council's risk register.
- C.14** Heads of Service will take account of, and address, corporate risks where appropriate and inform the Head of Policy and Performance of any service risks that should be considered significant enough to raise to the corporate level.
- C.15** Service Risk Registers, and associated actions, will be monitored and reviewed on a regular basis (at least quarterly) as part of the performance management process.
- C.16** The corporate risk register will be reported to the Corporate Management Team and to the Audit and Governance Committee in accordance with the budget reporting cycle.

Internal Controls

- C.17** Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- C.18** The Director of Finance and Business Services is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- C.19** It is the responsibility of Corporate Management Team to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

Audit Requirements

Internal Audit

- C.20** The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their



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financial affairs". The Accounts and Audit Regulations 2011 more specifically require that a "relevant body must undertake an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

- C.21** The CIPFA Internal Audit Code of Practice defines internal audit as "an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives."
- C.22** The Council's Internal Audit function provides assurance to the Section 151 officer and the Audit and Governance Committee, with regard to the effectiveness of the Council's internal control environment.
- C.23** The Council must, on an annual basis, produce an Annual Governance Statement. This statement must provide a description of the system of internal control within the Council, a description of any work undertaken to assess the effectiveness of the internal control framework, and any significant internal control weaknesses.
- C.24** To contribute to the production of the Annual Governance Statement, the Internal Audit Manager is responsible for planning and delivering a programme of independent review of the Council's activities, the scope of the programme being based on the Council's objectives and an assessment of the risk which may affect the achievement of these objectives.
- C.25** The Internal Audit Manager is also responsible for reporting to those charged with Governance and currently satisfies this requirement by presenting an annual report to the Audit and Governance Committee, summarising the audit plans for the coming year and a commentary on audit activity which is completed or in progress. A mid year report setting out progress against the annual audit plan is taken to the Audit and Governance Committee. In addition any matters of material importance in relation to audit matters are also reported to the Cabinet and Audit and Governance Committee.
- C.26** Audit staff will have full access to all premises, assets, records and third party fund transactions. With regards to organisations participating in partnering arrangements, Internal Audit staff shall have such access to premises, assets and records of the partner as is necessary for the purposes of the partnering arrangement, as detailed in Procedure Rule F.17. Partners will be required to grant reasonable access when requested



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and details of such access should be agreed with the partner and set down in the Partnering Agreement. Where the right of access has not been specified in existing arrangements then appropriate discussions with partners should take place.

External Audit

- C.27** The Audit Commission is responsible for appointing external auditors to each local Council. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
- C.28** The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

Preventing Fraud and Corruption

- C.29** The Director of Finance and Business Services is responsible for the development and maintenance of an anti-fraud and anti-corruption policy.
- C.30** The Council has an approved Anti Fraud and Corruption Strategy which places responsibility for maintaining an anti fraud culture with all Members, Managers and individual Members of staff. Any matters which involve, or are thought to involve, any fraud or other significant irregularity involving Council assets or those of a third party fund, must be notified immediately to the Internal Audit Manager, in conjunction with other officers detailed in the Council's Anti Fraud and Corruption Strategy, will decide what steps are necessary.
- C.31** In line with the Anti Fraud and Corruption Strategy the Borough Solicitor will, in consultation with the appropriate Corporate Management Team member and Internal Audit Manager, decide whether any matter under investigation should be recommended for referral to the Police or the appropriate enforcement agency.

Assets

- C.32** In the context of these Rules, assets are defined as the resources, other than people, that the Council uses to deliver its service functions. Assets include buildings, land and infrastructure; furniture; equipment; plant; stores and "intellectual property" such as computer software, data and information of all kinds.
- C.33** Corporate Management Team and Heads of Service are responsible for



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the care, control and proper and economical use of all assets used in connection with the operation and delivery of their Services. Proper records should be maintained for these assets, together with appropriate arrangements for their management and security.

- C.34** Heads of Service are responsible for ensuring that assets are used only for official purposes and that all appropriate rights, licenses and insurances are obtained.
- C.35** Heads of Service are responsible for ensuring that all computer software used is properly licensed.
- C.36** Corporate Management Team are expected to have policies in place for:
 - the effective disposal of surplus assets
 - asset replacement programme
 - compilation of and regular review of Asset inventories.

Property

- C.37** The Council's Asset Management Strategy sets out the vision, core values and objectives that form the context for the preparation of the Corporate Asset Management Plan and Service Asset Management Plans.

The Council has adopted a Corporate Landlord approach to the ownership and management of its property assets. The Corporate Landlord approach means that the ownership of property assets and the responsibility for their management and maintenance is transferred from service directorates to the Corporate Landlord, which is a centralised corporate function.

- C.38** In this way the Corporate Landlord approach :
 - Enables the Council to utilise its assets to deliver better, more efficient services to our communities.
 - Unlocks the value of assets, seeks efficiencies through joint arrangements with our public sector partners and maximises private sector investment.
 - Ensures the provision of a consistent, corporate and strategic approach to the management of the Council's property portfolio, consolidating resources, eliminating duplication, improving efficiency, procurement and the establishment of corporate property standards
 - Supports the delivery of the Council's Corporate Plan
- C.39** Individual services are occupiers of land and property for the purposes of



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delivering their functions.. There are specific responsibilities that fall to both Corporate Landlord and occupiers depending on the nature of the asset and service. The occupiers priority is to plan and deliver their operational service. The Corporate Landlord's priority is to ensure the service is adequately accommodated and to maintain and manage the property asset.

- C.40** The Corporate Landlord's responsibility extends to the acquisition, development and disposal of land and property. This means that the Corporate Landlord would be responsible for asset review, feasibility and options appraisal across all services.
- C.41** All property acquisitions, lettings and disposals must first be discussed with the Strategic Director of Places and Organisational Capacity. Separate rules apply to specific processes, such as the use of capital receipts from property sales to pay for new schemes, and guidance should be sought from the Director of Finance and Business Services and the Strategic Director of Places and Organisational Capacity where this arises.

Inventories

- C.42** Heads of Service must ensure that proper arrangements are made to maintain inventories of all valuable and transportable items, including vehicles, furniture, computer and other equipment (including software), visual aids, expensive tools and sports equipment.
- C.43** The inventory must be updated for all acquisitions and disposals and checked at least annually. Items acquired under leasing arrangements must be separately identified for disclosure in the published final accounts.

Stocks

- C.44** Stock is defined as consumable items constantly required and held by a Service in order to fulfil its functions. Heads of Service are responsible for the control of stocks. They must ensure that stocks are appropriately secured and recorded, do not exceed reasonable requirements and that all significant stock is accounted for in the year end accounts. Stocks should be checked at least once a year, more frequently in the case of expensive items.

Cash

- C.45** Cash held on any Council premises should be held securely and should not exceed any sums for which the Council is insured. (Detailed guidance on limits is available from the Council's Insurance Team. If this is



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unavoidable in exceptional circumstances, the Head of Service is responsible for making appropriate security arrangements.

Asset disposal/Write off

- C.46** Corporate Management Team and Heads of Service or their authorised officers, as specified in the appropriate Scheme of Financial Delegation, may authorise the write off of losses up to £5,000, or disposals, of obsolete or surplus equipment, materials, vehicles or stores up to a disposal value of £5,000. Where the sum exceeds £5,000 approval must be sought from the Resources Portfolio Holder. Any write off which arises as a result of theft or fraud must be notified to the Internal Audit Manager immediately.

Treasury Management

- C.47** The Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities*.
- C.48** The full Council is responsible for approving the treasury management policy statement setting out the matters detailed in paragraph 15 of CIPFA's *Code of Practice for Treasury Management in Local Authorities*. The policy statement is proposed to the full Council by the Cabinet. The Director of Finance and Business Services has delegated responsibility for implementing and monitoring the statement.
- C.49** All money in the hands of the Council is controlled by the Director of Finance and Business Services as designated for the purposes of section 151 of the Local Government Act 1972, referred to in the code as the finance director.
- C.50** The Director of Finance and Business Services is responsible for reporting to the Cabinet a proposed treasury management strategy for the coming financial year at or before the start of each financial year.
- C.51** All Cabinet decisions on borrowing, investment or financing shall be delegated to the Director of Finance and Business Services, who is required to act in accordance with CIPFA's *Code of Practice for Treasury Management in Local Authorities*.
- C.52** The Director of Finance and Business Services is responsible for reporting to the Cabinet not less than four times in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. One such report will comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.



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Banking

- C.53** It is the responsibility of the Director of Finance and Business Services to operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Director of Finance and Business Services.

Investments and Borrowings

- C.54** It is the responsibility of the Director of Finance and Business Services to:
- To ensure that all investments of money are made in the name of the Council or in the name of approved nominees.
 - To ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in safe custody..
 - To effect all borrowings in the name of the Council.
 - To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

Trust Funds and Funds Held for Third Parties

- C.55** It is the responsibility of the Director of Finance and Business Services to:
- To arrange for all trust funds to be held, wherever possible, in the name of the Council (e.g. 'Cheshire East Borough Council on behalf of.....'). All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Director of Finance and Business Services, unless the deed otherwise provides.
 - To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Finance and Business Services, and to maintain written records of all transactions.
 - To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Staffing

Salaries and Wages

- C.56** Corporate Management Team and Heads of Service are responsible, in consultation with the Head of Human Resources and Organisational Development, for providing accurate and appropriate information and



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instructions to the Human Resources and Finance Shared Service to enable the calculation and prompt payment of salaries, expenses and pensions, including details of appointments, promotions, regradings, resignations, dismissals, retirements and absences from duty. Human Resources and Organisational Development will advise the Human Resources and Finance Shared Service of relevant changes in respect of employee's pensions. The Head of the Human Resources and Finance Shared Service will make arrangements for payment to the appropriate bodies, of all statutory, including taxation, and other payroll deductions.

- C.57** Time sheets and other pay documents which are used to generate payment of salaries, wages or other employee-related expenses must be on official forms or via authorised electronic inputs. Heads of Service are responsible for ensuring that they are certified by an authorised officer and that they are submitted to the Human Resources and Finance Shared Service in accordance with the specified timetable. This includes on-line input entered locally. The names and specimen signatures of authorised officers must be secured by Corporate Management Team and Heads of Service and included in the service Scheme of Financial Delegation notified to the Director of Finance and Business Services.
- C.58** The Head of Human Resources and Organisational Development will implement national and local pay agreements as soon as possible after their notification from the appropriate body. Arrangements for funding such awards will be determined each year as part of the budgetary process.

Early Retirement/Severance

- C.59** Where Heads of Service wish to bring forward proposals under the Council's policies on severance and early retirement, they must be accompanied by a full cost and affordability assessment, in a form agreed by the Chief Executive, the Director of Finance and Business Services and the Head of Human Resources and Organisational Development. The approval of the relevant Portfolio Holder and Resources Portfolio Holder is required for proposals relating to SM1 and above..
- C.60** Heads of Service will generally be required to meet the costs of severance and early retirement from within their approved budget, subject to phasing over an agreed period. A corporate budget may also be established for this purpose and access to this budget will be subject to the agreement of the Director of Finance and Business Services and the Head of Human Resources and Organisational Development.



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Travelling and Subsistence

- C.61** Heads of Service are responsible for instructing the Head of Human Resources and Organisational Development and for providing appropriate and accurate information to enable the prompt and accurate payment of travelling, subsistence and other expenses to authorised employees in accordance with the terms of employment agreed by the Council.
- C.62** Heads of Service are responsible for ensuring that Council employees who use their cars for official business are properly insured to indemnify the Council against any loss and for ensuring that payments are only made in respect of journeys which are necessary and actually undertaken. Heads of Service should ensure that the most economical available means of transport is used, including pool cars, hire cars and car sharing.
- C.63** All claims for reimbursement must be made using appropriate official claim forms, always using electronic processing where available.

Code of Conduct

- C.64** The Code of Conduct for Employees applies to, and will be followed by all officers. It covers standards, disclosure of information, political neutrality, relationships, appointments and other employment matters, outside commitments, personal interests, equality issues, separation of roles during tendering, gifts and hospitality, use of financial resources and sponsorship.
- C.65** Where an outside organisation wishes to sponsor or is asked to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts and hospitality applies, as detailed in the Code of Conduct for Employees.

Third Party Funds

- C.66** A third party fund is defined as any fund financed other than by the Council, controlled wholly or partly by a member of the Council's staff in connection with the clients, establishments or activities of the Council such as School Funds, Amenity Funds or Criminal Injuries Compensation Payments for children in care.
- C.67** Officers maintaining third party funds are responsible for informing the Internal Audit Manager of their nature and purpose.
- C.68** Money or goods belonging to the third party fund must be kept completely



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separate from other money or goods belonging to the Council. Similarly, completely separate records must be kept of the money or goods involved.

- C.69** An independent auditor must be appointed who has suitable qualities though not necessarily professionally qualified, to audit the third party fund on an annual basis. The Internal Audit Manager will advise on such appointments. Annual Statements of Account and Audit Certificates must be formally presented to a Management Committee or other appropriate governing body.
- C.70** Corporate Management Team are responsible for ensuring that any third party funds controlled by Council staff are:-
- formally declared to the Internal Audit Manager as part of a register kept by the Service/Service
 - maintained separately and correctly in accordance with these Finance Procedure Rules, and
 - subject to the same standards of stewardship and probity as Council funds.
- C.71** The Returning Officer will be responsible for maintaining complete and accurate records and for reconciliation with regard to elections accounts.

Retention of Records

- C.72** The Council, in common with other public and private organisations, has certain statutory obligations it has to meet for the retention of its records. It also has to fulfil the requirements of HM Revenue and Customs, other legislative requirements and the external auditors in respect of its financial records.
- C.73** All records held should have an appropriate retention period assigned to them, which meet the statutory obligations to retain financial records, but also takes into account legislative requirements such as the Limitation Act and Data Protection Act; Freedom of Information requirements; and the business needs of the Service.
- C.74** The majority of financial records must be kept for 6 years from the end of the tax year to which they relate. Some records however, may need to be kept for longer periods e.g. if required to defend future insurance claims. It is possible others can be destroyed within shorter periods.



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D Financial Systems and Procedures

Why is this important?

Sound systems and procedures are essential to an effective framework of accountability and control.

What's covered in this Section?

- Income and Expenditure
 - Income
 - Banking Arrangements
 - Generating Income
 - Collection of Income
 - Bad Debts
 - Ordering and paying for work, goods and services
 - General Principles
 - Payment of Invoices
 - Non-invoice payments
 - Purchase Cards/Credit Cards
 - Imprest Accounts
 - Payments to Members
- Taxation
- Trading Accounts and Business Units



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Income and Expenditure

Banking Arrangements

- D.1** The Council will approve the terms under which banking services, including overdraft facilities, are provided.
- D.2** All bank accounts must be titled impersonally in the name of Cheshire East Borough Council.
- D.3** Subject to any directions given by the Council, all arrangements with the Council's bankers must be made solely through the Director of Finance and Business Services. No bank accounts may be opened or arrangements made with any other bank except by agreement with the Director of Finance and Business Services.
- D.4** Bank transfers from the General Fund and subsidiary accounts must be signed by the Director of Finance and Business Services, or those officers authorised to sign through the agreed Scheme of Financial Delegation.
- D.5** Cheques drawn must bear the mechanically impressed or facsimile signature of the Director of Finance and Business Services or be signed by the Director of Finance and Business Services or other officer authorised to sign through the agreed Scheme of Financial Delegation.

Income

Generating Income

- D.6** Local Authorities do not have general powers to trade with, or levy charges upon, other organisations or private individuals. The use of flexibilities in the Local Government Act 2003, its interpretation and application needs to be agreed in consultation with the Borough Solicitor. Corporate Management Team are responsible for ensuring that the appropriate legal authority for all income generating activities has been identified and for maintaining an Income and Charging Strategy in a format specified by the Director of Finance and Business Services.



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- D.7** Charges must be reviewed annually in the light of all relevant information, including consideration of appropriate inflation factors. Where changes have significant financial consequences, approval is required in accordance with the limits set out below:-

Approval Level	Financial Impact of Change in Charges
Corporate Management Team	Up to and including £100,000
Director of Finance and Business services in consultation with Resources Portfolio Holder	More than £100,000 and up to and including £500,000
Cabinet Members	Over £500,000 and up to and including £1,000,000
Council	£1,000,000 or more

Collection of Income

- D.8** Council officers must comply with guidelines issued by the Director of Finance and Business Services for the safe and efficient collection and recording of all money due to the Council.
- D.9** Corporate Management Team are responsible for ensuring that accounts for income due to the Council, including grant claims, reimbursements and third party contributions, are raised immediately and accurately in a form approved by the Director of Finance and Business Services. These must include VAT where appropriate.
- D.10** The cost of collection should be taken into account when raising accounts. Corporate Management Team must ensure that the method of collection is the most cost effective relative to the value of the transaction.
- D.11** Corporate Management Team are responsible for ensuring that all income received is receipted, where required, recorded correctly against the appropriate budgets, and in the case of cash and cheques, banked with



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the minimum of delay. The frequency of banking should follow guidelines provided by the Director of Finance and Business Services to avoid incurring disproportionate banking charges on relatively low value transactions, taking into account local security arrangements.

- D.12** Corporate Management Team are responsible for monitoring income collection and ensuring appropriate recovery action is taken. A summary of the position on the level of outstanding debt and collection issues should be included in quarterly financial updates and the final outturn report. Full provision for income still outstanding six months after the due date should be made in Service accounts. This should not however preclude pursuit of the debt.
- D.13** The Director of Finance and Business Services will monitor compliance with Finance Procedure Rules D.11 and D13 and may, in circumstances where avoidable adverse cash flow has resulted, determine an appropriate interest charge against Service budgets.
- D.14** Credit notes must be authorised by appropriate officers nominated in the local Scheme of Financial Delegation.
- D.15** Any receipts, tickets or other documents used as receipts should be in a format agreed by the Director of Finance and Business Services. All controlled stationery issued to a Head of Service must be recorded in a register, which is held by a single officer within each Service.

Bad Debts

- D.16** Bad debts may be written off as follows:

Approval Level	Bad Debt Amount
Corporate Management Team and Heads of Service, or Authorised Officer as contained in the Scheme of Financial Delegation, in consultation with the Director of Finance and Business Services.	Up to and including £2,500
Corporate Management Team and Heads of Service, in consultation with the Director of Finance and Business Services and Borough Solicitor.	Over £2,500 and up to and including £5,000.
Corporate Management Team and Heads of Service, in consultation with the Director of Finance and Business Services and Borough Solicitor and	Over £5,000 and up to and including £10,000.



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appropriate Portfolio Holder.	
Corporate Management Team and Heads of Service, in consultation with the Director of Finance and Business Services, Borough Solicitor, appropriate Portfolio Holder and Resources Portfolio Holder.	Over £10,000 and up to and including £50,000.
Cabinet Members	Over £50,000.

- D.17** Corporate Management Team are responsible for ensuring that an adequate provision for bad debt is made in the Council's accounts at year end and that contributions to this provision are included in budgetary projections and outturn reports.

Ordering and paying for work, goods and services

General Principles

- D.18** Corporate Management Team and Heads of Service are responsible for providing all appropriate information and instructions to the Head of the Human Resources and Finance Shared Service to allow for prompt and accurate payment for goods and services provided and for the analysis of expenditure.
- D.19** Except for purchases by visa purchase card, all purchases must be supported by an official requisition and purchase order unless previously agreed with the Director of Finance and Business Services. All purchases, including by visa purchase card, must have regard to these Finance Procedure Rules.
- D.20** All requisition and purchase orders must be authorised in accordance with the relevant service Scheme of Financial Delegation to ensure that funds are available to pay for the purchase.
- D.21** Where a requisition for the purchase of goods or services exceeds £10,000 in value Finance and Contract Procedure rules E.33 – E.36 apply.
- D.22** All official purchase orders must include, as a minimum, the order number, the price agreed with the supplier, description of the goods or services to be provided, the delivery address, the address where invoices must be received and the terms and conditions for the goods and services to be provided.



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- D.23** Heads of Service must ensure that there is adequate separation of duties in the raising and authorisation of requisitions, authorising of purchase orders, receipt of goods and authorisation of payments to creditors.
- D.24** Heads of Service must ensure robust processes to continually maintain computer records and accesses, and Schemes of Financial Delegation so that electronic workflows associated with core financial systems are not compromised.
- D.25** All purchasing activity must be carried out in accordance with the Council's Procurement Strategy and advice issued about efficient and effective use of the Council's core financial and e-procurement systems and processes. Such processes will include the deployment of VISA purchase cards.
- D.26** Approval of the Director of Finance and Business Services must be sought in advance of entering into any supply agreement with a commercial creditor who has not been set up on the Council's core financial system.
- D.27** Heads of Service must consult the the Director of Finance and Business Services on appropriate arrangements for purchases of goods and services which can not be accommodated within standard ordering and payment processes.

Payment of Invoices

- D.28** All invoices must be sent directly by the creditor to the address stated on the official purchase order to enable prompt payment.
- D.29** All invoices, as a minimum, must include the official purchase order number, the description of the goods or services provided, the quantity delivered, the delivery address, the date of the invoices and/ or date of delivery of the goods or services, the address and VAT registration number of the supplier and the price and VAT at the prevailing rate.
- D.30** Invoices received without a valid purchase order number will be returned to the creditor as unauthorised for payment.
- D.31** The Council's standard payment terms are 30 days from receipt of a correct invoice by BACS (Bankers Automated Clearing System). Alternative terms may not be negotiated or agreed with suppliers without the explicit approval of the Director of Finance and Business Services. Heads of Service are responsible for notifying suppliers of these terms and for ensuring that they are observed by all those involved in the purchasing and payment processing.



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- D.32** Payment will only be made for goods and services which have been formally receipted in accordance with receipting procedures set out by the Director of Finance and Business Services .
- D.33** All purchasing activity must be carried out in accordance with the Council's Procurement Strategy and advice issued about efficient and effective use of the Council's core financial and e-procurement systems and processes. Invoices received for payment must comply with the Council's best practice processes.

Non-invoice payments

- D.34** Where Heads of Service wish to initiate a payment to a third party without a supporting invoice, an official request for payment must be submitted in a form approved by the Director of Finance and Business Services.
- D.35** Any such requests must be authorised by an officer designated with an appropriate approval limit in the relevant service Scheme of Financial Delegation. They are responsible for ensuring that all payment details provided are accurate and that supporting records and documentation are available to substantiate the payment, including an official VAT receipt to allow for the reclaim of any VAT element.
- D.36** Appropriately authorised requests for payment will be processed by the Director of Finance and Business Services and paid by BACS. Cheques will only be used in exceptional cases and by prior agreement.
- D.37** Non-invoice payments should be requested on an exceptional basis only. Where payments of this type need to be made on regular basis Heads of Service must consider, in conjunction with the Director of Finance and Business Services, other alternative options which may be more appropriate.
- D.38** Payments or reimbursements in respect of salaries and wages, travelling expenses or other employment allowances must be processed through the Payroll system and not treated as a non-invoice payment.

Purchase Cards

- D.39** Heads of Service are responsible for the appropriate deployment and management of VISA purchase cards within their service.

Local Bank and Imprest Accounts

- D.40** Local bank and imprest accounts may only be used as alternatives to



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purchase orders and VISA purchase cards by prior consent and in accordance with specific guidance and instructions issued by the Director of Finance and Business Services.

D.41 Heads of Service are responsible for ensuring that where local arrangements are in place:

- Local Schemes of Financial Delegation set out clearly the responsibilities and approval limits of individual officers in respect of these arrangements; and that these are reviewed and updated regularly.
- They are operated in accordance with guidance issued and that appropriate management supervision and compliance monitoring is undertaken.
- Adequate records are maintained to allow for the verification and reconciliation of all payments made to the Council's general ledger and bank accounts, and to allow for the proper treatment of VAT.
- Arrangements are being operated for legitimate Council business only.

D.42 Local arrangements may not be used in any circumstances to circumvent either the Councils Corporate Procurement Strategy or agreed approval and authorisation procedures, nor must they be used for any payments in respect of salaries and wages, travelling or other employment expenses, or payments for work carried out under the Construction Industry Tax Deduction Scheme.

Payment to Members

D.43 The Director of Finance and Business Services is responsible for paying all allowances to Members.

D.44 The Director of Finance and Business Services will make payments to any Members entitled to claim allowances on receipt of the proper form, completed and certified in accordance with the Council's scheme for allowances.

Taxation

D.45 It is the responsibility of the Director of Finance and Business Services, in conjunction with the Head of the Human Resources and Finance Shared Service, to:

- To complete all Inland Revenue returns regarding PAYE.
- To complete a monthly return of VAT inputs and outputs to HM



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Revenue and Customs.

- To provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme.
- To maintain up-to-date guidance for Council employees on taxation issues.

D.46 It is the responsibility of Corporate Management Team to:

- To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations.
- To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- To ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- To follow the guidance on taxation issued by the Director of Finance and Business Services.

Trading Accounts and Business Units

D.47 Separate Trading Accounts are required when services are provided to either internal or external clients, on a basis other than a straightforward recharge of full cost. These accounts are also required where there is a minimum turnover of £1,000,000.

D.48 It is the responsibility of the Director of Finance and Business Services to advise on the establishment and operation of trading accounts and business units.

D.49 It is the responsibility of Corporate Management Team to:

- To consult with the Director of Finance and Business Services and Borough Solicitor where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
- To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.



FINANCE AND CONTRACT PROCEDURE RULES

- To ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- To ensure that each business unit prepares an annual business plan.

Appendix 2

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Constitution Task Group**
held on Friday, 16th December, 2011 at Committee Suite 2/3 - Westfields,
Middlewich Road, Sandbach, CW11 1HZ

PRESENT

Councillors D Marren, G Morris and P Whiteley

In attendance

Councillor M Jones, Cabinet Member for Resources
Councillor P Groves, Cabinet Support Member for Resources

Officers

Lisa Quinn, Director of Finance and Business Services
Christine Mann, Finance Manager
Paul Jones, Democratic Services Team Manager
Paul Mountford, Democratic Services Officer

1 APPOINTMENT OF CHAIRMAN

RESOLVED

That Councillor D Marren be appointed Chairman of the Task Group.

Councillor Marren in the chair

2 DECLARATIONS OF INTEREST

No interests were declared.

3 FINANCE PROCEDURE RULES

The Constitution Committee at its meeting on 17th November 2011, in considering progress with its review of the Constitution, had appointed a Task Group of five members to consider and advise on detailed changes to the Finance Procedure Rules.

It was intended that a report on the Finance Procedure Rules would be taken to the Committee's meeting on 26th January 2012 with a view to making recommendations to Council on 23rd February. The Task Group was therefore asked to consider the proposed amendments to the Finance Procedure Rules.

Councillor M Jones, Cabinet Member for Resources, welcomed the Task Group's consideration of the draft Finance Procedure Rules and explained briefly the nature and purpose of the proposed changes.

Members had regard to a draft report to the Constitution Committee which explained in more detail the background to and purpose of the proposed changes to the Finance and Contract Procedure Rules. The report sought approval for proposed amendments to the Foreword and Sections A, B, C and D of the Rules, and a recommendation to the Council for their endorsement. Section E (Contract Procedure Rules) had already been approved and Section F would be considered at a later date.

The amendments sought to reflect the recent changes made to the Officer Scheme of Delegation and to improve the alignment of the Finance and Contract Procedure Rules, in terms of wording and content, with other parts of the Constitution. The amendments also took into account updated national best practice recommendations and changes to the way the Council operated. Some minor re-wording had also been undertaken to clarify points which had given rise to interpretational ambiguity and to improve clarity and readability.

The summary of financial responsibilities set out in Section A of the Rules had been redrafted so that the wording aligned with that included in Part 3 of the Constitution which set out the Responsibility for Functions at both Officer and Member level. The overview section of Section B, and regulations B4 to B6, had been updated to reflect recent changes to the Council's strategic planning framework, following the introduction of a revised approach to Business Planning. Regulations C37 to C41 had been updated to reflect the role of the Corporate Landlord. Regulation A19 had also been updated to include reference to recently a published CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The following specific areas of clarification had also been addressed:

Ring-fenced budgets: an additional sub-paragraph had been added to regulation A31 to explain the nature of ring-fenced budgets and the restrictions that applied to their management.

Schemes of Financial Delegation: regulation A24-A27 had been redrafted with a view to distinguishing more clearly between local Schemes of Delegation, which documented the assignment of functions and general decision-making powers from the Corporate Management Team to Heads of Service and other subordinate officers, and Schemes of Financial Delegation, which were intended to set out approval responsibilities and limits for specific financial and budgetary transactions.

The Task Group considered the draft Finance Procedure Rules and agreed the following amendments:

Foreword, paragraph 2 to read: the Corporate Management Team *must* maintain a written record where decision-making has been delegated to staff.

A.31(b) – the Director of Finance and Business Services to consider providing a clearer definition of a budget head.

B.17 to read: [the Corporate Management Team] *must* also take any action to avoid exceeding their budget allocation.

B.28 to read: A summarised version of the Business Case Template will also be required for all *proposals* over £100,000.

C.7 (failure to comply with Civil and Contract Procedure Rules) – it was suggested that this should include reference to the possibility of disciplinary action. The Director of Finance and Business Services undertook to include an appropriate wording in the Foreword which would be consistent with the Officer Code of Conduct.

C.46 (asset disposal/write-off) – it was suggested that a time constraint should be placed on disposals/write-offs. The Director commented that there could be legitimate reasons for delaying a disposal/write-off; she undertook to include an appropriate form of wording in the Foreword.

D.13 (monitoring and reporting on the level of outstanding debt) – this should refer to *quarterly* and outturn reports.

RESOLVED

That subject to the amendments agreed by the Task Group, the draft Finance Procedure Rules be recommended to the Constitution Committee for approval by Council.

The meeting commenced at 10.45 am and concluded at 11.50 am

Councillor D Marren (Chairman)

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COUNCIL MEETING – 23RD FEBRUARY 2012**Extract from the Minutes of the Constitution Committee Meeting
on 26th January 2012****50 CHESHIRE EAST GOVERNANCE ARRANGEMENTS - LOCALISM ACT
2011**

The Committee considered a report on the options available to the Council to review its governance arrangements under the Localism Act 2011.

Council at its meeting held on 15 December 2011, had referred the following Notice of Motion, submitted by Councillor D Brickhill, to the Constitution Committee for consideration:

‘In view of the obvious and continued failure of the Cabinet system, as evidenced by their inability, for a second year running, to manage their budget, letting it overrun by a predicted £16,000,000, with the resultant reductions of reserves to a dangerously low level, this Council instructs its Constitution Committee to prepare the necessary amendments to bring about a proven successful system of governance, similar to the earlier committee systems of the successful predecessor Councils, to begin from the start of the 2012/13 financial year.’

The Localism Act allowed Councils to choose to return to the ‘committee system’ of governance. So far, there had been little additional information released by the Government to guide authorities as to the options likely to be available to return to a committee-based structure or to any variation of hybrid models which would retain some kind of overview and scrutiny function.

In order to change governance arrangements, a local authority would be required to pass a resolution at Council. It was anticipated that arrangements could then only be changed with effect from an Annual Council meeting. The precise details of the process were not yet known and would be contained in regulations to be issued by the Secretary of State.

Although a number of authorities had expressed an interest in exploring alternative arrangements to the Executive/ Scrutiny model, all were awaiting further advice from government as to how this could be achieved. That advice was not expected to be issued until the spring of 2012.

The Corporate Scrutiny Committee had considered this matter at its meeting on 10th January 2012 and had recommended the appointment of a Joint Member Working Group on a 6:2:1:1 basis to investigate in detail all available options to review governance arrangements under the Localism Act 2011. It was proposed that the Group begin to meet on a provisional basis subject to ratification by Council.

RESOLVED

That subject to ratification by Council, and in concurrence with the recommendations of the Corporate Scrutiny Committee

- (1) a Joint Member Working Group be appointed consisting of 10 Members on a 6:2:1:1 basis, to comprise Members of the Corporate Scrutiny Committee and the Constitution Committee, at least one Member representing the Council's Regulatory Committees and one Member of the Cabinet, with a view to investigating in detail all available options to review governance arrangements under the Localism Act 2011;
- (2) the Joint Member Working Group meet initially on a provisional basis;
- (3) appointments to the Joint Member Working Group be pursued through the group whips; and
- (4) the Chairman and Vice-Chairman of the Joint Member Working Group be appointed at its first meeting.

CHESHIRE EAST COUNCIL

Corporate Scrutiny Committee Constitution Committee

Date of Meeting: 10th January 2012
26th January 2012
Report of: Borough Solicitor
Subject/Title: Cheshire East Governance Arrangements – Localism Act 2011

1.0 Report Summary

- 1.1 To explore the options available to the Council to review its governance arrangements under the Localism Act 2011.
- 1.2 The Corporate Scrutiny Committee considered this report at its meeting on 10th January 2012. The Committee's resolutions are set out in the Appendix.

2.0 Recommendations to Council

That

- (1) the report be noted and the Monitoring Officer be requested to report back to both committees as soon as is appropriate; and
- (2) the Corporate Scrutiny Committee and Constitution Committee set up a Joint Member Working Group on a 5:1:1 basis with a view to investigating in detail all available options to review governance arrangements under the Localism Act 2011, to begin when additional guidance has been issued by DCLG.

3.0 Reasons for Recommendations

- 3.1 Although the Act received Royal Assent on 15 November, the sections relating to the powers which allow local authorities to change governance arrangements have not yet been enacted, although it is anticipated that the Secretary of State will issue regulations which underpin the process in the spring of 2012.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications (including carbon reduction and health)

- 6.1 In accordance with the requirements of the Local Government and Public Involvement in Health Act 2007, the Council resolved to adopt the 'Strong Leader' and Cabinet Model of executive arrangements. These arrangements came into effect in May 2011.

7.0 Financial Implications

- 7.1 Not known at this stage.

8.0 Legal Implications

- 8.1. The Localism Act describes the process that needs to be followed to change governance arrangements. These are set out below. A change in governance arrangements will require the constitution to be redrafted.

9.0 Risk Management

- 9.1 There are no identifiable risks.

10.0 Background and Options

- 10.1 Council at its meeting held on 15 December 2011, referred the following notice of motion, submitted by Councillor Brickhill, to the Constitution Committee for consideration:

'In view of the obvious and continued failure of the Cabinet system, as evidenced by their inability, for a second year running, to manage their budget, letting it overrun by a predicted £16,000,000, with the resultant reductions of reserves to a dangerously low level, this Council instructs its Constitution Committee to prepare the necessary amendments to bring about a proven successful system of governance, similar to the earlier committee systems of the successful predecessor Councils, to begin from the start of the 2012/13 financial year.'

- 10.2 Corporate Scrutiny Committee had previously expressed an interest in this subject and accordingly, this report will also be considered by that committee.
- 10.3 The Localism Act proposes to devolve greater powers to councils and neighbourhoods and to give local communities more control over housing and planning decisions.
- 10.4 In addition the Act allows Councils to choose to return to the 'committee system' of governance and also allows for referendums for elected mayors in certain authorities.

- 10.5 So far, there has been little additional information released by the government to guide authorities as to the options likely to be available to return to a committee based structure or to any variation of hybrid models which would retain some kind of Overview and Scrutiny function.
- 10.6 Any return to a Committee based system or a more hybrid model involving decision making committees to replace the current Executive arrangements will have to have regard to secondary legislation which is expected to follow which will provide detail about delegation of powers.
- 10.7 Most authorities last used a committee based system in 2000. The change to that system was brought about by the Local Government Act 2000. This was influenced in part by the Audit Commission paper 'We can't go on meeting like this' published in 1990. The report highlighted many aspects of the old style committee system and in particular commented about the amount of time that Members spent on Committee business and the fact that rather than concentrating on performance and strategic issues, committees were often drawn into the detail of operational issues. To illustrate the amount of time Members were spending on committee business, the report reported the findings of the Widdicombe committee which stated that the average councillor spent 74 hours in a typical month on Council duties, of which 60% of that time was accounted for by attending, preparing for and travelling to and from official meetings of the Council.
- 10.8 The 2000 Act therefore was intended to provide an opportunity for members to break out of the traditional committee-dominated way of doing business and to be more community based.

11.0 Options within the Localism Act

- 11.1 The Act requires all authorities to operate governance arrangements in one of 3 forms:
- Executive arrangements (either Leader, cabinet and scrutiny or executive mayor, cabinet and scrutiny);
 - Committee system
 - Another prescribed arrangement (where a local authority submits a proposal to the Secretary of State for a different form of governance, which the Secretary of State must then approve).
- 11.2 Authorities operating Executive arrangements must continue to have at least one Scrutiny Committee. Authorities operating under a committee system may have one or more scrutiny committees.

12.0 The Process to Change Governance Arrangements

- 12.1 In order to change governance arrangements, a local authority will be required to pass resolution at Full Council giving notice that the Council intends to change its governance arrangements. An authority will also have to give public notice of that decision in the local press. The relevant proposals will also have to be placed on deposit for a prescribed amount of time. The precise details of the process are not yet known and will be contained in regulations to be issued by the Secretary of State (but it is likely some form of public consultation may be required). It is anticipated that arrangements can then only be changed with effect from an Annual Council meeting.
- 12.2 There are also provisions to allow referenda to be held when it is proposed to change governance arrangements in certain circumstances. This can be at the request of the local authority or as directed by the Secretary of State. There would be no requirement, however, for Cheshire East to hold a formal referendum if it wished to return to a committee system unless it resolved to do so.
- 12.3 It is intended that in May 2012 Mayoral referendum will be held in the 11 core cities, including Manchester and Liverpool, to determine whether the public would wish to move to an Elected Mayor and Cabinet Executive. This will not however directly impact upon Cheshire East and there will be no requirement to hold a similar referendum in May 2012.

13.0 Health and Social Care Bill and other Statutory Scrutiny Requirements

- 13.1 The Health and Social Care Bill establishes Health and Wellbeing Boards and will be extending scrutiny powers in respect of health matters. The Council will also have regard to statutory requirements that exist in relation to community safety, flood risk management and to any additional duties that may be put in place in respect of such matters as Police and Crime Panels.

14.0 Other Local Authorities considering a return to the committee system

- 14.1 The National Overview and Scrutiny Forum reports that, anecdotally, around 45 authorities in England appear to be taking significant steps to prepare for a return to the committee system. Of these, perhaps 15 (again, the figure is a supposition) will actually take the step. The most likely authorities appear to be Nottinghamshire, Brighton and Hove, Bristol and Barnet, although a number of small districts are also considering making the change. However, rather than a “return” to a committee system it is expected to be more likely that councils will adopt a streamlined, hybrid model.

15.0 Conclusion

- 15.1 Although a number of authorities have expressed an interest in exploring alternative arrangements to the Executive/ Scrutiny model, all are awaiting further advice from government as to how this may be achieved. That advice is not expected to be issued until the spring of 2012. Those authorities which decide to revert back to a system analogous to the pre- 2000 governance arrangements, will have to await the publication of regulations which will spell out delegation arrangements under a committee system. Authorities preferring to adopt a hybrid model may have to seek Secretary of State approval.
- 15.2 In the absence of further evidence and in the light of the Health and Social Care Bill, it is suggested that the prudent way to proceed would be to await the publication of regulations which underpin the new legislation and then to consider all options which will also involve assessing the budgetary implications which will include such matters as the likely impact on the Members allowances scheme and on resources generally within the Council and specifically within Democratic Services to support a new system. It should also be noted that any change in governance arrangements will mean that significant changes to the constitution will be required.

16 Joint Member Working Group

- 16.1 In order to consider the various options in greater detail once the legislation is in force and guidance available it is recommended that the Corporate Scrutiny Committee and Constitution Committee jointly establish a Joint Member Working Group on a 5·1·1 basis with a view to reporting back to the main Committees and full Council

17 Access to Information

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

Name: Mark Nedderman

Designation: Senior Scrutiny Officer

Tel No: 01270 686459

Email: mark.nedderman@cheshireeast.gov.uk

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APPENDIX

Resolutions of the Corporate Scrutiny Committee at its meeting on 10th January 2012

RESOLVED

- (1) That a Joint Member Working Group be created comprising members of this Committee and the Constitution Committee, consisting of 10 Members (on a 6:2:1:1 basis) the working group to include at least one member from each of the political groups represented on the Council, at least one Member to represent the Council's Regulatory Committees and one Member of the Cabinet, with a view to investigating in detail all available options to review governance arrangements under the Localism Act 2011;
- (2) That the Joint Member Working Group meet initially on a provisional basis subject to ratification by Council on 23 February 2012;
- (3) That appointments to the Joint Member Working Group be pursued through the group whips; and
- (4) That the Chairman and Vice-Chairman of the Joint Member Working Group be appointed at its first meeting.

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CHESHIRE EAST COUNCIL

Council

Date of Meeting: 23 February 2012
Report of: Strategic Director Places & Organisation capacity
Subject/Title: Petition – Proposed Gypsy & Traveller Site – Parkers Road – Crewe
Portfolio Holder: Councillor Rachel Bailey, Portfolio Holder
Safer and Stronger Communities

1.0 Report Summary

- 1.1 This report considers the submission of a Petition with 5543 signatures against the construction of a Gypsy & Traveller site on Council owned land at Parkers Road in Crewe

2.0 Recommendation

- 2.1 That the Council notes that the planning merits of the proposed site are a matter devolved for consideration by the Strategic Planning Board
- 2.2 That in the event that planning permission be granted, Cabinet will consider matters relating to the construction, funding and management of the site.

3.0 Reasons for Recommendations

- 3.1 The consideration of planning applications is devolved to the Strategic Planning Board where all relevant information can be considered within the context of the formal planning process.
- 3.2 Matters of land disposal and the use of resources for this scale of development are reserved for consideration by the Cabinet.

4.0 Wards Affected

- 4.1 ALL

5.0 Local Ward Members

- 5.1 Councillors Margaret Martin, Christopher Thorley & David Newton

6.0 Policy Implications

- 6.1 Cheshire East's Housing Strategy 2011-2016 sets out the authorities' priorities for a balanced housing market that meets the varied needs of our residents. One of these

priorities is “Meeting the needs of our most vulnerable residents” which highlights the need for additional permanent and transit pitches and outlines our strategic approach to bring forward this provision including using our own land assets and the development of policies through the Local Plan

7.0 Financial Implications

- 7.1 The submission of a planning application has cost the Council a total of £25,535. This comprises £25,200 for the consultants Turner & Townsend and £335 for the planning application fee. Only £3,500 remains to be paid to the consultants. The cost of processing this application has been met from Strategic Housing’s 2011-12 revenue budget.
- 7.2 The Homes and Communities Agency announced earlier this month that it had allocated £1.26 million in funds to provide 18 Gypsy & Traveller pitches in Cheshire. This equates to an average of £70,000 per pitch. Should planning approval be granted, the Council will work with Registered Housing Providers on a detailed proposal for the site. A sum of £540,000 is available within the 2012/13 Capital Programme for the provision of Gypsy & Traveller accommodation throughout the Borough as a whole.

8.0 Legal Implications

- 8.1 The Housing Act 1985 s8 requires Councils to undertake periodic reviews of local housing conditions and needs with a view to providing further housing accommodation. The Housing Act 2004 s225 requires such reviews to include assessment of the accommodation needs of Gypsies & Travellers residing in or resorting to the borough: accommodation needs are not confined to houses, they include caravan sites.
- 8.2 The Housing (Assessment of Accommodation Needs)(Meaning of Gypsies & Travellers)(England) Regulations 2006 define gypsies & travellers to include persons with a cultural tradition of nomadism including those who have ceased travelling temporarily or permanently on the grounds of their own, their families` or their dependants` education or health needs.
- 8.3 The Council reviewed Gypsy & Traveller needs in 2007. This has helped inform its recent Housing Strategy 2011 (prepared pursuant to s87 Local Government Act 2003). This includes the objective to “Increase the provision of accommodation for Gypsies and Travellers”, by (amongst other measures) “Utilising our land assets for the provision of a permanent Gypsy and Traveller site” [Cheshire East Housing Strategy page 43].
- 8.4 The Equality Act 2010 s149 protects racial groups (which include gypsies) from discrimination. In the exercise of its functions the Council must have due regard to the need to eliminate discrimination, harassment and victimisation, to advance equality of opportunity, to foster good relations. This includes taking steps to meet the specific needs of a racial group, to tackle prejudice, to promote understanding

- 8.5 The Good Practice Guidance on Gypsy and Travellers Site Management published by the Department of Communities and Local Government in July 2009 provides detailed guidance on the management of these sites, and suggests that where the management of Gypsy and Traveller sites is contracted out, local authorities should build relevant race equality considerations into contracts to ensure that the site management function meets the requirements of the 1976 Act.
- 8.6 In the context of Human Rights legislation, the Human Rights Act 1998, requires all public authorities to act in accordance with the Convention Rights set out therein. The following convention rights are likely to be applicable in relation to the creation and management of Gypsy/Traveller sites:

Article 8: Right to respect for private and family life

1. Everyone has the right to respect for his private and family life, his home and his correspondence.
2. There shall be no interference by a public authority with the exercise of this right, except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic wellbeing of the country for the protection of health or morals or for the protection of the rights and freedoms of others.

First Protocol, Article 2: Right to education

No person shall be deprived the right to education. In the exercise of any functions which it assumes in relation to education and to teaching, the State shall respect the right of parents to ensure such education and teaching in conformity with their own religious and philosophical convictions so far as[is] compatible with the provision of efficient instruction and training, and the avoidance of unreasonable public expenditure.

Article 14: Prohibition of discrimination

The enjoyment of rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property birth or other status.

- 8.7 From a procedural point of view, the Council's Constitution, in accordance with the Local Government Act 2000 in relation to functions, has delegated the consideration of planning applications to its planning committees, with Strategic Planning Board having responsibility for determining larger and more important applications. The function of determining the use to which Council owned land is to be put rests with the Council's Cabinet.

9.0 Risk Management

- 9.1 The Council is required by the Housing Act 2004 to undertake regular assessments of the accommodation needs of Gypsies and Travellers either living in, or travelling through, their area. It also requires the Council to include the needs of Gypsies and Travellers in any housing strategy that it produces

and to take any such strategy into account in exercising its functions. The objective behind all this is to ensure that councils consider the need for additional transit and permanent residential accommodation in their area. Further details on how the Council should meet its requirements are laid out in planning guidance i.e. Planning Policy Statement 3 and Circular 01/2006.

- 9.2 The level of need for Gypsy and Traveller and Travelling Showperson accommodation within Cheshire East has been identified through the *Cheshire Partnership Area Gypsy and Traveller Accommodation and Related Services Assessment* (GTAA), published in May 2007. This identified a need to provide further permanent residential pitches in Cheshire East equating to 27 – 42 pitches between 2006 and 2011 and a further 19 – 22 pitches between 2011 and 2016. To date 21 new pitches have been created in Cheshire East since 2006, comprising 11 permanent, 8 temporary and 2 transit. However, only the 11 permanent pitches can be counted towards meeting the identified needs figure.
- 9.3 Recent experience has shown that failure to meet the identified needs of Gypsies and Travellers has resulted in the Council losing planning appeals for new Gypsy & Traveller sites, even though the Council considers the location of these sites to be inappropriate. Failure to show that the Council is addressing the outstanding need issue is likely to result in the loss of further planning appeals of a similar nature and will not provide a plan led approach to tackling this issue.

10.0 BACKGROUND AND OPTIONS

- 10.1 A petition has been submitted to the Council by the campaign group CATS (Crewe Against Travellers Sites) which protests at plans to construct a Gypsy & Traveller site at Parkers Road / Kents Lane in Coppenhall, Crewe.
- 10.2 The petition follows widespread publicity that the Council intended submitting a planning application for a residential Gypsy & Traveller site on land in its ownership. The Petition requests that the matter is debated at a full meeting of the Council and highlights several reasons against both the principle of providing a site and its provision in this particular location. The Group make it clear that they are non-racist organisation but they wish to express clear and reasoned opposition at the highest level within the Authority.
- 10.3 The Council has thus far made no decision on this matter other than to test the suitability of the Parkers Road site via the submission of a planning application. Under the constitution this decision is delegated to officers but has been made in conjunction with the relevant portfolio holders. The application will ascertain whether the proposed development complies with relevant planning policies and merits the grant of planning permission.
- 10.4 No decision has been made beyond this in relation to the construction of the site or its funding. These are issues which would naturally follow should planning permission be granted.

The Planning Application

10.5 A Planning application was submitted by the Council on 18 January. It comprises the following documents:

- Planning & Design Statement
- Sustainability Statement
- Topographical Survey
- Extended Phase 1 Habitat Survey Report
- Great Crested Newt Survey
- Noise Assessment
- Site Location Plan
- Proposed Site Layout Plan
- Utility Block Plan
- Management / Warden Office Plan

Matters Raised by the Petition - General

10.6 **Financial Implications.** The Council has made no decision as to the funding of the site or the use of resources to support it. This will be considered by Cabinet in due course. However the Government anticipates that Local Authorities will be proactive in the provision of Gypsy sites – and makes funding available via the Homes & Communities Agency. Once established a site would not be expected to place a burden on the public purse; the gypsy & traveller site already owned by the Council operates at a modest profit.

10.7 **Housing Waiting List.** As the strategic housing authority, the Council has a duty to consider the housing needs of the whole Borough – across all communities and all types and tenures of accommodation. As such resources are devoted to a variety of housing needs – both minority and mainstream. The submission of a planning application for a gypsy and traveller site should be viewed against the wider role of the Housing Authority. This encompasses the provision of affordable housing, improvement of substandard homes, the re-use of empty properties, adaptations and repairs for vulnerable people and many other activities.

10.8 **Process.** It is considered that the best means of testing the suitability of any proposed site is via the planning process. This allows the merits of the proposal to be fully considered within a formal decision making framework with full public involvement. There is however a cost in submitting a planning application – especially given the necessary studies and surveys that are required. An effort has been made to minimise the cost involved by proceeding on just one site initially. However to do this considerable officer time has been expended on examining a wide range of alternative options to focus on the site that appears to best conform to development plan policy. Now a planning application has been made the merits of the site can be properly considered in an open and transparent way.

- 10.9 **Culture & Integration.** The Council has a statutory duty to promote equality. Should planning permission be granted any additional measures necessary to support community relations will be considered by cabinet.

Matters Raised by the Petition - Planning

- 10.10 The other matters raised are ones that properly fall to be considered as part of the determination of the planning application. In making its decision the Council will take account of Development Plan policy and all material considerations. These are considered briefly below:

Traffic Hazard – A new site access is proposed which meets highway standards. Discussions have taken place with highways and there are no outstanding concerns regarding this proposal;

Protected Wildlife – The ecological work submitted as part of the application has been undertaken by suitably qualified staff within a specialist company. The overall conclusion was that the proposed development is not anticipated to impact upon any statutory or non-statutory designated sites within 2km of the site boundary.

School Places – This proposal is likely to generate only a small requirement for additional school places compared with the larger developments which have been approved elsewhere in the area. The Council is working to ensure that it meets its statutory duty to provide sufficient school places.

- 10.11 Finally the Council has experienced a series of unauthorised developments in recent years involving new gypsy & traveller sites. Many of these have subsequently been granted planning permission on appeal. By making planned and properly managed provision for gypsy & traveller needs in the area the Council will be better placed to resist such unauthorised developments in unsuitable locations.

Conclusion

- 10.12 The Planning application has been properly submitted and is the best means of testing the suitability of the Parkers Road Site. The planning application will be considered in an open and transparent way by the Strategic planning Board and should be allowed to run its course through the planning system.
- 10.13 Any subsequent decision to approve the development of the site is a matter to be considered by the cabinet, when and if planning permission is granted. Any decision will take full account of the funding, land, management and community relations issues.
- 10.14 There is hence no need for the Council to take any further action at this stage

11.0 Access to Information

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

Section: Strategic Housing Team

Email: gypsies-travellers@cheshireeast.gov.uk

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187 Broughton Road
Coppenhall
Crewe
Cheshire
CW1 4NP

19th December 2011

To Cheshire East Council,

Proposed Gypsy/Traveller Site – Coppenhall, Crewe, Cheshire.

Please find a petition of 5,543 signatures accompanying this letter.

These people have signed the petition to protest against your proposal to build a Gypsy/Traveller site off Parkers Road / Kents Lane in Coppenhall, Crewe, Cheshire.

By the presenting of this petition we request a debate at full Council level on this matter.

I would like to make it perfectly clear that we are a non-racist organisation and are fighting the proposal on the grounds of it's improper use of tax-payers money, existing housing deficit, failure to follow a transparent, fair and proper process, size of proposed site, traffic hazards, ecological environment, school provision, culture and integration.

Since forming the C.A.T.S. group we have made several 'Freedom of Information' (FOI) requests to CEC and spent many hours researching the subject of Gypsy/Traveller sites.

The following are the main points that make the building and location of this site wholly inappropriate :

- **FINANCIAL** - Within the last fortnight, CEC announced a forecast budget deficit of £16.2m for this financial year. The Council's own figures estimate that the cost of the traveller site will be approximately £1.345m and whilst we understand that they have applied for a grant to assist with the funding of this project, it cannot be justifiable that such a large amount of money (whether it be local Council tax payers money or tax payers money from which the grant money will come) can be spent to the benefit such a small number of families – a maximum of twelve and now most likely less.
- **HOUSING WAITING LIST** – There is currently a waiting list in the region of 7,000 households about which the CEC appear to be doing little to resolve. It cannot be right to invest in the proposed site when those already resident in Crewe are not having their housing needs addressed.

- **PROCESS** - CEC's site selection process is seriously flawed. Again, FOI requests have revealed that either £18,050 or £25,000 (two figures supplied on the same day from the same dept – which adds to our concern that the Council haven't got a firm grip on current spending) has been spent to date on the proposed site in external consultancy fees. The grand total spent on the eleven alternative sites, which CEC maintain have been 'seriously considered', is Zero. It is important to re-iterate that it is evident that CEC have not followed a fair and proper process.
- **SIZE OF SITE** - The proposed site is the next smallest of the 12 sites 'supposedly considered'. Originally there were to be fifteen pitches on the site. This has subsequently been reduced to twelve and is thought to be being reconsidered to be reduced further as the Council initially failed to take into account the need for a turning circle and the hazardous junction on which the proposed site is located. The Council's estimate of pitches required in the next five years is well above this figure. There is no room for expansion at the proposed site as all land surrounding it is privately owned. As such, when CEC needs more pitches in the not too distant future it will have to find another site and start from scratch with the costs of establishing such a site. This is a short-sighted approach, a poor investment strategy and a scandalous waste of public money.
- **TRAFFIC HAZARD** - The road immediately adjacent to the proposed site is well known locally as an accident black-spot. There have been numerous accidents in recent years, including two fatalities. The corner of the proposed site is on a blind bend and a four way junction. This would make it hazardous to all users of this stretch of road if there were to be the movement of caravans, large vehicles and vehicles with trailers at this junction.
Traffic surveys were carried out on this stretch of road by CEC during the summer months. Three weeks ago they granted outline planning permission for another 400 houses, 0.4miles along Parkers Road and 650 houses, approx 0.5 miles away. The Council do not appear to have taken account of the extra traffic that will inevitably pass the proposed site once there are 1050 more households located within 0.5 miles of it.
- **PROTECTED WILDLIFE** - The proposed site has a wealth of wildlife on and around it. Whilst an ecological survey has been carried out by CEC, a copy of which we have obtained, it contains many flaws and is at great odds to the residents knowledge bordering the proposed is site who can testify to all manner of protected species on and around it.
- **SCHOOL PLACES** - The local primary school is already oversubscribed, even without the extra planned 400 houses, 0.4miles along Parkers Road and 650 houses, approx 0.5 miles away. There does not appear to be a plan in place to deal with this.

- **CULTURE & INTEGRATION** - Inevitably the existing local residents and the travellers will need to understand and tolerate each other's cultural differences. CEC does not appear to have developed a plan to help integrate the existing local community with the new residents of this proposed site over the next five to ten years. There will also no doubt be an additional cost associated with any plan.

You appear, whilst saying that local residents will have a chance to oppose this application at the appropriate time in the planning application, so far to have brought the proposal to its current status by stealth and without proper process, as when enquiries were made in 2010, local councillors were assured that the now proposed and preferred site would not be part of the future selection process.

The strength of opposition from local residents is obvious by the size of the petition being submitted to you today.

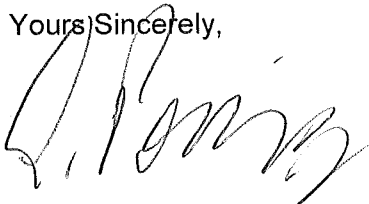
From the points above I am sure that you will see that there are many questions to be asked of your handling of this matter.

Our Freedom of Information requests have raised a number of very serious concerns relating to the conduct of yourselves and not least the management of your financial affairs.

The local residents are very angry and, as no doubt you can see from the way we are formulating our opposition to the proposal, we fully intend to put up a very strong counter argument.

I look forward to receiving notification of the date of the debate at full Council.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'G. Perris', written over a horizontal line.

Mr Glenn Perris

Chairman of the C.A.T.S. group.

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HOUSE OF COMMONS

LONDON SW1A 0AA

Erika Wenzel
Cheshire East Council
Westfield
Sandbach
CW11 1HZ

20 December 2011

Dear Erika,

PARKERS ROAD PROPOSED GYPSY/TRAVELLER SITE –SUBMISSION OF CATS PETITION.

We have previously been in correspondence about the proposed gypsy site in Coppenhall, Crewe and the widespread objection in the area for Cheshire East's plans. I understand that you intend to press ahead with submitting an application in the New Year at a cost on over £1 million for some 10 pitches.

I was invited to their first public meeting in October when over 400 residents attended. Their well organised campaign has grown and they now submit a petition of over five and half thousand signatures objecting to the site. Whilst I understand that I have no direct influence over planning, as their elected representative, it is appropriate that I articulate such strength of feeling and robustly support their objections to this proposal. I would like that strength of feeling to be understood by the Council and by the Planning Committee.

Mr Perris (Chair of CATS) has fully explained the grounds for their dispute and there is little to add to the detail other than to say that he has made a number of pertinent points.

You should be aware that, earlier this month, with members of CATS, I presented a copy of this petition at 10 Downing Street and I will continue to support the residents in their efforts to prevent the gypsy site. To that end I would be grateful if you could keep me informed of the progress of any planning application. To ensure my support for my constituents objections are heard, I intend to speak at any relevant Planning Committee, therefore could you please keep me informed when the application will be heard.

If I can be of any assistance on this matter please feel free to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "Edward Timpson".

Edward Timpson MP cc: Cllr Wesley Fitzgerald

EDWARD TIMPSON

MEMBER OF PARLIAMENT FOR CREWE & NANTWICH
30 VICTORIA STREET, CREWE CW1 2JE
www.edwardtimpson.com

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CHESHIRE EAST COUNCIL

REPORT TO: Council

Date of Meeting: 23 February 2012

Report of: Lorraine Butcher, Strategic Director Children, Families and Adults

Subject/Title: Petition against the Potential Closure of Health and Social Services

Portfolio Holder: Cllr Janet Clowes, Portfolio Holder for Health and Well Being and
Cllr Roland Domleo, Portfolio Holder for Adult Services

1.0 Report Summary

- 1.1 This report considers the submission of a Petition with 6290 signatures against changes to health and social care services in Knutsford.

2.0 Decision Requested

- 2.1 That Council accepts the petition presented by KAFKA and acknowledges its content;
- 2.2 That Council notes the content of this report and the contents of the debate;
- 2.3 That the petition is considered by Cabinet at its next meeting on 5 March 2012 when it will consider recommendations for the future delivery of adult social care services across the Borough including in Knutsford.

3.0 Reasons for Recommendations

- 3.1 The consideration of future delivery of adult social care services is scheduled to be considered by Cabinet on 5 March 2012 and will be informed by this report and the subsequent debate.
- 3.2 Such policy matters and the use of social care resources are reserved for consideration by the Cabinet.

4.0 Wards Affected

- 4.1 All affected as the requirement on Officers is to consider all services within social care and other relevant Council services, particularly those in Health and Wellbeing

5.0 Local Ward Members

- 5.1 All

**6.0 Policy Implications including - Carbon reduction
- Health**

- 6.1 Rationalisation of buildings reduces carbon impact without impact on service level.
- 6.2 The Health and Social Care Bill actively seeks to promote new delivery models of integrated care.
- 6.3 The introduction of personal budgets (Personalisation) to encourage 'choice and control' by service users over the carer provided is impacting upon the delivery of traditional care services and occupancy levels of such services have subsequently declined.

7.0 Financial Implications (Director of Finance and Business Services)

- 7.1 The Council invests around £8.5m a year in building-based social care services, and at present these are operating at only 65% of capacity versus a target of 85%. Increasing personalisation means that some care services are being 'double funded' ie. Surplus capacity is being retained while some service users choose to use their personal budgets in purchasing care services from other providers. This is not a sustainable model of service delivery in the current climate of reduced financial resources.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The process being proposed for dealing with this petition is in line with the process set out in Cheshire East Council's Consitution.
- 8.2 It is clearly appropriate for this petition to be referred to members at the meeting on 5 March 2012 when the report in respect of proposed changes to adult service delivery in the borough is to be considered, as it relates specifically to that proposal.

9.0 Risk Management

- 9.1 None directly related to this report. Full risk elements will be identified in the Cabinet report (due 5 March 2012) regarding the Modernisation of Adult Social Care which will incorporate a full report on the consultation of which this petition forms a part.

10.0 Background and Options

- 10.1 On the 5 September 2011 Cabinet approved a report regarding proposals to enhance facilities and potentially transfer some day and short breaks services from Bexton Court (Knutsford), Peatfields (Macclesfield), Dean Row (Wilmslow), the Stanley Centre (Knutsford) and Queens Drive (Nantwich). The report also proposed a period of consultation regarding the proposed changes.

- 10.2 The resulting consultation ran for a period of 12 weeks from 20 September to 13 December 2011. During that period 14 meetings for service users were held and 278 people attended. Additionally 3 public meetings were held with an attendance of 111 people, and finally 187 questionnaires were returned.
- 10.3 The consultation also resulted in a petition which was presented to Full Council in December. This was organised by KAFKA (Knutsford Area for Knutsford Action).
- 10.4 The petition includes 6290 signatures of which the majority are from Cheshire East with a small number being completed by people living in the near vicinity but not actually within the Cheshire East boundaries.
- 10.5 The petition states:
- “we the undersigned petition Cheshire East Council and East Cheshire Hospital Trust:
Save our social and health care – keep our services local
Keep our Stanley Centre for disabled adults
Return our dementia care services
Return our intermediate hospital ward”
- 10.6 The statement on the petition does not give the location of the Stanley Centre, though this may be inferred from the links at the bottom of the page (for example, www.areaforknutsfordaction.blogspot.com) however, it is unclear how obvious this was to signees.
- 10.7 There was also a second petition which related purely to the Stanley Centre which had 221 signatures.
- 10.8 Details of the petition was forwarded to the Chief Executive of East Cheshire NHS Trust, John Wilbraham, and copied to the following organisations:
- South Cheshire and Vale Royal GP Commissioning Consortium
Eastern Cheshire GP Commissioning Consortium
Chief Executive, Cheshire, Warrington and Wirral PCT Cluster Board
Chief Executive, Central and Eastern Cheshire PCT
- 10.9 In September 2010 East Cheshire NHS Trust temporarily closed the Tatton Ward at Knutsford Community Hospital. The basis for this decision was the persistent problem in recruiting middle grade doctors which seriously depleted medical staffing rota. This was compounded by a consultant staff vacancy. Efforts to secure locum staffing were unsuccessful. Steps were then taken to re-provide the beds on the Macclesfield Hospital site by converting the acute beds which were at that point closed.
- 10.10 At its Cabinet meeting on 18 October 2010 Cheshire East Council subsequently decided to agree the temporary closure of Bexton Court, a Community Support Centre that was linked to Tatton Ward. The subsequent re-provision of the beds at Macclesfield Hospital then influenced the decision of the Council to

shadow this change and also look to provide more beds closer to Macclesfield. This was possible because of 'surplus' capacity in the CSC system. Additionally a further wing was opened at Mountview in Congleton to provide specialist dementia respite. It was anticipated with such proposals that nobody would be denied a service as a result of the temporary closure of Bexton Court. There is buoyant independent sector provision in the Knutsford area providing respite services. 18 homes offer a total of 930 beds. At the time of the closure of Bexton Court only 15 out of 39 customers lived within Knutsford itself. All have relocated to alternative providers without any complaint or issues being registered over the last 12 months.

- 10.11 The petition received therefore focuses upon the overlapping issues concerning the future of health and social care services in Knutsford and summarised below:

The temporary closure of Tatton Ward (used for intermediate care) by East Cheshire NHS Trust

The temporary closure of Bexton Court (used for respite care for dementia patients) by Cheshire East Council

The consultation on the future services provided from the Stanley Centre (mainly used for day activities for vulnerable adults, including those with learning difficulties, by Cheshire East Council)

- 10.12 While Cheshire East Council has recently completed consultation on proposed changes to adult social care delivery, running parallel to the consultation has been exploratory discussions between East Cheshire NHS Trust, 3 GP practices in and around Knutsford, and the Council around the development of a new vision for the delivery of health and social care services in Knutsford. While there had been previous consultations on the potential co-location of the 3 GP (primary care) services in a single site, the pending Health and Social Care Bill, and the difficulties faced by the practices in terms of access and physical space, are providing a new impetus for an integrated solution to the delivery of health and social care in the Town.
- 10.13 In January 2012, the Cabinet endorsed a recommendation that a Memorandum of Understanding can be entered into by the Council to enable initial options appraisal work for this project to be undertaken. A copy of that report is attached as an appendix.

11.0 Access to Information

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

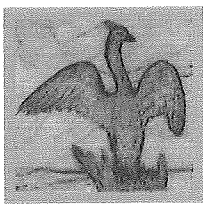
Name: Lorraine Butcher

Designation: Strategic Director Children, Families and Adult Services

Tel No: 01270 6 86021

Email: lorraine.butcher@cheshireeast.gov.uk

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In presenting this Petition, signatures of which have been gained over the short time of only two months (14 October 2011 – 14 December 2011) **Knutsford Area For Knutsford Action**, states that it represents the view of more than 6000 people, who object to the current policy of removing local services for local people from local areas.

What began as a serious attempt to gain support for a number of learning disabled adults who attend The Stanley Centre, caught fire across Cheshire East and over its borders. Carers and other volunteers have committed a large part of their valuable social time to this Petition, and invite Cheshire East Council Representatives to take very seriously the results obtained.

We now present **a three-part Petition.**

The first part consists of more than 3000 signatures gathered in Knutsford;

The second part is a similar number of signatures gathered in towns and villages across Cheshire East and on its borders;

The third part is a 275 signature petition on the single topic of **The Stanley Centre**, which was begun by family members of an adult who attends the Stanley Centre.

To this petition we add,:

1. a copy of **Cheshire East LINK Report** on The Stanley Centre - 11 November 2011
2. a copy of **Knutsford Town Council Health and Social Care Work Group's Report** - November 2011
3. a **Care Quality Commission Report on Bexton Court** – showing that it was well run and appreciated by its service users and their carers - prior to its unnecessary closure – 14 April 2010
4. A Knutsford Guardian news item on the recently issued **MENCAP Report on The Stanley Centre** showing the centre's usefulness to the learning disabled and their carers – 14 December 2011.
5. **A Report to Cabinet, on Dementia Strategy – Building Based Services Review – showing an 80% occupancy of Bexton Court just before it was closed** - produced by Director of Adult Services, Mr Phil Lloyd – 20 April 2010
6. A copy of the **Report of East Cheshire NHS Trust's Director of Performance and Quality, Kath Senior** on '**Temporary Closure of Tatton Ward**' – 09 September 2010
7. A copy of **Cheshire East Council's 05 October 2011 Health and Wellbeing Scrutiny Committee Minutes**, during which a formal request was made - and undertaking given - to look into the effect of the current difficulties and worries experienced by service users and carers, about the future of their Day and Respite Services – 05 October 2011
8. Extract from **Cheshire East Council's Health and Wellbeing Scrutiny Committee Work Programme** – showing (Page 30) that the Health and Wellbeing aspects of the current crisis in social care was '**To be prioritised**' - presented with Agenda for 10 November 2011 Meeting effectively closed down all consideration of this matter for several months at that meeting.
9. Knutsford Guardian 01 December 2011 and email to Charlotte Peters Rock from **Cheshire Police Area Commander, Michael Garrihy** – 02 December 2011.

We formally request a full response from Cheshire East Council, on all aspects of this broad-ranging Petition, and ask that it should take careful account of the legal requirements on public bodies, under the European Convention on Human Rights, and under the many aspects of disability legislation in operation within the UK, in respect of non-discrimination towards disabled people and the right of all people to have their family life uninterrupted unnecessarily by any official or public body.

We petition Cheshire East Council on this day, Thursday, 15 December 2011, to carefully consider the needs and rights of service users and carers.. and further to consider – in view of point 9 - whether any adequate 'consultation' has ever – yet - taken place between Cheshire East Council and residents of the Knutsford Area, in respect of social care and health services.

15 December 2011

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S – O – S - Save our Stanley Centre

Page 315

We the undersigned

**Petition Cheshire East Council & East Cheshire Hospital Trust:
SAVE OUR SOCIAL AND HEALTH CARE – KEEP OUR SERVICES LOCAL**

Keep OUR Stanley Centre for Disabled Adults

Return OUR Dementia Care Services

Return OUR Intermediate Hospital Ward

KAFKA Office, Holly House, Middlewich Rd, Allstock, Knutsford WA16 9JX

<http://knutsfordareaforknutsfordaction.blogspot.com>

PLACE	NUMBER
Allstock	59
Congleton	182
Cranage	128
Crewe	67
Goostrey	124
Holmes Chapel	422
Knutsford	3081
Lower Peover	8
Macclesfield	50
Middlewich	108
Mobberley	82
Northwich	23
Over Peover	20
Parkgate	433
Plumley	4
Sandbach	995
Toft	258
Wilmslow	38
Winsford	149
Online	59
<u>Total</u>	<u>6290</u>
Place names above refer to the places where the signatures were collected. There is an even split between Knutsford and the rest of Cheshire East and its borders, with 57 collected online.	
Numbers above refer to signatures collected by Carers and other volunteers, across Cheshire East during the period 14 October 2011- 14 December 2011	

Or signed online at: <http://www.petitiononline.com/petitions/021111/signatures>
knutsfordareaforknutsfordaction@yahoo.co.uk - 0156 572 2738

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SAVE THE STANLEY CENTRE

By an accident of birth, my brother Paul was born with severe learning disabilities.

Through no fault of his own, he will never be able to hold down a job. He will never experience simple joys such as reading the newspaper, driving a car, taking himself out for a meal or a pint with mates - or having a relationship.

Paul (*and those like him*) needs the opportunity to be part of the local community where he can have a sense of belonging, make friends and develop skills in a caring, safe environment surrounded by people he knows and trusts.



Today such an environment exists in Knutsford - a day-care centre called "the Stanley Centre". It has helped make my brother feel happy and feel that Knutsford is his home. Without it, he would be isolated and lonely, with little access to his friends.

East Cheshire Council are proposing to close the Stanley Centre as a cost cutting measure.

We live in tough times, HOWEVER, to deprive people like Paul of the assistance they need is to attack the **VERY WEAKEST AND LEAST ABLE** in society.

Please help speak for them, by taking the trouble to add your name to this, as we work to protect those with **NO VOICE** to speak for themselves.

Thank you for taking the time to help. **Simon**

<u>NAME</u>	<u>ADDRESS</u>	<u>SIGNATURE</u>
SYLVIA TITMUS	QUEENSWAY KNUTSFORD	
VIGOR TITMUS	" "	
PAUL HEATH	Beyton Lane Knutsford	Paul Heath
C HEATH	" "	Corn Heath
BEULAH CORNES	19 Fir Tree Ave	B. M. Cornes
WOL CORNES	19 Fir Tree Ave	Jr. Cornes
A. ROGERS	1 LEYCESTER CLOSE	Ann Rogers
P GRIFFITHS	37 BUCKINGHAM DR.	P E Griffiths
P. BARNARD	36, SKTIEH	P. Barnard

A PUBLIC MEETING TO DISCUSS THE FUTURE OF THE STANLEY CENTRE WILL BE HELD AT THE CIVIL CENTRE ON TUESDAY 15TH NOVEMBER AT 6.30 PM.

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Notices of Motion – Council Meeting 23 February 2012**1.Submitted by Cllr Brickhill**

That meetings set out in the Council diary shall not be changed either by timing or location unless :-

All members have been consulted and there is no relevant business in which case the meeting is cancelled.

All members are consulted and more than 60 agree to the change.

2. Submitted by Cllr Brickhill

1. At least 80% of all money raised by community levy payments by developers must be spent in the same town or parish council area as the actual development.
2. The remaining 20%, if any, must be spent in the same district as the actual development, where 'district' means the appropriate area of one of the three previous district councils that made up Cheshire East.
3. The Planning Department shall consult the parish or Town Council on how the money should be spent and, if necessary, fully explain at a Planning Committee meeting why the parish's recommendations cannot be implemented.
4. The Planning Department shall provide to the parish or town council full accounts on how the money was spent.

3. Submitted by Cllr Corcoran

This Council thanks the Leader for sharing his thoughts at the last Council meeting on whether Councillor allowances should be increased to replace mileage rates. However, this Council does not support the idea because:

1. It would disadvantage councillors in outlying areas.
2. It would disadvantage active Councillors who travel frequently to attend meetings and reward councillors who do not attend many meetings.
3. At a time when public opinion of payments to MPs and Councillors is highly sceptical, the public perception might be that this is a ruse to bring in an increase in allowances through the back door.

4. Submitted By Cllr Thorley and Seconded by Cllr Hogben**Coppenhall East Crewe**

No large scale housing plans in Coppenhall East should be approved or signed off until essential improvements to the road bridge over the Crewe to Manchester railway line on Sydney Road, as well as the northern relief road from Crewe Green roundabout to the A530 Middlewich Road, have been approved.

5. Submitted by Cllr Flude and Seconded by Cllr Thorley

Centenary of the First World War and War Memorials Cheshire East

In 2014 the nation will commemorate the centenary of the First World War can this Council be assured that any war memorials that the borough has responsibility for are being conserved to the high standard that the public expect?

Is there a comprehensive list of all memorials in the Borough's keeping?

Are all memorials in good repair?

Is the budget sufficient for the conservation of the memorials for generations to come?

A report to the relevant Scrutiny Committee is prepared to inform Members in relation to the points above.

Can this Council consider how it will plan for the centenary events in 2014, to include the Cheshire Archives, the Museum of Cheshire Regiment, other military, Cheshire's many history societies, our libraries, schools and residents?

6.Submitted by Cllr Gaddum

With regard to funding for education:

Cheshire East Council resolves that:

- MPs are thanked for bringing these issues to the Government's attention.
- The Department have undertaken several consultations with Local Authorities during the last 12 months. Cheshire East welcomes the Government's commitment to reviewing schools funding methodology.
- Cheshire East are supportive of an approach which provides a more equitable level of funding for all Local Authorities and all children nationally.
- The Dedicated Schools Grant (DSG) for Cheshire East is well below the national average and below the grant provided to many similar Local Authorities. In April 2009, Cheshire County Council was split into two separate Authorities, Cheshire East and West. If funded at the same rate as Cheshire West, Cheshire East would receive an additional £10m of funding. The reasons for this disparity are not clear.

Cheshire East also calls on the Government to:-

- Develop a properly designed funding methodology to address conversions to academies. It is essential that the share of retained budgets given to academies is realistic and calculated under a sound basis. The reduction in formula grant to reflect academy conversions is not appropriate, particularly as there is no clear basis on which such deductions have been made. The calculation of Local Authority Central Spend Equivalent Grant should be done in such a way as to not financially disadvantage those schools that choose to remain as part of the Local Authority family.

- Recognise concerns in respect of FSM as a measure for deprivation. Areas of deprivation can be quite dramatic, whereas pockets of deprivation can be quite local and severe. Free School Meals is considered too blunt a measure.
- Use recent consultation responses to address national inconsistencies in funding. This is the main issue for Local Authorities and schools, rather than how funding is passed out.

Cheshire East Council resolves to support the appended draft letter to the Secretary of State for Education :-

Leader of Cheshire East Council

Leader of the Labour Group: Cheshire East Council

Leader of the Liberal Democrat Group: Cheshire East Council



Childrens and Families Directorate

Westfields
Middlewich Road
Sandbach
CW11 1HZ

DATE: 10th February 2012 **OUR REF: XXXX**
OUR CONTACT: XXXX

Michael Gove
Secretary of State for Education
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Dear Mr Gove

At a recent meeting of Cheshire East Council, the motions outlined below were presented and supported by Councillors. The Group Leaders of the Council have therefore undertaken to write to you ask that the Government takes action to reduce the unfair distribution of funding which means that Cheshire East students receive one of the lowest funding levels per pupil in the Country.

The motion ran as follows:

Cheshire East Council resolves that:

- MPs are thanked for bringing these issues to the Government's attention.
- The Department have undertaken several consultations with Local Authorities during the last 12 months. Cheshire East welcomes the Government's commitment to reviewing schools funding methodology.
- Cheshire East are supportive of an approach which provides a more equitable level of funding for all Local Authorities and all children nationally.
- The Dedicated Schools Grant (DSG) for Cheshire East is well below the national average and below the grant provided to many similar Local Authorities. In April 2009, Cheshire County Council was split into two separate Authorities, Cheshire East and West. If funded at the same rate as Cheshire West, Cheshire East would receive an additional £10m of funding. The reasons for this disparity are not clear.

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- Develop a properly designed funding methodology to address conversions to academies. It is essential that the share of retained budgets given to academies is realistic and calculated under a sound basis. The reduction in formula grant to reflect academy conversions is not appropriate, particularly as there is no clear basis on which such deductions have been made. The calculation of Local Authority Central Spend Equivalent Grant should be done in such a way as to not financially disadvantage those schools that choose to remain as part of the Local Authority family.
- Recognise concerns in respect of FSM as a measure for deprivation. Areas of deprivation can be quite dramatic, whereas pockets of deprivation can be quite local and severe. Free School Meals is considered too blunt a measure.
- Use recent consultation responses to address national inconsistencies in funding. This is the main issue for Local Authorities and schools, rather than how funding is passed out.

The table below indicates the poor per pupil funding rate for children educated in Cheshire East in comparison to statistical and geographical nearest neighbours.

Statistical Nearest Neighbours

	2012/13 GUF per pupil	2012/13 National Ranking (GUF)	Indicative Total Pupil Premium for LA - 2012/13	Ranking for Total Pupil Premium Funding 2012/13
	£		£	
Bedford	4909.06	91	3,218,000	130
Cheshire West & Chester	4895.89	95	5,501,000	87
Stockport	4791.07	112	4,559,000	107
Bath & North East Somerset	4787.96	113	2,295,000	142
Trafford	4760.68	118	3,790,000	121
Herefordshire	4723.65	123	2,429,000	140
Cheshire East	4695.01	128	4,609,000	103
North Somerset	4677.02	130	3,149,000	131
Warrington	4668.15	132	3,088,000	132
Central Bedfordshire	4658.10	138	3,338,000	127
York	4657.28	139	2,376,000	141
Solihull	4652.39	141	4,342,000	113
East Riding of Yorkshire	4613.11	144	4,486,000	109
Shropshire	4611.67	145	3,976,000	117
Wiltshire	4592.87	148	6,592,000	74
South Gloucestershire	4487.41	150	3,527,000	123

Geographical Nearest Neighbours

	2012/13 GUF per pupil	2012/13 National Ranking (GUF)	Indicative Total Pupil Premium for LA - 2012/13	Ranking for Total Pupil Premium Funding 2012/13
	£		£	
Manchester	5875.61	18	19,220,000	5
Liverpool	5552.67	26	14,900,000	10
Knowsley	5446.85	30	5,414,000	90
Salford	5444.28	31	6,900,000	69
Blackburn with Darwen	5416.34	34	4,826,000	95
Halton	5354.52	35	4,119,000	115
Rochdale	5255.15	47	6,680,000	71
Oldham	5229.13	50	7,185,000	64
St Helens	5013.89	74	4,582,000	106
Bolton	4998.79	77	7,697,000	56
Blackpool	4983.66	80	4,639,000	101
Tameside	4942.19	86	5,920,000	81
Sefton	4931.86	87	5,736,000	84
Cheshire West & Chester	4895.89	95	5,501,000	87
Wigan	4882.41	100	7,004,000	67
Bury	4821.97	106	3,682,000	122
Trafford	4760.68	118	3,790,000	121
Cheshire East	4695.01	128	4,609,000	103
Warrington	4668.15	132	3,088,000	132
Staffordshire Moorlands	4653.02	140	13,201,000	15

Shropshire	4611.67	145	3,976,000	117
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The additional funding Cheshire East pupils have received via the pupil premium is welcomed. However concern remains that this does not address the underlying issue of a low base funding. The achievement of vulnerable pupils is a priority for this County. The effect of a low funding base for all pupils reduces further the impact of the additional funding.

Cheshire East has a strong commitment to providing a good education for all its pupils and this includes those in schools, currently the majority, that do not choose to become academies. This is more difficult when the funding arrangements direct extra money towards a minority of schools, predominantly those who have the fewest children with educational problems. Given that 'Fairness' is one of the key words of the Coalition agreement, we trust that the new funding arrangements will be fair, not only between different areas of the country as outlined above, but also between maintained schools and academies.

We look forward to seeing the detailed proposals coming out of the National School Funding Review and hope that sufficient resources will be allocated through a "basic entitlement per pupil" to ensure all of our schools are funded to ensure they can provide a good education to the children in Cheshire East

Yours sincerely

7.Submitted by Cllr Jeuda and seconded by Cllr Jackson

Health and Social Care Bill

This Council urges Cheshire East MP's to vote against the Health and Social Care Bill when it returns to the House of Commons.

There is no democratic mandate for this reorganization. It was ruled out in the Coalition Agreement and in every reference to the NHS by the leader of the Conservative Party, at the time of the General Election. He referred to no top down reorganization, we did not vote for this!

The NHS was set up in 1948 with a vision of what could be possible in relation to future health care, as well as what was achievable at the time.

The Coalition Government's Health and Social Care Bill strikes at the heart of that vision.

Everyone acknowledges that the NHS must constantly evolve, which is what it has been doing for the past 63 years.

It is scandalous that the Government is setting aside £3.5bn on an unnecessary reorganization when the NHS is facing the biggest challenge in its history. It has to save £20bn over the next four years, Central and Eastern Cheshire PCT has set aside £27,898,799.

The Bill has so far has over 100 amendments the Bill proposes major structural re-organisation, with 49% of NHS beds moving to the private sector. We acknowledge that there is an important role for the private sector.

Professional bodies that are not politically aligned and represent the full spectrum of health service workers have voted to advocate dropping the Health and Social Care Bill - notably the British Medical Association, Royal Colleges of Nursing, Midwifery, General Practitioner's, Radiographers and Radiologists, the Chartered Society of Physiotherapists, the Patients' Association and the NHS Consultants' Association. Other professional bodies such as the Royal Colleges of Psychiatrists, Pathologists and Ophthalmologists and the Faculty for Public Health have pointed out serious flaws in the Bill. Furthermore, citizens have concern's and in some cases fear about the damage that the proposed changes may do to the NHS, with direct impact on services in the future for them and their families.

It is time to be looking at a 'Plan B' for the NHS.

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CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting:	23 February 2012
Report of:	Director of Finance and Business Services
Subject/Title:	Supplementary Estimates - Quarter Three Review
Portfolio Holders:	Cllr Michael Jones

1.0 Report Summary

- 1.1 This report brings forward Cabinet recommendations for Supplementary Estimates contained within the 2011/12 Quarter Three Review of Performance report for Council approval.

2.0 Decision Requested

- 2.1 Council is asked to approve the following:

- a Supplementary Revenue Estimate of £0.6m to be met from general reserves to meet one-off Voluntary Redundancy costs in 2011/12, as detailed in Appendix 1;
- a Supplementary Capital Estimate / Virement of over £1,000,000 for Crewe Rail Exchange as detailed in Appendix 2.

3.0 Reasons for Recommendations

- 3.1 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 - Climate change, Health

- 6.1 As contained in the report.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 As contained in the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 None

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 factored into the 2012-13 Financial Scenario and Budget, and Reserves Strategy.

10.0 Background

- 10.1 On 6 February, Cabinet received the Quarter Three Review of Performance report for the 2011-12 financial year. This included updates on the revenue budget position and on the Capital Programme. Cabinet approved requests for Supplementary Capital Estimates (SCE) and Virements up to £1m. However in accordance with Finance Procedure Rules, Cabinet resolved to ask Council to approve an SCE/Virement in excess of £1m for Crewe Rail Exchange, and a Supplementary Revenue Estimate to be met from general reserves for Voluntary Redundancy costs.

11.0 Access to Information

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

Name: Lisa Quinn
Designation: Director of Finance and Business Services
Tel No: 01270 686628
Email: lisa.quinn@cheshireeast.gov.uk

APPENDIX 1**REQUEST FOR SUPPLEMENTARY REVENUE ESTIMATE****VOLUNTARY REDUNDANCY COSTS**

1. The Voluntary Redundancy (VR) scheme is continuing in 2011/2012 but the costs are now being met from existing service budgets, rather than from a corporate reserve. The estimated cost of VRs across all services in 2011/12 is £3.8m. These costs are reflected in services' forecast outturn positions.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

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APPENDIX 2**REQUEST FOR SUPPLEMENTARY CAPITAL ESTIMATE****CREWE RAIL EXCHANGE**

1. 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".
2. The total cost of the scheme, being undertaken in conjunction with Network Rail, is estimated at £6.177m and is being fully funded by Government Grant. Included within this is a risk/contingency of £0.9m, which is held by Network Rail and will be managed through its Change Control Process.
3. 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. These include requiring the Council to:
 - Lead the delivery of the project;
 - Provide land required to Network Rail through a 99 year lease at a peppercorn rent and nil premium;
 - The land being included in the station lease upon project completion
4. The completion of the Crewe Rail Exchange 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.
5. The increased patronage anticipated with the improvements at Crewe Station will contribute towards the reduced carbon from transport use benefitting climate change.
6. 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

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

8. The Tranche 2 SCPF Funding is to be programmed to be delivered and spent by March 2014, which is the end of NR Control Process 4 (CP4). A funding profile of expenditure anticipated through the delivery of the project has been set and Network Rail will release the funds to the Council in accordance with this cost profile.
9. Full details of the scheme and conditions to the grant funding were included in a separate report to Cabinet on 6 February 2012.

CHESHIRE EAST COUNCIL

Report to Council

Date of Meeting: 23rd February 2012

Report of: Borough Solicitor

Title: **Appointment of a Vice Chairmen to the Audit and Governance Committee**

1.0 Purpose of Report

1.1 To appoint a Vice Chairmen to the Audit and Governance Committee.

2.0 Decision Required

2.1 That a Vice Chairman be appointed the Audit and Governance Committee.

3.0 Legal Implications

3.1 Council determines the Council's decision-making bodies and their memberships. It also determines the Chairmen and Vice Chairmen of these bodies.

4.0 Risk Assessment

4.1 No issues have been identified.

5.0 Appointment of a Vice Chairmen to the Audit and Governance Committee

5.1 At the meeting of the Audit and Governance Committee held on 31st January it was announced that Councilor Martin Hardy had resigned from the position of Vice Chairman.

5.2 The Constitution provides that the appointment of Vice Chairman is a function reserved to Council

5.3 Council is invited to appoint a Vice Chairman to the Audit and Governance Committee.

For further information:

Officer: Paul Jones Democratic Services Team Manager

Tel No: 01270 686458

Email: paul.jones4@cheshire.gov.uk

Background Documents: None

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CHESHIRE EAST COUNCIL

STAFFING COMMITTEE/COUNCIL

Date of Meeting: Staffing Committee -20 February 2012
Council – 23 February 2012
Report of: Head of HR and Organisational Development
Subject/Title: Pay Policy Statement 2012/2013

1.0 Report Summary

- 1.1 Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement for 2012/2013 by 31 March 2012 and for each financial year thereafter. Regard is to be had to any guidance from the Secretary of State in producing this statement.
- 1.2 The Pay Policy Statement being recommended for adoption is attached at Appendix A.

2.0 Decision Requested

- 2.1 That the Pay Policy Statement 2012/13 be recommended to Council for approval.

3.0 Reasons for Recommendations

- 3.1 A pay policy statement is required to be produced annually from 2012-2013 under section 38 of the Localism Act. Local Authorities must have their Pay Policy Statement approved by full Council and published on their web site no later than the 31st March prior to the financial year to which they relate.

4.0 Wards Affected

- 4.1 None

5.0 Local Ward Members

- 5.1 N/A

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 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Council is required to produce and publish a Pay Policy Statement, agreed by Council, for 2012/13 and for each subsequent year, under section 22 of the Localism Act.
- 8.2 This report and accompanying Pay Policy Statement, once approved and adopted, ensures that we comply with this requirement.

9.0 Risk Management

- 9.1 None

10.0 Background and Options

- 10.1 The Localism Act and supporting guidance provides details of matters that must be included in this statutory pay policy, but also emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies.
- 10.2 Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year should the need arise, any changes must be subject to the approval of full Council.
- 10.3 The provisions in the Act do not apply to the employees of local authority schools and therefore teachers and schools based employees have not been brought within the scope of the pay policy.
- 10.4 The definition of Chief Officers, for the purposes of this report and the Pay Policy Statement, includes the Head of Paid Service and Statutory Officers as well as those who report directly to them (non-statutory Chief Officers) and their direct reports (deputy chief officers). This definition is in line with the guidance and includes all of the Extended Management Team, our most senior managers, whose salaries start at £55,067 (grade 15) which is just below the level required to be published under the Code of Practice on Data Transparency (£58,200).

10.5 What is in the Pay Policy Statement:

- 10.6 A pay policy statement must set out the Authority's policies for the financial year relating to:
- The level and elements of remuneration for each Chief Officer
 - Remuneration of Chief Officers on recruitment
 - Increases and additions to remuneration for each Chief Officer
 - The use of performance related pay for Chief Officers
 - The use of bonuses for Chief Officers
 - The remuneration of the lowest paid employees

- The relationship between Chief Officer's remuneration and that of other Officers (see section 10.10 below).
- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Authority, and
- The publication of and access to information relating to remuneration of Chief Officers.

10.7 For clarity, the term 'remuneration' includes the following:

- Basic salary or, in the case of Chief Officers engaged by the Authority under a contract for services, payments made by the Authority to the chief officers for those services
- Any bonuses payable by the authority to the Chief Officers
- Any charges, fees or allowances payable by the Authority to the Chief Officers
- Any benefits in kind to which the Chief Officers are entitled as a result of the Chief Officer's office or employment
- Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of a resolution of the Authority, and
- Any amounts payable by the Authority to the Chief Officers on the Chief Officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

10.8 A pay policy statement must also set the Authority's policies for the financial year relating to the other terms and conditions applying to the Chief Officers.

10.9 The Pay Policy Statement confirms that changes to existing posts or additional posts created, with a salary above £100,000, will be subject to a vote by full Council prior to appointment.

10.10 The policy complies with the requirement to explain the relationship between the remuneration of its chief officers and its employees who are not chief officers, under Section 10, Pay Multiples on page 12. As a means of illustrating this relationship, the policy states:

- The ratio between the highest paid employee, the Chief Executive (£173,000) and the average earnings across the Council (£21,798 FTE) is 7.94. It also identifies:
- The multiple between the lowest paid employee (£12,145) and average Chief Officer salary (£81,573), which is 6.72.

10.11 The Pay Policy includes the Council's approach to remuneration of its employees, including the lowest paid employees and, as required by the Act, the Council provides its definition of what it considers to be the "lowest paid" for these purposes (see section 3 Pay Structure and Section 10, Pay Multiples).

10.12 The Council complies with the requirement to explain the severance payment(s) to Chief Officers as part of a decision to terminate a contract for any

reason. These same policies apply to all employees; including Chief Officers (see section 8 Redundancy, Severance and Termination Payments).

10.13 The Pay Policy also complies with the requirement to explain the Council's approach towards the reward of employees previously employed by the authority who, on ceasing to be employed, are in receipt of a severance or redundancy payment from that authority. As stated in section 12, the Council has in place a policy not to reemploy former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance, in any capacity, except in truly exceptional circumstances, and subject to the agreement of the Head of Human Resources and Organisational Development.

10.14 In determining pay and as part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and benchmark against other comparable Local Authorities.

10.15 Staffing Committee are asked to note that the salaries of the Strategic Director Places, Organisational Capacity and Strategic Director People (Children, Families and Adults) are both due to be reviewed following the Senior Management Team restructure in 2011. An additional report will follow shortly with further detail.

10.16 Links with other published data

10.17 The Policy confirms the Council's commitment to publishing data on senior salaries in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements (Section 9, Publication and Access to Information, page 12).

10.18 The Secretary of State has also published 'The Code of recommended Practice for Local Authorities on Data Transparency' on 29 September 2011. The Code enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold;

- responding to public demand;
- releasing data in open formats available for re-use; and,
- releasing data in a timely way.

10.19 This recommendation includes publishing data on senior salaries (above £58,200) and organisational charts, which are included in the Pay Policy Statement. However, the Council will seek to develop this further and will consider publishing the job descriptions, responsibilities and the structure of their workforce for its Chief Officers over the coming months.

10.20 Consultation

- 10.21 There is no formal requirement to consult but the policy will be shared with the Trade Unions prior to the Council meeting.

11.0 Access to Information

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

Name: Julie Davies

Designation: HR Strategy and OD Manager

Tel No: 01270 686328

Email: julie.s.davies@cheshireeast.gov.uk

Background Papers

Localism Bill – Part 1 Local Government – Chapter 5 Standards

The Code of Recommended Practice for Local Authorities on Data Transparency

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PAY POLICY STATEMENT 2012/13

1. INTRODUCTION AND PURPOSE

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘statement’) sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff and employees working in local authority schools) by identifying:

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior employees i.e. ‘Chief Officers’, as defined by the relevant legislation;
- the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

“Remuneration” for the purposes of this statement includes three elements - basic salary, pension and all other allowances arising from employment.

Additionally, the definition of “Chief Officers”, for the purposes of this statement and in line with recommendations from the Secretary of State, includes the Head of Paid Service and Statutory Officers as well as those who report directly to them (non-statutory Chief Officers) and their direct reports.

Under this definition, the Council regards the following as its “Chief Officers”:

Head of Paid Service

Chief Executive (also Returning Officer)

Statutory Chief Officers

Director of Finance and Business Services (151 Officer)

Strategic Director (Children, Families and Adults)

Borough Solicitor and Monitoring Officer

Non-Statutory Chief Officers

Strategic Director (Places and Organisational Capacity)

Head of HR and Organisational Development

Deputy Chief Officers

Services Manager - Strategy Planning and Performance
Head of Service - Safeguarding and Specialist Services
Head of Care4CE
Head of Integrated Strategic Commissioning
Head of Local Delivery and Independent Living Service
Head of Performance, Customer Services and Capacity
Head of Development
Head of Service - Early Intervention and Prevention
Head of Community Services
Finance Manager
Head of Highways and Transport
HR Strategy Manager
HR Delivery Manager
Head of Business Management Performance and Standards
Principal Manager Safeguarding & Quality Assurance
Democratic and Registration Services Manager
Head of Health Improvement
Shared Services and Procurement Manager
ICT Manager
Head of Streets and Open Spaces (Vacant)

The senior management structure and relevant grades for these posts (including any vacancies) is attached at Appendix 2.

Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31st March each year.

Any decision under powers delegated in the Council's Constitution with regard to remuneration to be taken during 2012/13 will be bound by and must comply with this Statement.

The Head of Human Resources and Organisational Development must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement

2. OTHER LEGISLATION RELEVANT TO PAY AND REMUNERATION

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favorable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. The Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of job evaluation mechanisms, which directly establish the relative levels of posts in grades according to the requirements, demands and responsibilities of the role.

3. PAY STRUCTURE

The Council evaluates all Chief Officer roles, including the Chief Executive, using the HAY evaluation scheme. This ensures that different jobs having the same value are paid at the same rate i.e. the rate or pay scale linked to the “job score”. Up to Grade 18 (SCP 73) there is provision for progression by annual increments until the top of the pay scale is reached and most pay scales have 5 increments.

The Council uses the nationally negotiated pay spine(s) i.e. a defined list of salary points, as the basis for its local pay structure up to Spinal Column Point (SCP) 73 at grade 18. There is a small exception to this at SCP 38, which deviates from the national pay spine slightly due to local arrangements. This defined pay structure then determines the salaries of all employees on NJC (National Joint Council for Local Government Services) and JNC (Joint Negotiating Committee for Chief Officers) terms and conditions, including Chief Officers, up to SCP 73 / Grade 18.

The Chief Executive and Chief Officers above grade 18 (SCP 73), are paid a fixed spot salary with no provision for incremental progression. These posts are detailed below and the salaries for each grade are detailed in appendix 1:

- Chief Executive (Returning Officer)
 - Director 3
 - Strategic Director Places and Organisational Capacity
 - Director 2
 - Strategic Director (Children, Families and Adults)
 - Director 1
 - Director of Finance and Business Services (151 Officer)
 - Head of Human Resources and Organisational Development

For these posts, the Council will normally use external advisers such as the Hay Group and the North West Employers Organisation when determining salary. The external advisor(s) would then provide information and advice as to the appropriate level at which to pitch the salary to be successful in recruiting. This statement and future benchmarking would also inform part of the process by which these salaries are reviewed.

Employees outside of this local pay and grading structure include the following groups of employees:

Soulbury - Education Psychologists and Advisers. Their pay is determined by the National Soulbury Committee.

NHS/Nurses - Occupational Health Nurses. Their pay is determined in accordance with NHS Agenda for Change Pay Bands

Craft - Electricians, Mechanics etc. Their pay is determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees

In addition, there will from time to time be employees that have TUPE transferred into the authority on different pay and conditions.

The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national and local pay spine, for example through any agreed annual pay increases negotiated with joint trade unions.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

In determining its grading structure and setting remuneration levels for any posts which fall outside its scope, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In addition, progression through the incremental scale of the relevant grade for NJC and JNC employees (including Chief Officers) is subject to completing satisfactory service, which is reviewed on an annual basis.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service', particularly where this relates to a statutory post. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. In assessing such it should be noted that in respect of such engagements the Council is not required to make either pension or national insurance contributions for such individuals. The Council does not currently have any Chief Officers engaged under such arrangements.

4. RECRUITMENT OF CHIEF OFFICERS

The Council's policy and procedures with regard to recruitment of Chief Officers is set out within the ***Recruitment Policy and Procedure*** (refer to Staffing Committee Sharepoint or link in Appendix 3) and as set out in [the Staff Employment Procedure Rules in Part 4.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own ***Recruitment Policy and Procedure, Disability at Work Commitment, Mindful Employer, Redeployment Policy and Procedure*** and ***Equality in Employment Policy*** (refer to Staffing Committee Sharepoint or link in Appendix 3)

The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and in line with this Pay Policy Statement.

New appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied on an exceptional basis where necessary to secure the best candidate. Where the appointment salary is above the minimum point of the pay scale and is not affected by other council policies, for example promotion, redeployment or flexible retirement, this is approved in accordance with the **Pay and Allowances Policy** and will take into account the appointee's existing pay and their relevant experience and qualifications taking account of equal pay within the Council.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Any such payments will be reviewed at regular intervals to ensure their ongoing suitability and appropriateness.

Any temporary supplement to the salary scale for the grade is approved in accordance with the guidance document **Payment of Market Supplements** as a recruitment/retention incentive (refer to Staffing Committee Sharepoint or link in Appendix 3)

Currently one Chief Officer, the Head of Service, Early Intervention & Prevention, receives a market factor supplement of £3,500 per annum. This will be reviewed annually in line with the Council's policy on Market Supplements.

5. CHIEF OFFICER REMUNERATION

With the exception of progression through the incremental scale of the relevant grade being subject to satisfactory service, which is reviewed on an annual basis, currently, the level of remuneration is not variable dependent upon the achievement of defined targets. However, the Council expects high levels of performance from its employees and intends to move to a contribution based progression scheme linked to the annual performance and development review process from November 2012 onwards. In developing this scheme and future arrangements for setting Chief Officer remuneration, the Council will consider the Hutton Review's proposal for "earn back" (ie withholding a specified proportion of existing pay if performance is unsatisfactory) alongside any performance related pay scheme as a future model.

In addition and in preparation for the move towards a contribution based progression scheme, the Council currently has in place a 12 month freeze on incremental progression, this commenced in November 2011.

To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration relating to temporary additional duties are set out in section 10 of the Pay and Allowances Policy (refer to

Staffing Committee Sharepoint or link in Appendix 3) Where the full duties and responsibilities of a higher graded post are being undertaken, the payment will be the salary in the higher job that would apply were the employee acting-up to be promoted to that job. If the full duties and responsibilities are not being undertaken or if they are undertaken by more than one employee, the amount of payment should be calculated with reference to the salary of the higher graded post by the Head of Service in consultation with HR. It may consist of a monthly addition to salary or one or more lump sums to be paid at the end of, or during, the acting-up period.

Any changes to existing posts or additional posts created, with a salary above £100,000, will be subject to a vote by full Council prior to appointment / confirmation.

If the need arises to provide agency or interim cover the policy is to seek to cap the cost of that appointment at no more than that of the permanent appointment taking into account additional employment costs – pension contributions, national insurance, paid leave etc. However, where necessary a higher “market rate” will be paid to secure a suitable individual and market rate will be established by reference to soft market testing, external advice and dialogue with peer authorities.

6. ADDITIONS TO SALARY OF CHIEF OFFICERS

- **Fee for acting as the Returning Officer and Deputy Returning Officer(s)**

Cheshire East Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983. In Cheshire East the Chief Executive has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity they are the Returning Officer for elections to the Council and to Parish Councils within this Borough. For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Scale of Fees. The Scale of Fees is agreed between and used by the four Cheshire Authorities.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections and recognises the personal nature and personal responsibility of the role of the Returning Officer. The agreed scale of fees is used to determine the fees of the Deputy Returning officers, who are appointed from time to time and other elections employees.

The Returning Officer for Cheshire East is very involved in the electoral process and exceeds the Performance Standard set by the Electoral Commission for “skills and knowledge of the Returning Officer”. There are no scheduled Borough or Parish elections during the 2012/13 financial year.

The Cheshire Scale of Fees is currently under review.

- **Travel Allowances and Expenses**

In addition to pay, National Agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on council business. The Council recently reduced these travel allowances and rates and, whilst they continue to be in accordance with these national scales (which are the same for the Chief Executive, Chief Officers and other employees) the Council no longer pays the highest band. The current rates (which were last increased in April 2009) are:

	Engine Size	Engine Size
REGULAR USERS	451 -999cc	1000cc+
Lump Sum	£846	£963
Per mile first 8,500	36.9p	40.9p
Per mile after 8,500	13.7p	14.4p

	Engine size	Engine Size
OCCASIONAL USERS	451 -999cc	1000cc+
Per mile first 8,500	46.9p	52.2p
Per mile after 8,500	13.7p	14.4p

The Council has recently reviewed the assessment criteria for determining regular car users and as a result of this review has significantly reduced the number of employees in receipt of the Regular User lump sum. Chief Officers are required to complete the same assessment criteria as all other employees and currently no Chief Officers are in receipt of the regular user lump sum.

- **'Green' Salary Sacrifice Lease Car Scheme**

The Council has recently introduced a 'green' salary sacrifice lease car scheme. This is a new and innovative employee benefit, born out of the Government's introduction of a 10% band for benefit in kind taxation on low emission vehicles. The scheme enables employees to drive a brand new, fully maintained and insured car, but at a significantly reduced cost and offers savings in tax (employee only) and national insurance for both the employer and the employee. As such, it is a very attractive proposition for both.

The Green Car Scheme is underpinned by a salary sacrifice arrangement. Salary sacrifice is a contractual arrangement whereby an employee gives up the right to receive part of their cash remuneration, usually in return for their employer's agreement to provide some form of non-cash benefit, in this case a car.

Whilst the scheme operates at no cost to the employer, in fact generating a saving overall, because it is being provided as a benefit by the Council it attracts a 'Benefit in Kind' (BiK) tax for employees on the scheme.

The scheme is open to all employees of the Council, subject to meeting the criteria set out in the scheme rules.

The level of CO2 emissions on the car chosen is important as it determines the benefit in kind tax to pay on the car (the non-cash benefit). The more environmentally friendly the car is, the greater the savings will be.

- **Relocation Expenses**

Where it is necessary for a newly appointed employee to relocate to take up appointment the Council may make a contribution towards relocation expenses, in accordance with the Relocation Expenses Policy (see link at Appendix 3). Under this policy, the Chief Executive, or their nominee, has discretion to agree relocation financial assistance for any external candidate appointed, up to a maximum of £10,000. The details of any such payment must be agreed at the time of making a job offer/during initial appointment. The relocation must bring the employee nearer to their workbase and, as such, support will not normally be given to employees who already live within 30 miles of the workbase. This discretion covers all items for which assistance may be given, which must be directly related to a home relocation within two years of appointment, for example removal expenses, legal and estate agents fees.

Travel Assistance may also be agreed for expenditure arising from a move from temporary accommodation to permanent home, (as well as for the initial move to temporary accommodation), normally provided that the second move takes place within the maximum two year period. Both sets of assistance are subject to the overall limit of £10,000 and the policy is very clear that an employee must not make a net financial gain from the assistance.

The same policy applies to chief executive, Chief Officers and other employees.

- **Professional Fees and Subscriptions**

The Council will reimburse professional fees only for those employees where it is a legal requirement of their employment (subject to the employee paying the first £50) or, where employees are undertaking a training course and the membership of a professional body it is a requirement of the course. In those circumstances it will be paid for the period of study only. The Council has one policy and does not differentiate between Chief Officers and other employees.

7. LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme and policy with regard to the exercise of discretions in Pension provision is an important part of the remuneration package.

All employees under the age of 75 and who have a contract of employment which is for 3 months or more are eligible to join the statutory Local Government Pension Scheme (LGPS). There are no restrictions on the minimum number of hours an employee must work to be eligible to join. All Cheshire East employees are

automatically entered into Scheme membership, and have to elect to opt out if they so wish.

Contribution bands are determined on full time equivalent pay on 1 April each year. The bands are shown below.

Annual Rate of Pay	Rate of Contributions
More than £81,100	7.5%
More than £43,300.01	7.2%
More than £32,400.01	6.8%
More than £19,400.01	6.5%
More than £15,100.01	5.9%
More than £12,900.01	5.8%
Up to £12,900	5.5%

This is the banding rate applicable at 1st April 2011, and these rates will go up in line with the Consumer Price Index (CPI) each April.

Where employees have exercised their statutory right to become members of the Local Government Pension Scheme, the Council must make a contribution to the scheme representing a percentage of the pensionable remuneration due under the contract of employment of that employee. The rate of contribution is set by Actuaries advising the Cheshire Pension Fund and reviewed on a triennial basis in order to ensure the scheme is appropriately funded. The current rate is set at 21.3% and this will increase to 21.8% with effect from 1 April 2012. These rates were set following the 2010 triennial valuation.

For more comprehensive details of the Local Government Pension Scheme and Cheshire Pensions Fund see <http://www.cheshirepensionfund.org/>

Neither the Scheme nor the Council adopt different policies with regard to benefits for any category of employee: the same terms apply to the Chief Executive, Chief Officers and other employees alike.

The Scheme also provides for the exercise of discretions that allow for retirement benefits to be enhanced. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits unless early release of pensions is agreed on compassionate grounds. However, the Council has agreed to adopt the provision to enable redundant employees to purchase additional service with the non statutory part of their redundancy payment (additional redundancy payment) if employees are in receipt of such a non statutory payment.

The ***Pensions Discretions Policy*** (refer to Staffing Committee Sharepoint or link in Appendix 3) details the Council's agreed Pensions Discretions and applies equally to the Chief Executive, Chief Officers and other employees.

The Pension Scheme also provides for flexible retirement. In applying the flexible retirement provision no distinction is made between the Chief Executive, Chief Officers and other employees. Employees aged 55 and above may apply to have their hours and/or their pay grade reduced and to seek agreement to early release to some or their entire pension.

The request can be considered if;

Either

- their substantive grade reduces by a minimum of 2 grades (e.g. Grade 6 to Grade 4)

And / Or

their contract hours reduce by a minimum of 1/5

And

- at the same time, the employee requests early release of their pension.

Any consequential fund strain payments to the pension fund are recoverable in three years with the discretion to extend the three years in exceptional circumstances. The Council's Staffing Committee will consider requests from the Chief Executive or a Chief Officer in respect of other employees.

8. REDUNDANCY PAYMENTS AND PAYMENTS ON TERMINATION

Where an employee is made compulsorily redundant, they will receive a redundancy payment in accordance with the State formula based on the employee's actual week's pay, plus any payment in lieu of notice where applicable and, payment for any annual leave for employees leaving the Council's employment with accrued leave which, by agreement is untaken at the date of leaving.

The Council also has a voluntary redundancy scheme in place which is applicable to all employees who opt to leave the authority on grounds of voluntary redundancy. Employees who leave on grounds of voluntary redundancy will normally be entitled to receive a redundancy payment in accordance with the State formula based on the employee's actual week's pay plus an additional severance payment of up to the equivalent to the State redundancy payment. This will be reviewed in March 2012 and the Council reserves the right to change all discretionary elements.

However, when considering voluntary redundancy the Council considers: -

- The need for the competency and skill set to meet current commitments

- The uniqueness of that competency and skill set in the organisation compared to the expected demand
- The likely need for that competency and skill set to meet future needs
- The likely timescale of future needs, comparing the cost of retention with the cost of VR and future re-recruitment
- The opportunity to cross skill or retrain remaining staff to fill the gap, and the cost and timescale to achieve this
- The cost of VR

The Council's approach to statutory and discretionary payments on termination of employment of Chief Officers, prior to reaching normal retirement age, is set out within the **Redundancy Policy and Procedure** and for those eligible for retirement, in the **Retirement and Severance Policy** (refer to Staffing Committee Sharepoint or link in Appendix 3) and are in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

The Council uses Compromise Agreements as a matter of course for all voluntary redundancies/severances and this applies to all employees, including Chief Officers. The use of standard compromise agreements on this basis minimises any risk of future claims against the Council.

Occasionally a Compromise Agreement may be used to ensure a smooth departure of an employee (including Chief Officers) in other circumstances. The content of any such compromise agreement and associated termination payment will take into account:

- The individual circumstances of the departure
- Value for Money for the authority
- The age and proximity to retirement of the individual,
- The risk of a potential claim against the authority
- Any entitlement to notice pay
- The need for a speedy departure / 'opportunity lost' cost
- Any other material factors that may be considered

The final decision and approval for any such Compromise Agreement and associated payment rests with the Chief Executive, in discussion with the Leader.

9. PUBLICATION AND ACCESS TO INFORMATION

Upon approval by full Council, this statement will be published on the Council's Website. Additionally, information relating to senior posts (defined as posts with a full time equivalent salary of £50,000 and above) will also be published on the Council's website, in line with the CIPFA Code of Practice on Local Authority Accounting.

The following information is published as part of this:

- Salary;

- Job Title (with the exception of individuals earning over £150,000 who will be identified by name)
- Job description;
- Responsibilities;
- Budgets (including overall salary costs of employees reporting to the senior role)

An organisation chart of the Council's management structure, including salary bands and details of vacant posts is also attached. The current chart is attached at Appendix 2 for information.

Further information about the Council's commitment to transparency can be found at the attached link.

http://www.cheshireeast.gov.uk/council_and_democracy/council_information/transparency.aspx

10. PAY MULTIPLES

The figures below exclude schools based employees and teachers as the Localism Act does not apply to local authority schools. They also exclude casual employees.

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2012, this is £12,145 per annum, Grade 1 Spinal Column Point (SPC) 4. There are 78 employees (excluding casuals) on this grade and SCP currently.

Separate to the Council's pay and grading structure, we offer one year apprenticeship placements. The Council operates this scheme in line with the National Minimum Wage and the apprenticeship rate guidelines as follows.

There are different levels of National Minimum Wage, depending on your age and whether you are an apprentice. The current rates (from 1 October 2011) are:

- £6.08 - the main rate for placements aged 21 and over
- £4.98 - the 18-20 rate (equivalent to Spinal Column Point 3 –£ 9608)
- £3.68 - the 16-17 rate for placements above school leaving age but under 18

Apprentice Specific Pay: £2.60 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship.

Additionally, there are a number of employees on other pay and conditions, as noted above, such as Craft, NHS and Soulbury employees on different pay structures, but none fall below the £12,145 FTE salary at SCP04.

The relationship between the rate of pay for the lowest paid and Chief Officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement (section 3, Pay Structure).

The current pay levels within the Council define the multiple between the average / mean full time equivalent earnings (£21,798) and the highest paid Chief Officer, the Chief Executive (£173,000) as 7.94.

Additionally, the multiple between the lowest paid employee (£12,145) and average chief officer salary (£81,573) is 6.72.

The Council does not explicitly set the remuneration of any individual or group of posts by reference to a simple multiple of another post or group of posts. The use of multiples cannot capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required.

The Council is satisfied with its current pay multiples but as part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate. In addition, upon the annual review of this statement, the Council will also monitor any changes in the relevant 'pay multiples' and may benchmark against other comparable Local Authorities.

11. ACCOUNTABILITY AND DECISION MAKING

In accordance with the Constitution of the Council, the following arrangements are in place in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council, including Chief Officers.

<p>Posts:</p> <ul style="list-style-type: none"> • Head of Paid Service • Statutory Officers (including 151 and Monitoring Officer) • Plus any Chief Officers with salaries over £100,000 which are currently: <ul style="list-style-type: none"> ➤ Strategic Director Places and Organisational Capacity ➤ Strategic Director (Children, Families and Adults) 	<p>Staffing Committee oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p>Cabinet then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p> <p>Full Council then vote on the appointment of the successful candidate, following the recommendation made by Staffing Committee.</p>
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<ul style="list-style-type: none"> • Non Statutory Chief Officers and Chief Officers with salaries below £100,000 • Deputy Chief Officers 	<p>Staffing Committee oversee the arrangements for filling the vacancy, including the final selection process. Once a candidate has been selected and agreed, this is then communicated to Cabinet.</p> <p>Cabinet then have the opportunity to put forward any material or well founded objection to the proposed appointment of the successful candidate, prior to it being recommended to Council.</p> <p>Subject to no material or well founded objection being put forward, the appointment is then confirmed.</p>
<ul style="list-style-type: none"> • All other posts 	<p>The Chief Executive has the power to appoint all other staff but this authority is usually delegated to the relevant Director / Head of Service.</p>

The Council's Constitution sets out the fuller roles and responsibilities of these groups.

12. RE-EMPLOYMENT/RE-ENGAGEMENT OF EMPLOYEES IN RECEIPT OF A LOCAL GOVERNMENT PENSION (INCLUDING CHIEF OFFICERS)

Any decision to re-employ an individual (including Chief Officers) already in receipt of a Local Government Pension (with same or another local authority) will be made on merit, taking into account the use of public money and the exigencies of the council.

13. RE-EMPLOYMENT/RE-ENGAGEMENT OF FORMER EMPLOYEES (INCLUDING CHIEF OFFICERS)

Former Cheshire East/ Legacy Authority employees who left their employment on grounds of voluntary retirement or severance will not be re-employed or re-engaged in any capacity except in truly exceptional circumstances, and subject to the agreement of the Head of Human Resources and Organisational Development. Reappointment and re-engagement includes all types of contractual relationships whether they be a contract of employment, contract of service, etc and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

Prepared by:	HR Strategy and Policy Team
Date:	8 th February 2012
Revisions and reasons:	
Review Date:	January 2013

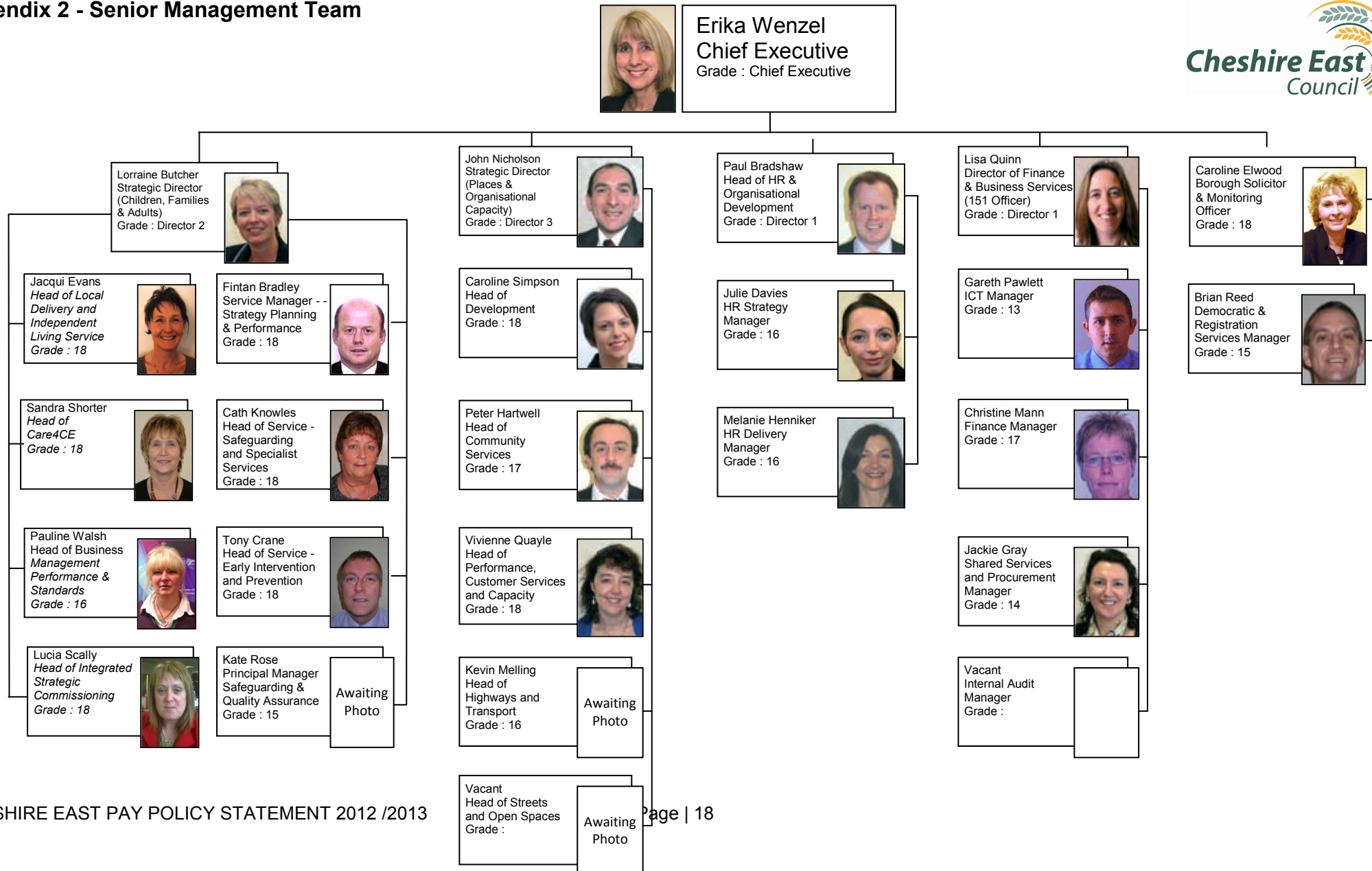
Appendix 1 – Cheshire East Pay and Grading Structure (NJC and JNC)

GRADE	SCP	SALARY			
1	4	12145	11	41	36182
	5	12312		42	37263
	6	12489		43	38342
				44	39544
2	6	12489		45	40741
	7	12787		46	42014
	8	13189		46	42014
	9	13589		47	43294
3	9	13589	12	48	44771
	10	13874		49	46251
	11	14733		50	47227
	12	15039		51	48200
	13	15444			
4	13	15444	JNC Chief Officers		
	14	15725	13	49	46251
	15	16054		50	47227
	16	16440		51	48200
	17	16830		52	48598
5	17	16830	14	53	49631
	18	17161		53	49631
	19	17802		54	50888
	20	18453		55	52144
	21	19126		56	53606
6	21	19126	15	57	55067
	22	19621		57	55067
	23	20198		58	56494
	24	20858		59	57924
	25	21519		60	59508
7	25	21519	16	61	61098
	26	22221		61	61098
	27	22958		62	62695
	28	23708		63	64299
	29	24646		64	66040
8	29	24646	17	65	67782
	30	25472		65	67782
	31	26276		66	69495
	32	27052		67	71212
	33	27849		68	73118
	34	28636		69	75023
9	33	27849	18	69	75023
	34	28636		70	76962
	35	29236		71	78906
	36	30011		72	81073
	37	30851		73	83240
10	37	30851			
	38	32012			
	39	33167			
	40	34501			

	41	36182
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Director 1	90320
Director 2	120000
Director 3	122000
Chief Executive	173000

Appendix 2 - Senior Management Team



Appendix 3

All of the relevant policies and procedures as referred to in the Pay Policy Statement can be found on the Staffing Committee Share Point.

<http://mycheshireteams.ourcheshire.cccusers.com/sites/cecstaffcomm/default.aspx>

Intranet links to the relevant policies and procedures:

[Payment of Market Supplements](#)

[Pay and Allowances Policy](#)

[Pensions Discretions Policy](#)

[Redundancy Policy](#) and **[Procedure](#)**

[Retirement and Severance Policy](#)

[Recruitment Policy](#) and **[Procedure](#)**

[Disability at Work Commitment](#)

[Mindful Employer](#)

[Redeployment Policy](#) and **[Procedure](#)**

[Equality in Employment Policy](#)

[Relocation Expenses Policy](#)

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