

Cabinet Agenda

Date: Tuesday, 5th February, 2019
Time: 2.00 pm
Venue: Committee Suite 1, 2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

It should be noted that Part 1 items of Cheshire East Council decision-making meetings are audio recorded and the recordings are uploaded to the Council's website.

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

1. **Apologies for Absence**
2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

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

In accordance with paragraph 3.33 of the Cabinet Procedure Rules, a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the Cabinet. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding 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 are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

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.

Please contact Paul Mountford, Executive Democratic Services Officer
Tel: 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk

4. **Questions to Cabinet Members**

A period of 20 minutes is allocated for questions to be put to Cabinet Members by members of the Council. Notice of questions need not be given in advance of the meeting. Questions must relate to the powers, duties or responsibilities of the Cabinet. Questions put to Cabinet Members must relate to their portfolio responsibilities.

The Leader will determine how Cabinet question time should be allocated where there are a number of Members wishing to ask questions. Where a question relates to a matter which appears on the agenda, the Leader may allow the question to be asked at the beginning of consideration of that item.

5. **Minutes of Previous Meeting** (Pages 5 - 10)

To approve the minutes of the meeting held on 15th January 2019.

6. **Third Quarter Review of Performance 2018/19** (Pages 11 - 88)

To consider a report on the third quarter review of performance for 2018/19.

7. **Medium Term Financial Strategy 2019-22** (Pages 89 - 412)

To consider a report presenting the Medium Term Financial Strategy for Cheshire East Council for the years 2019/20 to 2021/22.

8. **Schools Funding Formula for 2019/20** (Pages 413 - 428)

To consider a report setting out the process to determine the schools funding formula for 2019/20 and requesting approval of the formula.

9. **Adoption of the Community Infrastructure Levy (CIL)** (Pages 429 - 492)

To consider a report seeking approval for the adoption of the Community Infrastructure Levy.

10. **Macclesfield Local Development Order** (Pages 493 - 558)

To consider a report recommending that Cabinet adopt the Macclesfield Local Development Order in order to support regeneration and the delivery of housing in Macclesfield.

11. **Proposed Expansion of Elworth Church of England Primary School** (Pages 559 - 566)

To consider a report on the proposed expansion of Elworth Church of England Primary School.

12. **0-19 Healthy Child Programme** (Pages 567 - 576)

To consider a report on the re-commissioning of the 0-19 Healthy Child Programme.

13. **Re-Commissioning of Integrated Lifestyle Services** (Pages 577 - 582)

To consider a report recommending the re-commissioning of integrated lifestyle services in order to continue to improve health outcomes for the local population.

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

The report or a part thereof relating to the remaining item on the agenda has been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matter may be determined with the press and public excluded.

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

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

15. **Provision of Catering Services at Tatton Park** (Pages 583 - 588)

To consider a report on the provision of catering services at Tatton Park.

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

held on Tuesday, 15th January, 2019 at Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor Rachel Bailey (Chairman)
Councillor L Wardlaw (Vice-Chairman)

Councillors A Arnold, P Bates, J Clowes, J P Findlow and J Saunders

Councillors in attendance

Councillors Rhoda Bailey, E Brooks, S Corcoran, M Deakin, I Faseyi, D Flude,
G Hayes, S Hogben, L Jeuda, B Moran, M Parsons, A Stott, B Walmsley and
G Williams

Officers in Attendance

Kath O'Dwyer, Acting Chief Executive
Frank Jordan, Executive Director of Place/Acting Deputy Chief Executive
Mark Palethorpe, Acting Executive Director of People
Mark Taylor, Interim Executive Director of Corporate Services
Dan Dickinson, Acting Director of Legal Services/Monitoring Officer
Sara Barker, Head of Strategic HR
Paul Mountford, Executive Democratic Services Officer

Apologies

Councillor D Stockton

74 DECLARATIONS OF INTEREST

Councillors E Brookes, G Hayes and B Walmsley declared disclosable pecuniary interests in the items to be considered in Part 2 of the agenda relating to the Council's ASDVs and indicated that they would leave the meeting prior to the consideration of those items.

75 PUBLIC SPEAKING TIME/OPEN SESSION

Jenny Unsworth referred to the proliferation of hand car washes which she said were not covered by regulation. She expressed concern about the potential impact on residential amenities and health, and called for greater planning management. The Portfolio Holder for Housing, Planning and Economic Regeneration responded that any new development or change of use to provide a car wash required planning permission. A report would be taken to the Strategic Planning Board in the next two months to review the current position and make any recommendations on additional planning policy.

Richard Hamilton referred to a S106 contribution of £20,000 which was being held by the Council but was no longer needed for the intended purpose. He asked why the contribution had not been returned to the developer. The Portfolio Holder for Housing, Planning and Economic Regeneration responded that the relevant agreement stipulated that the money would have to be repaid if unused within 10 years, which would be in 2027. There was no requirement to repay the money at this time and given that circumstances could change, the money could still be needed for its intended purpose.

Sue Helliwell asked if the Council would install a defibrillator outside Westfields in Sandbach to follow the example of Alsager in having at least three defibrillators available 24 hours a day. The Portfolio Holder for Housing, Planning and Economic Regeneration responded that given that Westfields was somewhat removed from the Town Centre, it would be more appropriate to approach Sandbach Town Council with a view to installing a defibrillator outside Sandbach Town Hall, which was more centrally located.

Jane Smith asked why glyphosate was being used routinely in and around parks and playgrounds in Cheshire East. She said that the pesticide had been labelled by one international agency as 'probably carcinogenic' and had been banned from use in public places in some cities. The Portfolio Holder for Health responded that the Council managed weeds by cutting and digging them out and by strimming, and only where necessary by the careful application of weed killing herbicides which were not routinely carried by maintenance teams. She added that various international agencies and authorities had concluded that there was no evidence to link glyphosate with cancer in humans, based on the available information.

Paul Redstone referred to the condition of The Avenue in Alsager and asked that the Council include it for treatment in next year's road improvement programme, starting in April 2019. At the Chairman's invitation, Councillor Glen Williams, Deputy Cabinet Member, responded that The Avenue had been inspected and would be prioritised against other roads in the Borough in preparation for next year's programme. In the meantime, any defects found during the site inspection which were considered to be a safety hazard would be repaired.

Sylvia Dyke, speaking on behalf of residents of White Moss, asked why certain conditions relating to two planning applications had not been enforced by the Council, the application references being 7/14766 and 13/4132N. The Portfolio Holder for Housing, Planning and Economic Regeneration responded that, whilst he acknowledged that White Moss Quarry remained a concern for local residents, the circumstances surrounding the site had been explained on numerous occasions, both in writing and in face-to-face meetings with Council officers. He added that there was a clause in the legal agreement and a condition in the planning permission which required a restoration plan for the site to be agreed before the housing permission was implemented.

76 QUESTIONS TO CABINET MEMBERS

Councillor S Corcoran referred to an estimate he had given at the previous meeting of the numbers of premature deaths resulting from poor air quality in Cheshire East; a figure which at the time had been questioned but which he stood by. He asked if the Leader would now either accept his estimate or provide one of her own. The Leader undertook to provide a written response.

Councillor D Flude referred to HS2 and asked who sat on the Crewe Joint Board and when it met. She also asked if the meetings of the Local Transport Board could be recorded as with normal Council meetings. The Leader responded that the Local Transport Board was a subsidiary of the Cheshire and Warrington Local Enterprise Partnership; she had no issue with raising the matter of recorded meetings but indicated that the meetings were well attended by members of the public. At the Leader's invitation, the Executive Director Place commented that the Joint Sponsor Board for Crewe was chaired by a senior director of Network Rail and the Council was represented on the Board by the Executive Director Place. Transport for the North were also represented on the Board. The focus of the Board was on ensuring a joined up approach to track layout and station design.

Councillor B Walmsley commented that the main traffic congestion problems in Middlewich were caused by traffic bound for Cheshire West. She therefore asked that the Council support a Middlewich southern bypass to address the problem. At the Chairman's invitation, Mr C Hindle of the Council's Highways Team responded that at the last meeting of the Local Transport Board of the LEP, it was recommended that a Middlewich southern bypass be entered as a concept for consideration into the work programme for this year.

Councillor M Deakin referred to the re-application for 68 Close Lane, Alsager, which was an application for 16 homes. When the appeal came to be re-assessed, this resulted in no claim for primary education services in the area, the Council referencing the sufficiency of S106 provisions already secured. He asked if this would have an impact on educational provisions for future planning applications in the Alsager area such as the reserved White Moss application. The Portfolio Holder for Housing, Planning and Economic Regeneration undertook to provide a written answer.

77 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 4th December 2018 be approved as a correct record.

78 **MIDDLEWICH EASTERN BYPASS - DELIVERY STRATEGY**

Cabinet considered a report on the delivery strategy for the Middlewich Eastern Bypass.

The report sought delegated authority for the Executive Director Place to take all steps considered necessary or expedient to deliver the Scheme.

Councillor B Walmsley, speaking for all three local ward members, welcomed the report.

Councillor S Corcoran, whilst acknowledging that the bypass would benefit Middlewich, indicated there would be problems for Sandbach through the generation of additional traffic down Middlewich Road. He sought assurances that measures would be taken to mitigate the impact on air quality by reducing traffic flows which could be achieved either through road improvements or by promoting cycling and walking. The Leader responded that any representations were best made through the statutory planning process.

RESOLVED

That Cabinet

1. notes that the Executive Director Place will in accordance with the approved processes, draw down on the budget allocation within the Capital Programme Addendum in order to deliver the Scheme, reverting to Cabinet only in the event that the Executive Director Place or the Portfolio Holder for Communication and Finance identifies a material shift in the costs and/or risks associated with the Scheme;
2. delegates to the Executive Director Place (insofar as such delegations are required), in consultation with the Portfolio Holder for Communication and Finance, authority to take all steps the Executive Director Place considers to be necessary or expedient to deliver the Scheme which, for the avoidance of doubt, shall include (but not be limited to):
 - (a) taking all necessary steps to secure DfT Grant Funding;
 - (b) exercising all statutory planning and highways powers, including the service of notices and the making, confirmation and implementation of all orders, including Compulsory Purchase Orders and Side Road Orders; and
 - (c) entering into any contracts, licences, undertakings or other agreements, including Phase 1 (pre-construction) and Phase 2 (main construction) contracts under the SCAPE framework, to secure all services needed to deliver the Scheme.

79 **A500 DUALLING SCHEME - FUNDING AND DELIVERY STRATEGY**

Cabinet considered a report on the funding and delivery strategy for the A500 Dualling scheme.

The report sought approval to make the necessary provision in the Council's Capital Programme to deliver the scheme, and to delegate to the Executive Director Place authority to take all steps considered necessary or expedient to deliver the Scheme.

RESOLVED

That Cabinet

1. recommends to Council the inclusion of the sum of £54.79M in the Council's Capital Programme Addendum ("the Addendum"), being the anticipated sum required to deliver the Scheme;
2. agrees to underwrite, from the sum included in the Addendum, the Local Contribution of £11.39M, being the difference between the anticipated cost of the Scheme and the anticipated DfT Grant Funding;
3. delegates to the Portfolio Holder for Finance and Communication authority to agree variations to the amounts indicated in these recommendations within the financial approval limits that apply to full Cabinet;
4. notes that the Executive Director Place will, in accordance with the approved processes, draw down on the Addendum allocation in order to deliver the Scheme, reverting to Cabinet only in the event that the Executive Director Place or the Portfolio Holder for Finance and Communication identifies a material shift in the costs and/or risks associated with the Scheme;
5. delegates to the Executive Director Place (insofar as such delegations are required), in consultation with the Portfolio Holder for Finance and Communication, authority to take all steps the Executive Director Place considers to be necessary or expedient to deliver the Scheme which, for the avoidance of doubt, shall include (but not be limited to):
 - (a) taking all necessary steps to secure DfT Grant Funding;
 - (b) exercising all statutory planning and highways powers, including the service of notices and the making, confirmation and implementation of all orders including Compulsory Purchase Orders and Side Road Orders; and
 - (c) entering into any contracts, licences, undertakings or other agreements, including Phase 1 (pre-construction) and Phase 2

(main construction) contracts under the SCAPE framework, to secure all services needed to deliver the Scheme.

Note: At this point, having declared disclosable pecuniary interests in the items to be considered in Part 2 of the agenda relating to the Council's ASDVs, Councillors E Brookes, G Hayes and B Walmsley left the meeting.

80 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

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

An hour long confidential briefing on the two following items had been provided for members prior to the Cabinet meeting. At the briefing, the confidential papers had been shared with those members present and officers had addressed a range of questions.

81 **ALTERNATIVE SERVICE DELIVERY VEHICLES (ASDV) GOVERNANCE ARRANGEMENTS**

Cabinet considered a report on ASDV governance arrangements.

RESOLVED

That the recommendations set out in the report be approved.

82 **ASDV PROGRAMME UPDATE**

Cabinet considered a report on the ASDV change programme.

RESOLVED

That the recommendations set out in the report be approved.

The meeting commenced at 2.00 pm and concluded at 3.40 pm

Councillor Rachel Bailey (Chairman)



Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Third Quarter Review of Performance 2018/19

Portfolio Holder: Cllr Paul Bates - Finance and Communication
Cllr Paul Findlow - Corporate Policy and Legal Services

Senior Officer: Alex Thompson – Head of Finance and Performance (Acting Section 151 Officer)

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2018/19 financial year. The report highlights financial and non-financial pressures (and performance) and provides an overview of progress towards achievement of the priority outcomes set out in the Corporate Plan 2018 to 2021.
- 1.2. Local Authority budgets across the UK are being managed against a backdrop of continuing reductions in government funding in 2018/19 as well as inflation rises and increasing demand for services. However, the safeguarding and environmental duties of the Council must still be delivered within the relevant statutory parameters and the associated inspection frameworks. In this environment the ability to deliver financial savings whilst maintaining service standards across the Council is extremely challenging.
- 1.3. At the mid year review the Council's forecast overspend was estimated at £5.3m compared to the 2018/19 budget. This position has since improved with the estimated forecast overspend reducing to £4.8m. The forecast overspend is mainly due to pressures in the People Directorate relating to the costs of Childrens Social Care. There are further pressures within Environmental Operations, delays associated with achieving some of the efficiency savings included within service budgets and anticipated additional costs relating to the way that holiday pay is calculated.
- 1.4. Mitigating actions to bring the outturn in line with budget will include further in-year efficiency savings (£0.8m), use of business rate receipts (£2.1m) and use of reserves (£1.9m).

- 1.5. Against this challenging financial backdrop it is pleasing to note that the Council has continued to perform strongly, delivering positive outcomes in each of the six priority areas identified by the Corporate Plan.
- 1.6. At third quarter, a few examples of good performance were:
- The first Cheshire East Pride in the Park event took place
 - The Crewe Green Roundabout scheme completed on time with an official opening event in November
 - Lollipop lady Pam Pearson collected her British Empire Medal, awarded for 40 years of helping children get to school safely
 - We have been successful in securing £697,000 of grant funding to promote affordable warmth and reduce fuel poverty
 - Ofsted carried out a 'focussed visit' in October, and praised the progress made in planning for cared for children
 - The 'Time to Change' initiative was launched in October with a 'Pledge' signing by the Acting Chief Executive and Deputy Leader
 - The Care Quality Commission's reablement inspection within Care4CE was rated as "good"
 - Turnaround of planning applications was within timescales and remained above target during the third quarter
 - Additional funding of £4.6m from the Department of Transport for Potholes and a further £0.2m Disabled Facilities grant from the Ministry of Housing, Communities and Local Government has been allocated to Cheshire East Council
- 1.7. Areas requiring further improvement also identified as:
- Increase the percentage of Food Safety E-rated premises that receive intervention activity. Although 100% of quarter two inspections were completed, overall performance remains below target due to a backlog of overdue inspections from previous years which we are working to reduce, whilst still prioritising inspections at A-D rated premises.
 - Increase the number of apprenticeships. At the end of September 2018, 42 were in place against the annual Council target of 82. Meanwhile six were in place out of the targeted 73 in our Schools.
 - There has been an increase in the number of insurance claims against highways, with 586 third party claims received between April 2018 and the end of November 2018, compared to 317 during the first three quarters of 2017/18. However, the latest repudiation rate (a rolling 12-month figure at the end of Q2) stood at 92%.
- 1.8. Additional and supporting detailed performance data is reported for information to Scrutiny committees. The quarter two Place Scorecard was received by the Environment and Regeneration Overview and Scrutiny Committee on 21 January 2019. The quarter two Children and Families Scorecard was received by the Children and Families Overview and Scrutiny on 28 January 2019. The latest Adults and Public Health

Scorecards were received by the Health and Adult Social Care and Communities Overview and Scrutiny Committee on 17 January 2019.

- 1.9. The attached report, **Annex 1**, sets out details of how the Council is performing in 2018/19. It is structured into three sections:

Section 1 Summary of Council Performance - brings together the positive impact that service performance and financial performance have had on the six Council Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2018/19 has been funded, including the service budgets, grants, council tax & business rates, treasury management, centrally held budgets and reserves.

Section 3 Workforce Development - provides a summary of the key issues relating to the Council's workforce development plan.

2. Recommendations

That Cabinet:

- 2.1. note the contents of the report and each appendix.
- 2.2. recommend that Council approve:
- 2.2.1. fully funded supplementary capital estimates above £1,000,000 in accordance with Financial Procedure Rules as detailed in (**Appendix 8**);
- 2.2.2. supplementary revenue estimate of £1,450,638 relating to Adult Social Care Winter Funding (**Appendix 11**).

3. Reasons for Recommendations

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Monitoring performance is essential to the achievement of outcomes within the Corporate Plan. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 375,000 local people. Gross annual spending is over £740m, with a balanced net budget for 2018/19 of £269.7m.
- 5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 5.3. At the third quarter stage, action continues to ensure that the Council's reserves strategy remains effective following identification of a potential overspend of £4.8m (1.8%) against a net revenue budget of £269.7m. Although it is expected that mitigating actions will return this to a balanced outturn by year end. Forecast capital expenditure in the year is £120.7m.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications surrounding the process of setting the 2018 to 2021 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the third quarter stage of 2018/19. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 6.1.2. The only other implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.
- 6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

6.2. Finance Implications

6.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the right context.

6.2.2. Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. The forecast overspend at third quarter is within the risk assessed level, but if it remains unresolved this could require Council to deliver future savings to replenish reserve balances.

6.2.3. As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.

6.3. Policy Implications

6.3.1. This report is a backward look at Council activities at third quarter and predicts the year end position.

6.4. Equality Implications

6.4.1. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.5. Human Resources Implications

6.5.1. This report is a backward look at Council activities at third quarter and states the forecast year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.6. Risk Management Implications

6.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.

6.6.2. 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 2018/19 budget and the level of general reserves were factored into the 2018/19 financial scenario, budget and reserves strategy.

6.7. Rural Communities Implications

6.7.1. The report provides details of service provision across the borough.

6.8. Implications for Children & Young People / Cared for Children

6.8.1. The report provides details of service provision across the borough, acknowledges the ofsted report and notes the overspend on Children in Care.

6.9. Public Health Implications

6.9.1. This report is a backward look at Council activities at third quarter and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2018/19 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

[Mid Year Review of Performance 2018/19](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Head of Finance and Performance (Acting Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk

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Third Quarter Review of Performance 2018/19

February 2019

This report receives scrutiny and approval from Members of Cheshire East Council. As a public report, anyone can provide feedback to the information contained here.

Anyone wanting to comment can contact the Council at:

shapingourservices@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 375,000 local people with annual spending of over £740m.

Local government is going through a period of unprecedented change and financial challenge. A combination of increasing demand for services, rising costs and reduced Government grant is creating significant pressures on the Council's revenue budget. The Council's response continues to focus on increasing efficiency and productivity to enable us to deliver a high level of sustainable, quality services.

Demand for Council services is high however, with more individuals and families needing support than ever before. This reflects an increase in population but also reflects changes in demographics. This demand is resulting in revenue pressures of £4.8m (1.8%) against a budget of £269.7m. Robust action is being taken to mitigate this position and deliver a balanced outturn position and protect General Reserves.

To support openness and transparency the report has three main sections, to provide background and context, and then thirteen supporting appendices with detailed information about allocation and management of public money during 2018/19:

Section 1 provides a summary of Council performance and brings together service achievement highlights against the six Outcomes in the Council's four year Corporate plan.

Section 2 provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2018/19 is being funded, including the positions on overall service budgets, grants, council tax and business rates, treasury management,

centrally held budgets and the management of the Council's reserves.

Section 3 provides a summary of the issues relating to the Council's workforce development plan.

- **Appendix 1** shows the Council's six Outcomes.
- **Appendix 2** explains budget changes since the mid year review.
- **Appendix 3** shows the latest position for Corporate Grants.
- **Appendix 4** shows the revised Capital Programme expenditure.
- **Appendix 5** lists transfers from and to the Capital Addendum.
- **Appendix 6** lists approved Supplementary Capital Estimates up to £500,000 and Capital Virements up to £1,000,000.
- **Appendix 7** lists requests for Supplementary Capital Estimates over £500,000 and Capital Virements over £1,000,000 for Cabinet approval.
- **Appendix 8** lists requests for Supplementary Capital Estimates over £1,000,000 and Virements over £5,000,000 for Council approval.
- **Appendix 9** lists Capital Budget reductions.
- **Appendix 10** provides details of Treasury Management investments.
- **Appendix 11** lists requests for allocation of additional Grant funding.
- **Appendix 12** analyses the position on Outstanding Debt.
- **Appendix 13** lists details of Earmarked Reserves.

Alex Thompson

Head of Finance and Performance (Acting Section 151 Officer)

Contents

Introduction	1
2018/19 Revenue Forecast – Third Quarter Review Summary	3
Overview	4
Section 1 – Summary of Council Performance	6
Section 2 – Financial Stability	25
Section 3 – Workforce Development	38
Appendices	
Appendix 1 – Cheshire East Council Strategic Outcomes	45
Appendix 2 – Changes to Revenue Budget 2018/19 since the Mid Year Review	46
Appendix 3 – Corporate Grants Register	49
Appendix 4 – Summary Capital Programme and Funding	52
Appendix 5 – Transfers from and to the Capital Addendum	55
Appendix 6 – Approved Supplementary Capital Estimates up to £500,000 and Capital Virements up to £1,000,000	56
Appendix 7 – Request for Supplementary Capital Estimates over £500,000 and Capital Virements over £1,000,000	58
Appendix 8 – Request for Supplementary Capital Estimates over £1,000,000 and Virements over £5,000,000	59
Appendix 9 – Capital Budget Reductions	60
Appendix 10 – Treasury Management	61
Appendix 11 – Requests for Allocation of Additional Grant Funding	63
Appendix 12 – Debt Management	64
Appendix 13 – Earmarked Reserves	65

2018/19 Outturn Forecast at Third Quarter Review - Financial Position

2018/19 Third Quarter Review (GROSS Revenue Budget £616.0m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / Over / (Underspend) (Underspend) £m	Change in Over / (Underspend) from MYR £m	For further information please see the following sections
SERVICE DIRECTORATES					
People	164.3	166.6	2.3	(0.6)	Section 1 - Paragraphs 116-134
Place	75.0	76.9	1.9	0.3	Section 1 - Paragraphs 135-140
Corporate	22.3	22.8	0.5	(0.3)	Section 1 - Paragraphs 141-147
Total Services Net Budget	261.6	266.3	4.7	(0.6)	
CENTRAL BUDGETS					
Capital Financing	10.0	10.0	-	-	Section 2 - Paragraphs 185-194
Transfer to/(from) Earmarked Reserves	(1.2)	(6.8)	(5.6)	(5.6)	Section 2 - Paragraph 195
Corporate Contributions / Central Budgets	(0.7)	0.6	1.3	1.3	Section 2 - Paragraph 195
Total Central Budgets	8.1	3.8	(4.3)	(4.3)	
TOTAL NET BUDGET	269.7	270.1	0.4	(4.9)	
Business Rates Retention Scheme	(43.0)	(43.0)	-	-	Section 2 - Paragraphs 168-172
Revenue Support Grant	(5.4)	(5.4)	-	-	Section 2 - Paragraph 155
Specific Grants	(13.9)	(14.3)	(0.4)	(0.4)	Section 2 - Paragraphs 148-155
Council Tax	(206.4)	(206.4)	-	-	Section 2 - Paragraphs 157-167
Sourced from Collection Fund	(1.0)	(1.0)	-	-	
CENTRAL BUDGETS FUNDING	(269.7)	(270.1)	(0.4)	(0.4)	
FUNDING POSITION	-	-	-	(5.3)	
	Planned Contribution 2018/19 £m	Forecast Variance Third Quarter £m	Forecast Impact on Reserves Third Quarter £m		
Impact on Reserves	-	-	-		
General Reserves Balance	2018/19 Budget (estimated) £m	Third Quarter Forecast £m			
Opening Balance April 2018	10.3	Actual	10.3		
2018/19 Impact on Reserves (see above)	-	Forecast	-		Section 2 - Paragraphs 197-198
Closing Balance March 2019	10.3	Forecast	10.3		

Overview of Performance

ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides in the region of 500 services, supporting over 375,000 residents, and over 18,500 businesses.

1 ~ Our local communities are strong and supportive

- The first Cheshire East Pride in the Park event took place
- Communications were prepared around Winter Wellbeing and resources distributed to frontline teams
- Seven more venues became Connected Communities Centres
- A street safe event took place to gather local intelligence to form an action plan to reduce incidents of anti-social behaviour

2 ~ Cheshire East has a strong and resilient economy

- The Council has continued to focus on the delivery of the Crewe Town Centre Regeneration Programme
- A team was commissioned to produce a Strategic Regeneration Framework for Macclesfield town centre
- The Crewe Green Roundabout scheme was completed on time with an official opening event in November

3 ~ People have the life skills and education they need in order to thrive

- The written statement of action for SEND was signed off by Ofsted in October, reporting robust and positive progress and much more evident sense of partnership working
- The successful bid for Strategic School Improvement Funds led by Cheshire East is progressing well, showing impact in the majority of 20 schools across Cheshire East
- Lollipop lady Pam Pearson collected her British Empire Medal, awarded for 40 years of helping children get to school safely

4 ~ Cheshire East is a green and sustainable place

- Performance remains strong with the turnaround of both major and non-major planning applications within target timescales
- Work has begun on the new composting plant that will enable residents to recycle food waste in their garden waste bins
- We have been successful in securing £697,000 of grant funding to promote affordable warmth and reduce fuel poverty

5 ~ People live well and for longer

- Attendances at the Council's leisure facilities continued to increase
- The new Substance Misuse Service went live in November
- Seasonal influenza planning resulted in an uptake in vaccinations
- The Adult Safeguarding & Dignity Award Ceremony was held
- The Council has a new Corporate Parenting Strategy
- Ofsted carried out a 'focussed visit' in October, and praised the progress made in planning for cared for children

6 ~ A Responsible, Effective and Efficient Organisation

- The 'Time to Change' initiative was launched in October with a 'Pledge' signing by the Acting Chief Executive and Deputy Leader
- The Council is commencing a review of town and parish council governance across the Borough
- ICT Services are managing a joint transformational investment programme to deliver high quality services to residents

FINANCIAL STABILITY

Cheshire East Council has a strong track record of sound financial management. Nevertheless, pressures on our revenue budget are intensifying.

- At third quarter there is a potential forecast overspend of £4.8m against a revenue budget of £269.7m (1.8%).
- A full mitigation plan is in progress to ensure delivery of a balanced outturn position by the year end.
- **Service Budgets** – a forecast overspend of £4.7m is reported.
- **Central Budgets** – are currently forecast to be under budget by £4.7m.
- The Council is among the top third of Unitary Councils in terms of **Council Tax collection**. Over 99% of Council Tax and Business Rates are collected within three years.
- **Council Tax** increased by 5.99% in 2018/19 which includes a 3% increase relating to the Adult Social Care precept.
- **Investment income** is £228,000 which is lower than budget at third quarter. The average rate earned on investments (1.67%) is higher than the London Inter Bank seven day rate.
- **General Reserves** - a potential overspend of £4.8m is within the original forecast risks parameters. Further action during the year is expected to maintain general reserves at expected levels by year end.
- **Capital Programme** – total capital expenditure of £121m is forecast in 2018/19, which is a reduction of £16m since the revised mid year budget.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £124.1m. The in-year forecast has been revised to £102.0m.
- Outstanding **Debt** (excluding local taxation) is £8.5m, an increase of £0.5m since mid year. Debt over 6 months old stands at £4.7m (around 6.7% of total debt raised annually) and this is covered by provisions to meet potential write-offs.

1. Summary of Council Performance

Introduction

1. Cheshire East Council is responsible for delivering in the region of 500 local public services across an area of over 1,100km² for over 375,000 residents. The budget to deliver these services in the period April 2018 to March 2019 is £616m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users. In terms of core spending power per head, Government figures highlight the impact of different levels and sources of funding on total Council spending:

Funding per Head Comparisons 2018/19			
	Cheshire East £	Rural East Riding of Yorkshire £	Urban Liverpool £
Grants (budgeted grants including schools)	691	896	1,429
Council Tax (excluding Parish Precepts)	545	479	340
Retained Business Rates	113	208	560
Total	1,349	1,583	2,329

2. The Council's Corporate Plan 2018-2021, which was agreed by Council on 23rd February 2018, has six Outcomes that will focus service delivery in the medium term (see **Appendix 1**). This section of the report highlights progress towards achieving each of the six outcomes.
3. This report reflects activity that has taken place mostly in the period September 2018 to December 2018. Commentary is also provided on the financial impacts (both revenue and capital) of this activity.

1 ~ Our local communities are strong and supportive

Active, Resilient and Connected Communities where people want to live

4. The first Cheshire East Pride in the Park event took place in September, in the beautiful grounds of Tatton Park in Knutsford. Despite the rain, the event was attended by approximately 700 guests throughout the day and was supported by over 150 performers and 67 volunteers. Pride in the Park was promoted as an inclusive family-friendly day with performers, entertainment and a dedicated health, wellbeing and lifestyle market hall providing support, guidance and advice. The range of support services in attendance included: Body Positive, Barnardo's Utopia, Silver Rainbows, Cheshire East adoption and fostering services, Belong Ltd and Go Sexual Health. The event is a positive example of partnership working and the progress being made on the delivery of the Council's Equality and Diversity Strategy. Recognising the great work that local communities are doing

in developing their own Pride initiatives, we are now planning a Cheshire East Pride Festival for 2019 which will run from the 29th June to 20th July 2019. Pride in the Park will be held at Queens Park on 29th June 2019.

5. The Communications team published and distributed Issue four of 'the VoiCE' residents' newsletter. This edition included information on a wide range of Council services, including connected communities centres, staying healthy in winter and young people's mental health. The team has also supported a number of key events including the official opening of the Crewe Green Roundabout and the final events in the Cheshire East Reflects programme of commemoration.
6. The Communities Team have supported a further eight volunteers in setting up new projects including event support, dementia training, provision for young people, information and advice around sexual health, mental health provision and a project to tackle social isolation. This brings the total to 86 volunteers who have been (or continue to be) inspired by the team this financial year to get involved in community projects.
7. The Community Grant Scheme has been under review and was re-launched as the Early Help and Community Grant Scheme, encouraging community groups to apply for a grant of up to £5,000 to invest in support, training and equipment which will help to improve quality of life for the local community. 16 applicants received funding totalling £25,600, contributing to £823,245 of project costs providing a return of investment of £32.15 for every £1 allocated. Some of the projects included Good Neighbour schemes to reduce isolation and keep people well in their own homes, wellbeing sessions to increase independence and park improvements to encourage young people to be more active. The launch of Cheshire East £2m allocated New Homes Bonus has been a great success with many from the health, voluntary,

community and faith sectors, along with town and parish councils, proposing creative ideas to tackle the priorities for the area.

8. To draw attention to hypertension during 'Know Your Numbers' week, working in collaboration with district nurses and community leaders, there were 24 stations set up across our communities taking well over 250 residents' blood pressure readings, which resulted in 40 GP referrals and over 50 referrals to the OneYou service.
9. Ten Health and Wellbeing events have taken place, which in total brought together over 50 organisations linked to health, social care and the third sector providing essential information, free winter warmth materials (warm clothing / bedding / slow cookers), flu jabs, workshops and access to further support. The events have engaged with over 750 of our most vulnerable residents to inform them of the risks to health that self-neglect can bring, in particular during the winter months, and give them the necessary information or details of preventative services to support them to remain well.
10. Further communications around Winter Wellbeing have been disseminated via our communication channels, including a [media release around how to be a good winter neighbour](#). The release outlines a series of tips and warning signs, as well as useful contact details. Resources have been distributed to frontline teams for use in emergency situations with vulnerable people who may have lost their heating or hot water.
11. Two art and craft groups have been developed with local people to provide extra community activities to combat social isolation and loneliness. And a newly formed self support mental health service has been developed in Macclesfield

with a local resident to provide ongoing support for when people have completed their Cognitive Behavioural Therapy.

12. Working with local colleges and health colleagues, eight information technology workshops have supported people to get online and to look at training and employment opportunities. Alongside this considerable work, community services are supporting people through the difficulties associated with the rollout of Universal Credit.
13. A further seven community venues have celebrated becoming Connected Communities Centres which brings the total to 23. To ensure we have the facilities to bring in Health and Social care professionals and third sector providers to deliver a range of initiatives, this social franchise model provides a two year grant funding arrangement with these venues in return for allocated hours. Although they are not owned by the Council, they are recognised as our community outreach points to house services and to engage with and empower residents before they need medical interventions or costly health and social care packages. Additional services now being delivered from these centres include:
 - Young Carers & Carers Hub drop-in sessions
 - One You health sessions
 - Meet & Greet, English conversational classes
 - Befriending groups
 - Dementia Carers support group
 - Talking therapies, psychological therapies service
 - Change Grow Live, substance misuse services
14. The community development model, primarily in our key towns and areas of deprivation, ensures we have a multi-agency approach to tackling Health and Wellbeing through

intervention and prevention. Through this there are now 18 active neighbourhood partnerships across the Borough. All have working action plans that set out local priorities, and outline how the partnerships are going to impact on them through an asset based community development approach.

15. The draft Integration Strategy has been consulted on with the Equality, Diversity and Inclusion board, Safer Cheshire East Partnership, Cheshire East Youth Council, faith sector representatives and the community at the Diversity and Integration Conference in September. The feedback has been considered in the redrafted document. Key areas were identified that were central to addressing the barriers to community cohesion and building stronger communities. This strategic document will now be incorporated into the Equality, Diversity and Inclusion strategy which is currently under review.
16. This year the Communities team secured £123,000 of external funding from the Ministry of Housing, Communities and Local Government to support schools in Crewe to accommodate children who don't speak English as their first language. With over 100 languages spoken in Cheshire East and a significant majority of new migrant residents in the Crewe area, schools need additional staff members that are multilingual in order to help integrate children and their families both within schools and communities. The key initiatives that support that work are: four Community Liaison Officers to be recruited (three bilingual officers employed to date; one to be recruited in January); Information packs were developed containing information on services, what they deliver and how to access them. The packs were translated into five main minority languages in South Cheshire and disseminated to all schools, with 1,000 distributed to date. Further outcomes to be achieved during the two year project

include a range of projects linking the families to community support outside of school.

Communities where you are Safe, and feel Safe

17. Following a high number of incidents in Crewe and Macclesfield of anti-social behaviour (ASB), a street safe event took place in Crewe to gather local intelligence from residents and form an action plan to reduce incidents. A range of diversionary initiatives have been implemented in Macclesfield to reduce ASB in young people, including local sports events and family discos. A young person's mental health event in Crewe engaged with 250 young people which resulted in a reduction in ASB with 70 self care plans undertaken.
18. We have exceeded in our approach to enforcement, prosecuting for fly tipping, and through successful prosecution Cheshire East are seen to be serving the community. In pursuing listed building offenders and raising the profile of our heritage assets and the role Cheshire East plays in protecting these buildings, the success of the team has been recognised across the country and referrals are being made by Historic England to Cheshire East for assistance and direction for this work in other authorities. The legal team are working in close partnership with officers across the Council to bring offenders to justice and publicise the seriousness of harm to listed assets. We continue to prosecute litter offences across the Borough and keep our streets and parklands clean.

2 ~ Cheshire East has a strong and resilient economy

Business Growth and Inward Investment

19. The Council has continued to focus on the delivery of the **Crewe Town Centre Regeneration** Programme, which includes the Royal Arcade redevelopment scheme and Crewe Market Hall redevelopment. Dialogue has continued with the Council's preferred development partner, Peveril Securities, in relation to the detailed terms of the proposed development agreement, as well as the specifications for a new bus station, car park and public realm improvements. In line with the plans, almost all premises have been secured in readiness for redevelopment, with support to affected tenants provided through Crewe Town Council and South Cheshire Chamber of Commerce. Peveril Securities has now agreed terms with Empire Cinemas to be the anchor leisure occupier in the scheme; this will provide a new state-of-the art, eight-screen, 800 seat multiplex. Peveril also launched a dedicated website for the Royal Arcade scheme, providing further information for residents and potential tenants: www.royalarcadecrewe.co.uk, and are in negotiations with a number of other prospective leisure and retail occupiers.
20. Additional progress has been made with plans for the redevelopment of Crewe Market Hall. An announcement will be made shortly in relation to the start date for redevelopment works to commence and, similarly, the Council will shortly be in a position to commence the procurement of a new markets operator for Crewe, who will take over when the Market Hall works are complete.
21. The Council has also worked alongside Crewe Town Council, ANSA and others, in addressing more immediate issues and opportunities in the town centre, including matters relating to public realm, signage, security, event planning and promotion.

It has also co-ordinated inputs into wider strategic issues for Crewe including plans relating to the new HS2 station and other developments which have a significant bearing on the economic future of Crewe and South Cheshire.

22. **Macclesfield Town Centre Regeneration** - Ongoing projects within the town centre progressed in quarter three. Following consultation with local stakeholders, proposals for the redesign of Castle Street have moved forward with approval of the planned work package to include widened footways, tree planting, amenity lighting and bespoke text in paving referencing local heritage and culture. Cabinet approval was secured in December for the letting of a contract to carry out the works, which are scheduled for a start on site in Spring 2019. Further to the Heritage Asset Regeneration Plan produced earlier this year, initial expressions of interest were sought in commercial end uses of the Butter Market and Old Police Station in the Town Hall complex. As a result a more formal marketing exercise is being carried out alongside work to establish the scope for and potential costs of internal modelling to provide fit for purposes spaces. Further grants were issued under the Macclesfield Shop Front Grant Scheme supporting independent businesses in the Lower Mill Street/Park Green area to enhance the principle elevations of properties in this part of the town centre.
23. In quarter three, a multi-disciplinary consultant team was commissioned to produce a Strategic Regeneration Framework for the town centre. This will set out a fresh vision, major opportunities and high level objectives for the town centre alongside a set of priority next steps to translate the vision into tangible action. The initial stage of work in developing this framework commenced with a review of background policy documents and feedback from previous public consultations together with initial engagement with local stakeholders.

Highways and Infrastructure

24. **Crewe Green Roundabout** – This scheme is now complete. It was finished on time in November with an official opening event on the 29th. The new roundabout is now fully operational and all landscaping has been completed. The pedestrian and cycle links and crossing points are also complete. The Crewe Green Roundabout team have engaged with local communities and schools, delivering educational activities to young people around the construction industry and site safety. A monthly newsletter was produced to provide updates on the construction of the scheme with the Crewe Green webpage updated on a regular basis.
25. **A500 Dualling** – the outline business case funding bid for the upgrade of the section of the A500 between M6 junction 16 and the B5472 was submitted to the Department for Transport at the end of June. We are bidding for funding through either the Large Local Programme or the Major Routes Network.
26. The **Sydney Road Bridge Scheme** involves the complete replacement of the single carriageway bridge over the West Coast Main Line with a wider, two-way bridge. Preparatory works beneath the bridge on the railway commenced in April 2018 and were completed on time in September. The main bridge works, including the temporary closure of Sydney Road, started on time in October, with completion scheduled for May 2019.
27. **Congleton Link Road** – A General Vesting Declaration and Notices to Treat were issued to landowners in October so that the Council can take land access in January 2019 to begin building the scheme. The Council's contractor, Graham Construction have set up a site office already and will be starting on the reconstruction of Back Lane in January to allow early access to housing and employment sites.

28. **Middlewich Eastern Bypass** will provide a new road to relieve traffic congestion in Middlewich town centre and enable access to the Midpoint 18 strategic employment site. After gaining entry into the Large Local Majors Programme last year, a planning application has now been submitted to the scheme, which is expected to go to the planning committee for decision in early 2019.
29. **Poynton Relief Road** – The public inquiry into the Compulsory and Side Road Orders finished on 30th November 2018. The Secretary of State’s decision on this is expected in Spring 2019. The procurement exercise to appoint a contractor also started in November and shortlisting of potential contractors will take place in early 2019 ready for programmed construction commencement in early 2020.
30. **North West Crewe Package (NWCP)** is a package of highway works to improve highway infrastructure in the North West of Crewe and support housing growth allocated with the Local Plan. NWCP will provide a north-south spine road, the realignment of Smithy Lane and new access to Leighton Hospital, an east-west link road and a series of junction improvements. A planning application for the road scheme was submitted in December, with a decision due in March 2019. The Council is working with developers who will be submitting applications for the housing which will be enabled by the road network.
31. The number of potholes reported between 1st July and 30th November 2018 was 1,858 compared to 1,880 pothole enquiries from the same period last year. During the same period a total of 218 new third party claims were received. Following the spike of 368 claims received in quarter one, figures are higher compared to previous years; however quarters two and three have plateaued.
32. **Highway Investment Programme** - All surface dressing (a total area of 351,767m²), micro asphalt (31 sites / total area of 74,862m²), grip fibre (4 sites / total area of 72,960m²) and re-surfacing programmes (12 sites / total area of 31,393m²) are now complete with the final scheme, the A500 Peacock Roundabout, completed in November. This scheme involved working with the developer on the adjacent housing site to deliver the section 278 works and Council works together to provide the best solution and minimise disruption on the network.
33. Since the start of the new financial year and up to the end of November 2018 a total of 37,868 gullies have been attended by the team.
34. **Street Lighting** - The Light Emitting Diode (LED) programme is now completed with 8,266 lanterns replaced with LED technology this financial year. The Structural Column Replacement programme in Macclesfield, Wilmslow, Handforth, Bollington and Alderley Edge is now close to completion. 2,182 columns were installed during this programme.
35. **Bridges / Structures** - The A54 Buxton Road, Wildboarclough has now reopened. This work was completed on time and within budget. Elected Members and the Mayor have completed site visits, and regular communication and video links, including drone fly-bys were used to communicate the scheme’s progress. The drone footage was also on the Cheshire East website for any public interest.
36. 12,250 highways enquiries were logged between 1st July and 30th November 2018. This compares to 14,935 logged between 1st July 2017 and 30th November 2017. The top five Highways enquiries within the Confirm reporting system

during quarter two only (July-September) were: 1,052 'Potholes' enquiries, 949 'Hedge / Tree Maintenance' enquiries, 776 'Light out' enquiries, 544 'Carriageway' enquiries and 430 'Gully / Drainage' enquiries.

37. **Parking Services** (which comprises the Civil Enforcement Officers (CEO's) who enforce the parking restrictions across the Borough and the Notice Processing Team who deal with the challenges/appeals against the Penalty Charge Notices) have continued to keep issuance errors well below the national average and have attained 100% compliance with their target of responding to all correspondence within 14 days.
38. Whilst it is our ambition to promote 100% compliance with the parking restrictions, the CEO's have issued 21,218 penalty charge notices between 1st April 2018 to 30th November 2018 with only 252 errors, a 1.19% average issuance error.
39. The team have also undertaken several 'Safer Parking in and around Schools' presentations – delivered to school children by the CEO's in class assemblies – educating the children on 'safer parking habits' in the hope that this important message will be taken on board by their parents at school drop-off and pick-up times. The presentations have been very well received, especially when accompanied by the special 'kiddie lollipop' signs that are placed on the pavements and school keep clear areas. The presentations are often delivered with partner agencies such as Cheshire Fire and Rescue Service who bring along a fire engine and the local police – to highlight the importance of keeping the highway clear of illegal/irresponsible/inconsiderate parking which may impede an emergency vehicle being able to travel freely along the highway to attend an emergency.

3 ~ People have the life skills & education they need in order to thrive

Securing the Best Start in Life

40. **Update on school expansions and consultations** - Impetus continued to be seen across the Borough in terms of the capital investment in schools to address pupil place planning. Works on two primary schools in Crewe are now completed and the work in Disley and Weaver primary schools is also close to completion. The much needed build for our Pupil Referral Unit in Crewe has now commenced which is hoped to be completed by next autumn with a £2.2m new build. Consultations are always undertaken linked to named schemes. Recent consultation has taken place in Sandbach for both primary and secondary provision and in Nantwich. The much needed increase in special educational needs (SEN) provision is also progressing with a new resource provision soon opening at Shavington primary. A new build scheme is also underway at Springfield School.
41. In quarter three Cheshire East lollipop lady Pam Pearson collected her British Empire Medal, awarded in recognition of her 40 years helping children get to school safely. She received the honour in the Queen's Birthday Honours in June and was presented with her medal by the Lord Lieutenant of Cheshire at an investiture ceremony at Tatton Park on 7th November. Now nearly 80, Mrs Pearson still continues her crossing patrol duties for young children attending Parkroyal Community School, Macclesfield. She has been their regular lollipop lady for nearly 35 years.

Highest Achievement for All Learners

42. Feedback from delegates attending the Schools Governor Conference in November was that it was "one of the best

ones ever”. Over 120 delegates attend with the theme being ‘Brave Governance’. Sessions included key updates on the changing Ofsted framework, led by an experienced Ofsted Inspector, as well as a presentation from Christine Quinn as Regional Schools Commissioner on shaping governance models. A new feature this year was a panel session of lead speakers and authority leaders taking questions from the floor. This was well received and allowed for positive debate on key themes currently impacting on our schools.

43. The successful bid for Strategic School Improvement Funds (SSIF) led by Cheshire East is progressing well and we are now seeing real impact in the majority of the 39 schools across Cheshire East (20 schools) and Cheshire West & Chester (19 schools). Over 50 specialist leads from within schools are delivering training and providing both support and challenge in the named schools to improve outcomes in mathematics and for disadvantaged learners. The Department for Education’s (DfE) recent visit was extremely positive and they were impressed with our progress and monitoring of this critical school improvement initiative.
44. More than 150 youngsters from across Cheshire East took part in a trading challenge that put their financial skills and acumen to the test on a virtual stock exchange. Congleton Town Hall was transformed into a fictional stock exchange, in partnership with local employers, where teams of year seven students created investment companies and invested a virtual sum of £10,000 in 25 fictional businesses. To make the investment decisions more challenging, each team had to respond to events over the day that impacted on the 25 businesses, including natural disasters and various economic crises. The objective was to provide young people with an interactive insight into the world of work and test their skills in maths, economics and business in a global context. This inaugural event was developed by local employers – Franklyn

Financial Management, SAS Daniels, Thrive Creative and East Cheshire Chamber of Commerce – in collaboration with Cheshire East Council’s arms-length Skills and Growth Company’s enterprise advisor network. The winning school was the ‘Prime Investors’ team from Brine Leas Academy, who made more than a 50 per cent profit from their trading. The runner-up was the ‘Global Investments’ team from Shavington Academy.

Inclusion

45. **Special Educational Needs and Disability (SEND) Written Statement of Action (WSoA)** - Following the Ofsted local area inspection, the WSoA was signed off by Ofsted on 23rd October 2018. We receive regular monitoring visits from the DfE and NHS England and, following their last visit, the advisers fed back their views to the local area. They reported that progress was robust and positive and there was an evident sense of partnership working. Parent representatives at the meeting made very helpful contributions and suggestions. They were positive about improvements and, in particular, they referred to parents being listened to and the involvement of young people.
46. They also advised that the WSoA priorities are set in a broader improvement programme for SEND and there are clearly a number of real strengths and areas of innovative practice in Cheshire East, for example the seconded SEN Co-ordinators, the toolkit, the post-16/19 plans, the work regarding young people’s voice and the increasing integrated work across education, social care and health.

4 ~ Cheshire East is a green and sustainable place

Sustainable Development

47. Performance remained strong at this stage in the year in the turnaround of processing both major and non-major planning applications within target timescales. Cheshire East continues to be one of the busiest Councils in the country for major planning applications and excellent performance continued on those major planning applications, with 93% determined within agreed timescales during the third quarter.
48. Volume of non-major applications also remains high with 93% of non-major applications determined within timescales, achieving target during the third quarter.

Waste Management

49. **Food Waste Recycling** – work has begun on the new composting plant that will enable residents to recycle food waste in their garden waste bins. The introduction of this additional service in autumn 2019 will see the ending of the garden waste winter shut-down and further increase our recycling rates. Food waste, currently 40% of our black bin residual waste, will be collected mixed with garden waste in the recycling bin and processed into a quality compost product.
50. **Reuse and Recycling** - Recycling through the silver and green bin schemes and from our Household Waste Recycling Centres continues to ensure we exceed national targets for recycling.
51. **Energy from Waste** – The authority has now switched away from landfill to energy from waste as the main means of disposing of our black bin residual waste. This was a key part

of the Waste Strategy to treat waste that is not recycled in a more sustainable way. We will continue to encourage residents to minimise black bin waste however through waste reduction, reuse and recycling.

Environment

52. **Parks & Play Areas** - The authority continues to implement our Parks Strategy in delivering enhancements to our urban parks and play areas. The large scale refurbishment of Fountains Field, Middlewich is now completed apart from the tree/shrub planting that will be done at the appropriate time. A number of smaller park improvement projects are being delivered, enabled by grant and section 106 funding. These projects make a real difference to local communities. Completed so far this year were: Banbury Close, Macclesfield; Bodmin Avenue, Macclesfield; Carnival Fields, Wilmslow; Church Lane, Mow Cop; Lanark Walk, Macclesfield; Picton Drive, Wilmslow; Rode Heath Play Area; Victoria Road, Macclesfield and West Park, Macclesfield.
53. **Bereavement Services** - The Consultation on the Cemeteries Strategy and Regulations is now complete and the draft documents are currently being prepared to reflect the feedback from consultation. The final adopted strategy will be published later this financial year.
54. **Public Rights of Way** - A partnership project has been delivered by the Public Rights of Way team to improve the accessibility and aesthetics of a footpath which runs between Clifton Road and Station Road in Elworth. The route forms a key link between a major housing development area and the railway station, and onward towards the town facilities. However it was not an attractive route to use suffering from graffiti, encroaching vegetation, lack of lighting and uneven surfacing. In order to permit investment in the route to

improve its accessibility and aesthetics, a legal order process was required to resolve an anomaly in its status and ensure it was all recorded as a “Public Footpath”. The legal order process was completed, and improvement works were undertaken including surfacing, lighting and signage. Funding was secured partly from developer contributions and partly through the Local Transport Plan. The route now has a defined legal status to ensure ongoing maintenance, and has been improved to create a more accessible and welcoming route to encourage walking within the town, particularly to the railway station.

55. In Nantwich, and again in partnership with other organisations, section 106 developer contributions and works have delivered improvements to the accessibility of the Shropshire Union Canal towpath, a bridleway linking to the towpath and bridges in Nantwich Riverside Park.

Affordable Energy, Growing Energy Businesses, Independent Energy

56. The Safe and Well partnership between Cheshire Fire and Rescue Service, Energy Projects Plus and the unitary authorities including Cheshire East has been recognised in the National Energy Action (NEA) Energy Impact Awards for its work to identify fuel poverty and tackle issues with affordable warmth. By extending the scope of the Safe and Well visits to include affordable warmth, an extra 354 people were able to access help earlier in the year.

5 ~ People live well and for longer

Empowering people to live independent, healthier and more fulfilled lives

57. **Congleton Leisure Centre re-development** – The project to upgrade the leisure centre including the design and building of a replacement swimming pool continues to move forward leading to the submission of a full planning application in mid-December. This will include a full consultation with users, community groups and residents of the town. The planning process is due to be concluded by April 2019 with redevelopment works due to be completed by Autumn 2020.
58. **Macclesfield Leisure Centre re-development** – with up to £4m to improve the leisure offer at the centre, work has now commenced on this scheme in partnership with Everybody Sport and Recreation. This will include a new gym, to be completed by January 2019, and upgraded fitness studio spaces, new spa and swimming pool changing village by the end of March 2019. Work will also be undertaken to improve the energy infrastructure at the centre to improve efficiency and reduce costs.
59. Everybody Sport and Recreation continues to achieve the targets set for them by the Council. This was most recently demonstrated with the presentation of their latest Annual Report to the Council’s Cabinet. Based on the success of the Trust and its ambitions, along with those of the Council, to develop and improve the service to all residents in the Borough and reduce costs, the Council has also agreed to extend the current Leisure Operating Agreement for a further five years. This will extend the Agreement for a total of ten more years in total.

60. Attendances at the Council's leisure facilities since April 2018 saw a 3% increase to 1,751,939 by mid-year against a target of 1,697,233. This figure increases further to 1,815,014 when attendances at the Holmes Chapel Community Centre are also taken into account. In addition there has been a 10% increase in usage by those people with a disability.
61. Performance on the Bikeability indicator has again remained strong with 3,128 young people being trained on bike proficiency at mid-year against a target of 3,040.
62. Once again there has also been an increase in the time dedicated to the crucial role of support to local sports clubs and events with 3,858 volunteer hours being given during the first six months of 2018/19 against the target of 3,595 hours. This is a 7% increase at a time when volunteering nationally is reported to be falling.
63. As an independent company the Trust also continues to expand its activity, having recently won the contract to manage a new community use facility at Alderley Park which will include a mixture of both indoor and outdoor provision due to open later in 2019.
64. **Housing** - the team have successfully implemented legislation changes for Licensing of Houses in Multiple Occupation (HMOs), with 120 new licence applications received.
65. Following funding received from the Ministry of Housing, Communities and Local Government, several new initiatives have been put into place including the creation and co-ordination of a dedicated team of Rough Sleepers Outreach Workers and enhanced emergency accommodation provision in Crewe.
66. The Council was an active partner in the preparation of a funding bid for £486,000 to the Cheshire and Merseyside Health and Care partnership. This has been successful and the funding will go towards the development of the 'Care Communities' in Cheshire East, to support the integration of staff from across different parts of health and care.
67. A joint meeting of the Health and Wellbeing Boards of Cheshire East, Cheshire West and Chester and Warrington was held in early December. This considered what areas of work the Boards might work together on in the future and how they best provide leadership within the health and care system during a time of significant change.
68. Officers from the Public Health team, in collaboration with one of our connected community centre leads, led a bid to gain a place on a programme led by The Design Council. 41 teams bid for this opportunity with only 14 teams being successful. This programme will teach the attendees how to apply design methodology to complex public health issues. Our team includes representatives from Public Health, Communities, the Skills and Growth Company, South Cheshire Clinical Commissioning Group (CCG) and the faith and voluntary sector. The team will focus on developing a place-based intervention to improve the health and wellbeing of the residents of Crewe.
69. The new Substance Misuse Service went live on the 1st November. The new service, coproduced with service users and wider stakeholders, is now delivered by Change, Grow, Live (CGL) as an integrated drugs and alcohol service for young people and adults, taking a whole family approach, with a stronger focus on building recovery within the community. Individuals will be directed to the right level of support to suit their needs with the offer including:
- Recovery Coaches

- Dedicated Aftercare and Abstinence Team
- A one-stop shop for all your recovery needs, open longer and with a 24-hour telephone support out-of-hours.
- Online access including information, advice and guidance

70. A Sexual Health service user survey has been conducted by the Council to inform the re-commissioning of Sexual Health services. The survey collates residents' views on how, where and when they prefer to access services and the quality of the services they expect. The findings from the survey will inform the service specification and will be published with the tender documentation to provide information to bidders when developing their proposals.

71. The 0-19 Healthy Child Programme is working closely with the Early Years service in Cheshire East to develop the 0-5 SEND pathways and support children with complex needs. There are two dedicated health visitors who facilitate the integrated working between the two different services. This role provides support, health advice and guidance to the Early Years team and in return promotes a better link and understanding of services. The aim of this integrated working partnership is to achieve the best outcomes for the children of Cheshire East. The school nurse team are also increasing the reach of the service within the community and have targeted children who are Elected Home Educated with 33 children identified in the last quarter. Plans are also underway to start the re-commissioning of the 0-19 Healthy Child Programme to go live in October 2020, to ensure that the new service is fully coproduced with stakeholders at each stage of the commissioning cycle.

Information, Advice & Guidance, Prevention and Early Intervention

72. A Connected Communities Digital Inclusion Strategy has been drafted to ensure a joined-up approach to supporting residents to get online and benefit from the advantages that being digitally enabled can bring. With much of our day-to-day activity increasingly being dealt with through the internet, apps and our use of technology, its easy for those who can not use or afford the technology to feel excluded. The Strategy identifies what the issues are and helps to provide information, advice and support to residents. There is an action plan to steer the work over the next year and to ensure momentum is maintained.

73. Cheshire East Council is responsible for commissioning the NHS Health Check programme which is a health-based screening for residents aged 40-74 aimed at reducing the prevalence of cardiovascular disease (such as heart disease and strokes) amongst the population through lifestyle advice and treatment (including referral to One You Cheshire East services). Performance dipped slightly in this quarter in relation to Health Checks carried out, with this totalling 2,127. However, the invite rate continued to be strong at 4,648.

74. Phase three of the Emotionally Healthy Schools service is currently being re-commissioned to go live in April 2019. The programme is also being aligned to existing Children and Young People Early Help Mental Health services as a single pathway, with a lead provider model, through a single contract. The new Emotionally Healthy Children and Young People service pathways will also be aligned to the CCG commissioned Child and Adolescent Mental Health Services (CAMHS) pathways.

75. Carers Joint Grant Scheme, the Integrated Carers Hub, now provides services including information, advice and guidance alongside other support mechanisms such individual key workers, peer support groups, drop-in sessions, access to Living Well funded breaks and 24 hour Carers Help and Talk (CHAT) phone line, as well as using community assets via our Connected Communities sites to increase accessibility. Individuals can self-refer into the service. The Carers Hub is open 8am to 6pm Monday to Friday and 9am to 12.30pm on Saturdays and can be accessed throughout the Borough within Community Venues.
76. Earlier this year extensive engagement with service users and their carers took place in order to inform and shape the commissioning of the new Residential Respite service. Following formal consultation, responses were factored into the new service specification during quarter two, and contracts for new providers were awarded in September prior to going live in December 2018.
77. Cheshire East Council and its key partners have secured £398,000 to boost support for survivors of domestic abuse. The funding will be used to set up and fund a dedicated domestic abuse accommodation partnership across Cheshire and Warrington. This will make it possible for case workers to identify appropriate accommodation to safely house vulnerable people so they can once again become independent and rebuild their confidence. The initiative will include funding specialised trauma recovery training, funding a new refuge as well as individual housing units to ensure the investment is making a difference to as many survivors as possible across the region.
78. Individuals can now self-refer into the Cheshire East Domestic Abuse Hub. The service is co-delivered with the Cheshire East Independent Domestic Violence Advocates service during office hours, offering both high and medium risk information, access, guidance, advice and support. Local awareness campaigns (e.g. White Ribbon Event), training and education are supplied. Posters about the Hub are widely displayed in public areas such as GP surgeries, shops and offices. We now provide a 24/7 single point of access to the Domestic Abuse Hub Phone line and access at two sites for walk in clients in Crewe and Macclesfield Town Centres.
79. The Whole Family Domestic Abuse service was advertised on the CHEST and closed on 6th December. The new commission will support all those affected by domestic abuse within the community. The Council is seeking a provider who will supply a medium/low risk service with the aim of reducing the human and service cost through partnership and whole family work to prevent abuse from occurring, protect and support those affected and address the causes of further harm. The commissioners are seeking to enable a Whole Family Domestic Abuse Service through a 'Hub and Spoke' model to co-ordinate support for children, young people and adults across Cheshire East. The service will contribute to a single point of contact for services and will co ordinate and improve access to local support, building and promoting existing community assets. The provider will be required to take on strong partnership approaches, building on existing assets in Cheshire East.
80. The Care at Home contract went live on 9th November 2018 and now comprises of prime and framework providers. This contract allows the authority to closely monitor the providers against key performance indicators as well as completing quality assurance visits to assist driving up quality of delivery and supporting people to remain safe at home for longer. Referrals for a care package are sent through to the Brokerage Team via Liquid Logic. Brokerage will send the referral out via the ebrokerage system to the Prime Providers

in the Lot. If the Prime providers are unable to pick up the package, the referral is sent to the framework providers. All offers are collated and sent to the service user for consideration and choice.

Accessible high quality services, Information & Advice

81. **Self Directed Support** - Conversational approaches to working with people in order to support the identification of strengths and existing skills in managing crises have been introduced. This empowers people to produce remedies to their own difficulties and reduces their reliance on services. Staff have worked to encourage people to access universal services and draw them away from traditional commissioned adult social care support, which disempowers, attaches labels and stigma. More creative strategies to provide personalised support for people have been implemented, such as Amazon's Alexa, Choir rehearsals in someone's home and many more. These successes have been shared and will continue to be built on. A number of people have been able to remain in their homes because of the creativity of the social workers and occupational therapists.
82. **Ease of Accessing Services** - The Live Well Directory, accessed via the Cheshire East website, is a key resource for residents in obtaining information and advice relating to adult social care. It also contains a directory of services which encompasses commissioned services, care options, activities and groups. Information has been written to be inclusive and user-friendly and to encourage self-help. The directory contains 3,276 service entries and is constantly being updated. It received 16,998 page views during the first week of November 2018 alone. Residents can access this using the internet but also by visiting a Connected Community Centre or library. Healthwatch Cheshire East also has responsibilities to signpost individuals to relevant health and social care

services; since April 2018 it has had 1,206 direct contacts with the public (including information and advice, signposting and referrals).

83. The Public Rights of Way team have been recognised by local ramblers groups as delivering rapid responses to problems and managing the 1,946km network of footpaths and bridleways to a high standard, with this year reported as having one of the lowest number of significant problems on the network. The footpath improvements and re-surfacing programme, to improve the access and quality of the sites, is underway in our country parks and countryside trails. The Countryside Ranger Service website has seen an increase of 37% in the number of views; the most popular pages viewed being the free walks leaflets and the Middlewood Way.
84. The work to develop the Personal Care Record continues at pace. An Information Sharing Agreement and Information Processing Agreement has been signed off in full by Mid Cheshire Hospital NHS Foundation Trust (MCHT). Agreement has been reached with both MCHT and East Cheshire Hospital Trust (ECT) for both to provide data feeds, and cancer services / maternity cohorts for clinical utilisation of the 'Patients Know Best' solution. A proof of concept data feed has been established and is working between MCHT / ECT and Patients Know Best. An agreement has been reached with the Meadowside GP Practice to provide data for its patients and sharing agreements are now being developed. A resident survey has been published that asks about their use of health-based apps, and the results of this will inform future development of the Patients Know Best solution.
85. The Armed Services (Ex-military personnel or Veterans) Community JSNA project has been completed with active involvement from key stakeholders across the Council, CCGs

and the voluntary, community and faith sector. Positive feedback has been received from the CCG veterans lead for Cheshire, Wirral and Warrington on her experience of being actively involved in the project.

86. Plans are underway to review and re-commission the One You lifestyle service. Commissioners are in the process of developing coproduction plans to re-commission the new service to go live in November 2019. The programme is achieving strong performance in terms of participant outcomes with regards to weight management, physical activity, and falls prevention:

- 79% of participants moved from inactive to active
- 66% experienced a reduction in Body Mass Index (BMI)
- 37% achieved over 5% weight loss
- 67% achieved 3% weight loss and over
- 68% had a decrease in fear of falling score (Falls prevention)
- 86% improved their timed up and go assessment (Falls prevention)
- 82% had an improved Dietary Quality Score

Public Protection, Health Protection & Safeguarding

87. Seasonal influenza planning has dominated this quarter as it does each year. The Council was successful in bidding for £5,000 from NHS England to support targeted flu communications. Additionally we have provided free flu vaccinations for our frontline staff by providing an in-house vaccination clinic via our occupational health service and through a scheme whereby vouchers can be redeemed at

local pharmacies. The uptake at our clinics was higher than last year and requests for vouchers have also been higher.

88. Officers have responded to several outbreaks within East Cheshire, most significant of which was a potential measles outbreak in a Cheshire East school that was prevented by the high uptake of the MMR vaccine. Responses have been swift and have been supported by effective proactive and reactive communication.

89. Officers also continue to support regional and sub-regional work on antimicrobial resistance, air quality, tuberculosis and cancer screening. The health protection team also provide oversight and scrutiny of the work of health and Council partners via the Health Protection Forum.

90. Plans are underway to review and re-commission the Infection, Prevention and Control service, with an increased focus on early intervention, prevention and improved outcomes. The Infection Prevention Control service supports nursing and residential homes, dental services, GP services and early years settings with audits, action planning and training with regards to managing infections and preventing outbreaks. The new service will be re-commissioned to go live in October 2019. Increased working relationships are being developed with nursing and residential homes to prevent infections and to therefore reduce or prevent homes from being closed due to infections. This is now embedded within the Council's contract management and quality assurance processes.

91. **Safeguarding and Public Protection** – the Adult Safeguarding and Dignity Award Ceremony was held on 15th November at Congleton Town Hall. The Adult and Children's Safeguarding Boards invited nominations from within Cheshire East Council and externally, for individual staff or

teams who have “gone the extra mile” to protect and safeguard adults or children within the last year. A total of 46 nominations were received and the winners were selected by the Independent Chairs and Service Users. We are delighted with the response and feel very proud of the contributions made to make Cheshire East a safer place.

92. The Adult Safeguarding Provider Team has been set up to manage adult safeguarding allegations made against paid staff/organisations. The team’s vision is to protect individuals from harm but also to raise standards of care provision within care settings and organisations. Staff have been seconded to join the team for an initial 12 months, and bring a wide range of skills, knowledge and experience. They will be working collaboratively with Quality and Assurance and Contract teams, Police, Care Quality Commission and CCGs.
93. We have successfully recruited a Temporary Training Officer who will be providing basic safeguarding training to care providers and personal assistants within Cheshire East. Additionally, two new Locality Managers have been appointed working to the Head of Adult Safeguarding – ensuring that our adult safeguarding and public protection responsibilities are aligned.
94. Social Work teams have dealt with a number of safeguarding enquiries efficiently and effectively. At the centre of all work has been the individual and this has been reflected in outcomes. All teams have allocated a social worker to link into all residential and nursing homes to ensure that people are seen regularly and any issues with care are picked up on quickly and effectively.
95. **Corporate Parenting** - the Council has corporate parenting responsibility towards all cared for children and care leavers aged 0–25. Those responsibilities include the need to ensure

that children and young people are safeguarded from harm, have a safe place to live, enjoy education, training and employment with high aspirations for their futures, are healthy and are cared for in ways in which any good parent would for their own child. As at November 2018 there were 509 cared for children and approximately 250 care leavers.

96. The Council has a new Corporate Parenting Strategy, which states clearly how those responsibilities will be met and how we will care for our children and young people. The strategy, which was endorsed at the Corporate Parenting Committee in November 2018 and adopted at Council in December, sets out the following five pledges to our cared for children and care leavers:
 - We will be a good corporate parent
 - We will improve education, employment and training outcomes
 - We will work to achieve permanence and keep children safe
 - We will improve health and wellbeing outcomes
 - We will prepare young people for adulthood
97. **Ofsted Focussed Visit, Mark Riddell Visit and Ignition Panel** – At the end of October 2018 Ofsted carried out a ‘focussed visit’ to test out how well we assess and plan to meet the needs of cared for children so they can achieve permanent family living arrangements sooner. Ofsted praised the progress the Council had made in planning for care for children and that the wishes of children and young people were reflected very well in their plans.
98. Ofsted’s visit followed a second visit by Mark Riddell MBE, a National Implementation Adviser for Care Leavers, in October after a two-day formal visit earlier in the year. He praised the

rapid progress the Council has made in relation to supporting care leavers. He found that the progress made regarding the new corporate parenting duties that came into force in April 2018 was rapid and supported the offer made to care leavers. In particular: elected members have embraced a 'championing' approach to care leavers; care leavers now have an offer from Health up to the age of 25 that is based on a needs-led approach; there are closer working relationships with the key partner agencies – the Department of Work and Pensions, Family Nurse Partnership and Mentors for care leavers; the housing offers and opportunities for care leavers as a result of the Ignition Panel are good; and data relating to employment, education and training has improved.

99. Since Mark Riddell's revisit, the Council's 'Ignition Panel' has been shortlisted for a national award. The Ignition Panel provides young people with a sense of ownership about their future plans regarding where they live now and where they will live in the future.
100. In October the Council's shared fostering marketing and recruitment hub with Cheshire West, Warrington and Halton councils launched a new recruitment campaign supported by a new website and brand. Further details can be found at www.Foster4.co.uk
101. **Domestic Abuse** – On 23rd November Cheshire East held its annual White Ribbon event. This is part of a national focus to never commit, excuse or remain silent about male violence to women and girls. This built on the pan-Cheshire campaign 'open the door' www.openthedoorcheshire.org.uk. The event focused on what we have achieved over the last year and the focus for the next year's priority, which is supporting how employers are ensuring that they are enabling employees affected to be safe in their workplace as well as their homes and ensuring that those who harm are both held to account

and supported to change. The event was a first step in highlighting the issues for employers, survivors spoke movingly about their experience, both good and bad, and the difference it had made.

102. On an annual basis the Council dedicates the month of November to raising awareness of children's rights – making it clear to children and young people that their opinions and rights are important and that they should be actively involved in decisions that affect their lives. This year Cheshire East Council and its partners took part in challenges set by young members of Cheshire East Youth Council. The challenges featured a range of activities, including sitting a GCSE exam, living on a £1 budget for lunch per day and retaking a driving theory test. Young people joined in the activities by working with senior managers in children's services across the Council. One of the main events of children's rights month is the Star Celebrations, which recognises the achievements of all our cared for children and care leavers. This event, co-produced with young people, took place on Sunday 18th November at Wychwood Park, Weston, Crewe.

6 ~ A Responsible, Effective and Efficient Organisation

103. Culture and workplace wellbeing continues to be an area of significant focus. Embedding of the Brighter Future Together (Culture) programme is underway following the launch in July 2018 of a new vision, employee deal and behavioural framework for our workplace culture, constructed from the contributions of over 1,000 employees and elected members.
104. Our Brighter Future Champions have been supporting the embedding of the programme through hosting 'What's the Conversation?' events within each team, where the focus is to understand what the vision, behaviours and employee deal mean for all staff and teams. Between October and December

2018, a series of 'Having the Conversation' sessions have been held for all people managers to support them to embed the vision, employee deal and behavioural framework in the management of their teams. Over 400 managers have attended with further sessions in place for January 2019.

105. The Time to Change initiative was launched in October with a 'Pledge' signing by the Acting Chief Executive and Deputy Leader. Time to Change demonstrates a commitment to support those members of staff who suffer with mental health issues and to encourage more open conversations in the workplace about mental health. This is intended to raise our understanding of the challenges faced and to create a more supportive environment for those affected.
106. The Council adopted a completely revised Constitution which took effect in 2018. However, it was recognised that Constitutions are "living documents" and need to be kept up to date. It was therefore agreed that, in order to facilitate this, there would be an open item on each agenda for Constitution Committee meetings which would allow any Member of the Council to raise issues of importance to themselves, with a view to stimulating debate on constitutional change. This facility has already been used a number of times. In addition, despite our Constitution only having been recently reviewed, officers continue to bring forward further improvements and suggestions for how the Council's processes might be streamlined.
107. One of the changes to the Council's Constitution has been to enhance the expediency of the Council in processing decisions about public path orders in which landowners can seek diversions of public rights of way.
108. In November, a report was made to the Constitution Committee, which resulted in a formal resolution that the

Council should undertake a Community Governance Review of Town and Parish Councils. As a consequence, we will now embark upon a long and detailed piece of work which will comprise a review of town and parish council governance across the Borough. This will look at town and parish council boundaries, and other governance arrangements, such as memberships and grouping of parish councils. Whilst the main body of work on the review will not commence until after the elections on May 2nd next year, much planning is already taking place in order to ensure that work can proceed after that date. The process is now being planned by the cross-party sub-committee and an officer project team will ensure full consultation of parish councils and others interested in town and parish council matters. The linkage between the Borough Council and its town and parish council partners is crucial, as are their governance arrangements, which this review will focus upon.

109. The approach to Schemes of Financial Delegation has been reviewed and a new template has been devised to ensure all elements in the new Constitution are included. Supporting guidance has been produced to help managers to understand the process, and this has been made available on the Council's internal Centranet. Flowcharts have been developed to assist managers with information about how to update Schemes of Financial Delegation and Oracle systems when staff are "acting up," when a restructure takes place or when a new post is created.
110. ICT Services are managing a joint transformational investment programme which will enable both Cheshire councils to modernise, ensure compliance and deliver a flexible environment to underpin delivery. It will contribute to achieving the strategic objectives of both councils in their mission to deliver high quality services to the residents and people of Cheshire. A key delivery principle is that both

councils will fully engage with the Programme whilst adhering to the Programme core principles of 'standardise, simplify and share'. Moving all our users of ICT to a more modern experience is a key output for the programme, and putting in place Windows 10 and Office 365 will be some of the more noticeable changes, and will form a strong, secure foundation to support new digital ways of working. These will include increased and simplified flexible working for all staff (and in particular social care), collaboration opportunities with wider services and with partners through Microsoft Teams and a general improvement in performance for everyone. Evolution will modernise how both councils use ICT as every single user will see some significant changes, with a large change management and adoption approach being implemented across both councils, joining up with other major change programmes.

receipts to the value of £2,799,600 have been realised through the disposal of six Council assets or land, and four farm holdings. The Service's Property Projects team have work valued at £67.6m underway on the Council's assets. £6.83m projects were completed including Macon House Demolition; South Park Macclesfield Lake Restoration; Tatton Park Field 2 Fork and Remodelling Works to the Town Hall at Macclesfield. They are currently overseeing £20.5m of construction projects, including 9 out of 13 being classroom/education facility extensions; New Composting Plant Development; Cledford Hall Farm Barn Demolition. The team have also re-procured a replacement Framework for Consultants, to maintain greater efficiencies in the procurement and tendering of construction-related professional services.

111. The Asset Management Service's Property Services team are well underway with this year's disposal programme. Capital

2. Financial Stability

Introduction

112. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of increased costs, growing demand and reducing Government grant. The pressures are most intense in Children's and Adults Social Care.
113. A full mitigation plan is in progress to address the forecast overspend and ensure that the General Reserves are protected. Given the scale of the financial pressures achieving balanced budget position this year has been extremely challenging to achieve.
114. **Table 1** provides a service summary of financial performance at the third quarter. The current forecast is that services will overspend by £4.7m in the current year. The Financial Narratives provide further details and changes to service net budgets since mid year review and are analysed in **Appendix 2**.
115. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Contingencies and Contributions.

Table 1 - Service Revenue Outturn Forecasts

2018/19 Third Quarter Review (GROSS Revenue Budget £616.0m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m
SERVICE DIRECTORATES			
Directorate	0.6	-	(0.6)
Children's Social Care	35.9	38.1	2.2
Education & 14-19 Skills	11.7	12.1	0.4
Prevention & Support	9.2	8.9	(0.3)
Adult Social Care - Operations	24.0	27.4	3.4
Adult Social Care - Commissioning	80.3	77.7	(2.6)
Public Health and Communities	2.6	2.4	(0.2)
People	164.3	166.6	2.3
Directorate	0.2	(0.1)	(0.3)
Planning & Sustainable Development	3.2	3.3	0.1
Infrastructure & Highways (incl Car Parking)	12.4	13.2	0.8
Growth & Regeneration	17.3	16.9	(0.4)
Rural & Cultural Economy	3.0	3.2	0.2
Customer Services	8.4	8.7	0.3
Client Commissioning			
Leisure	2.0	2.0	-
Environmental & Bereavement	28.5	29.7	1.2
Place	75.0	76.9	1.9
Directorate - Former Professional Services	1.4	1.4	-
Directorate - Business Manager	1.1	0.9	(0.2)
Directorate - Unallocated	(0.9)	-	0.9
Legal Services	6.0	6.0	-
Human Resources	2.3	2.4	0.1
Finance & Performance	6.1	5.7	(0.4)
ICT	5.7	5.8	0.1
Communications	0.6	0.6	-
Corporate	22.3	22.8	0.5
Total Services Net Budget	261.6	266.3	4.7

Financial Narratives

People Directorate

116. Children's services across the country are under pressure and Cheshire East Council is no different. We have some fantastic services that support our children and young people, but with demand increasing and funding arrangements ever changing we cannot be complacent.
117. As corporate parents the numbers of our children in care continues to rise in addition to supporting our families across the continuum of need. We have enjoyed great exam results again in Cheshire East; however, our schools will again be reviewing how much money they have to spend on pupils as the impact of the National Funding Formula is on the horizon.
118. Supporting our most vulnerable children and families remains a priority and achieving this continues to be a challenge for all service areas.
119. Children and Families is reporting a forecast outturn pressure of £1.7m at this third quarter formal review stage. The key issues for the service are set out below.

Children's Social Care – pressure of £2.2m

120. The number of cared for children is 509 at the end of October representing an additional 36 children since March 2018.
121. Most children enter care due to neglect and abuse with increasing numbers of children being made the subject of applications to the Family Courts to secure their welfare. In the period April 2018 to October 2018, 106 children and young people entered care and 70 left care as a result of Special Guardianship, Adoption, returning home or moving to independent living.

122. A number of initiatives are being taken forward to reduce the pressures such as commissioning residential children's homes, providing intensive support to children in need, joining a regional adoption agency, and setting up a shared fostering marketing and recruitment hub with Cheshire West, Warrington and Halton Councils. From 2019/20 the Council is looking to develop a more intensive support offer for families with issues that are resulting in continual care proceedings.
123. Key issues relate to the pressure on the agency placements budget and the delay in delivery of the children's residential contract. Those two issues resulted in a pressure of £3.2m at year end 2017/18.
124. The 2018/19 budget was increased by £3m to help address these on-going pressures in the service, but the third quarter review is reflecting a net pressure of £0.7m.
125. Other key pressures relate to:
- Special Guardianship Allowances £0.4m – where a higher volume than normal has been experienced resulting in higher level of payments to the carers.
 - Challenges in delivering efficiency savings in staffing and travel £0.4m.
 - Staffing pressures £0.3m within the cared for children teams.
 - Pressure from additional legal costs £0.2m.
 - Higher number of children supported in level three and four of the continuum of need.
 - Pressure on the commissioning budget of £0.2m from a delay in delivery of budget savings.

126. The service continues to take steps to manage these cost pressures.

Prevention and Support – underspend of £0.3m

127. The service underwent a significant reorganisation in September 2018 to achieve efficiency savings of £1.2m. At third quarter the service is forecasting an underspend of £0.3m. This was an overspend of £0.3m at first quarter. Therefore, the service has continued to successfully manage cost pressures and funding has been provided for voluntary redundancy costs.

128. Following the Ofsted and CQC (Care Quality Commission) inspection investment in timeliness of EHCP's (Education Health and Care Plans) is a priority as is the development of an up to date Autism Strategy and a unified clinical and social model of care and support.

129. This service also includes the Special Educational Needs and Disabilities Service. SEN placements are funded through Dedicated Schools Grant and there are pressures on that grant of £3.5m from placements with independent providers and with other local authorities. This is not included in the base figure but will use up the Council's DSG reserve at the end of March 2019. The service is taking forward plans to enhance gatekeeping, review placement costs and the basis for the local payment rates and develop more local provision.

Education and Skills – pressure of £0.4m

130. Key issues for the service relate to:

- Transport – the Council's transport provider (Transport Service Solutions) is currently forecasting an overspend. The Council has taken a number of steps to support TSS to deliver within the management fee, including a business process review to ensure efficiencies in back office arrangements, particularly commissioning, and the

implementation of revised travel policies. Given there was an end of year overspend of £0.6m TSS will be challenged to further mitigate that position. Therefore, it is forecast that an overspend of £0.4m will be achieved for 2018/19. This will continue to be monitored to ensure efficiencies are achieved.

- Catering – due to increasing costs, of food for example, the service is unable to generate additional income from schools giving a pressure of £0.1m. However, the service aims to break even at the end of the year.
- Other areas of Education and Skills have generated a net underspend of £0.1m through vacancies.

Adult Social Care, Public Health and Communities

131. Adult Social Care, Public Health and Communities budgets remains under continued pressure locally and across the country. The pressure here in Cheshire East comes from a combination of factors, which have been building over a number of years. These relate to meeting the needs of our most vulnerable residents in the community, those in long term care and hospital. Demand for services creates pressure in all areas which means practitioners time assessing needs, commissioners' time targeting needs and support staff time enabling needs becomes a sometimes daily and weekly prioritisation. Sometimes we are able to offer information and advice which enables people to access the right services but on other occasions we are duty bound to provide services which meet the eligible needs of our residents. We are commissioning new services to help care providers who are struggling to respond to request for placements, however, providing care packages remains a daily challenge.

132. Adult Social Care Commissioning is responding to this challenge by commissioning the care home and care at home market to ensure there is a more outcomes focused offer to

service users and more certainly for providers. In addition to this the Adult Social Care Commissioners have also introduced an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors and a new substance misuse contract.

133. We are seeing additional support requirements across the age spectrum. It is a source of great celebration that our population continues to live longer, but not everyone can do this without significant care and support. There are many more people coming through transitions as young people into adulthood with many more complex needs. Equally the need for services to support our aging population continues to rise and those people of adult age have many more complex health and care needs now. This is of course all against the backdrop of our local NHS financial challenges and the interdependencies between health and social care which can be seen in our planning for winter which is our most challenging time of the year.
134. The department continues work on transforming the offer to these people who rely on Adult Social Care, Public Health and Communities services. This is supported by some very targeted actions aimed at reducing the extent of any adverse pressure to the budget and continue to meet the needs with positive outcomes. Measures that deliver savings based on service redesign with the person always in mind whilst ensuring a safe service is at the heart of what we are doing. A further financial risk at the present time relates to the current financial position of the Council's largest partner the local NHS who are under significant financial pressure. Despite these pressures the Adult Social Care, Public Health & Communities service is reporting an overspend of £0.6m position at third quarter against a gross budget of 162m. Overspending for the People Directorate is therefore forecast

at £2.3m at third quarter review as identified in Table 1 (above).

Place Directorate

135. Place is reporting a pressure of £1.9m against a budget of £75.0m at third quarter review. £0.7m of this is for one off items agreed corporately such as MARS payments, additional holiday pay costs and parking studies. These amounts will be funded from the use of flexible capital receipts and other reserves. Other underlying pressures are predominantly made up of two items: Digital and Environmental Operations. Further mitigating actions are expected to reduce this pressure.
136. There has been a delay in achieving the £0.9m budgeted digital savings in year due to duplications with other savings initiatives, inaccurate or unrealistic assumptions in benefit calculations and technically infeasible solutions proposed in the original business case for 2018/19 budget setting. Some of this will be mitigated by in year savings as the new digital solutions are implemented. It is forecast that the remaining savings will be met in 2019/20.
137. Overall, Environmental Operations, including Bereavement is currently reporting a £1.2m overspend for 2018/19 against a net £28.5m budget.
138. There are two main pressures contributing to this overspend. Firstly, there has been a need to align the waste collection route and rota optimisation project with commencement of food waste recycling in 2019. This ensures minimum disruption to the public in changing collection days and delivers the benefits of food waste recycling and efficiencies of route and rota in one go.

139. Secondly, following a review of Household Waste Recycling Centres by external consultants and subsequent public consultation in 2016-17, a number of efficiencies and improvements were introduced in 2017/18 delivering substantial savings. Based on full implementation of these proposals, however, the savings delivered remain below the consultants' initial estimates.
140. Excluding Digital and Environmental Operations, the remainder of Place is forecasting a small underspend of £0.7m, an improvement of £0.6m on Mid Year. Pressures in Strategic Infrastructure, Car Parking and Assets budgets have been offset by underspends in Facilities Management, Regeneration and Benefits.

Corporate Directorate

141. The Corporate Services Directorate, including the Mutually Agreed Resignation Scheme (MARS) saving, is forecast to overspend by £0.5m against a budget of £22.3m. However, controls to be placed on spending in the final quarter of the financial year are hoped to bring this to a balanced position by year end.
142. MARS savings were set at £1.5m in 2018/19, the actual saving achieved from staff leaving under the scheme was £0.5m leaving a shortfall of £1.0m.
143. At the third quarter Corporate Services, excluding MARS, is forecast to underspend by £0.5m. Whilst this is a favourable position, the Directorate faces pressures within various services which are being offset by underspends in other services. Legal Services and Compliance are forecasting an overspend of £0.5m, mainly due unbudgeted staffing cost pressures, but these are being offset by an underspend within Democratic Services of £0.5m. Underspends in the BSU are offsetting overspending in the Civic Office (net £79,000 underspend). Additionally, income from the Police and Crime Panel of £52,000 and an underspending in the Democratic Services Admin Team of £16,000 are contributing to the overall projected underspend in this area. The Coroners Service is also projected to underspend by £76,000 due to reduced costs and Registrations by £220,000, due to additional income.
144. Former Professional Services are overspending by approximately £30,000 due to Best for Business Savings being unachievable this year but these are being offset by savings from in-year staff vacancies and charging staff time to capital projects. Business Manager is recording an underspend of £0.2m however the service is overspending due to unachieved restructure and admin review savings which are being partially offset by an underspend in the Executive Support Office and additional budget taken from Contingency reducing the overspend from £0.4m to £80,000. The Corporate Directorate is committed to making further savings of £0.3m which are recorded against this service.
145. ICT is forecasting a small overspend of £0.1m, although there is some risk around non achievement of contract and agency savings (£350,000 within ICT Strategy and £100,000 within Service Delivery). All endeavours will be made to control spend and maximise income with the aim to achieving an overall net nil without compromising service delivery.
146. Finance and Performance is projecting an underspend of £0.4m due to savings from in-year staff vacancies across the service including Audit, Accountancy, PMO and a reduction in council self insurance costs which are being offset slightly by overspending in Procurement.
147. The HR Service and the Communications Team are reporting a small overspend of £0.1m. HR staffing overspends and loss

of schools buy back income is being offset by unused strategic project budgets held on the Head of Service cost centre, and Communications Supplies and services pressures are being offset by an underspend against the staffing budget and increased income.

Government Grant Funding of Local Expenditure

148. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2018/19 was £272.4m.
149. In 2018/19, Cheshire East Council's specific use grants held within the services was budgeted to be £254.0m based on Government announcements to February 2018. This figure was revised down at mid-year to £250.4m (a decrease of £3.6m). However, this figure has seen a slight increase at third quarter and has been revised up to £251.1m.
150. Third quarter has seen an increase in specific use grants of £0.7m. This is mainly as a result of new grant income being received in respect of Adult Social Care Winter Pressures funding (£1.45m), off-set by minor decreases in schools-related grants. The forecast has also reduced as the bid to the Innovation Fund was not successful.
151. General purpose grants were budgeted to be £18.4m, but further in-year grant announcements have increased this figure to £24.9m at mid year. These include an additional £0.5m in respect of Children & Families related grants and £0.1m for additional costs of Electoral Registration. Business Rates Retention Section 31 Compensation grants to be received of £6.1m as per the NNDR1 2018/19, which was submitted to the Ministry of Housing, Communities and Local

Government (MHCLG) in January 2018 and is due to be transferred to the Collection Fund Earmarked Reserve.

152. At third quarter the forecast general purpose grants increased by a further £0.6m to £25.5m.
153. Additional general purpose grants of £0.22m have been received during the third quarter of 2018/19, which relate to Neighbourhood Planning and additional funding for the Local Enterprise Partnership. Requests for the allocation of the additional grants received are detailed in **Appendix 10**.
154. Further funding is due to be received in respect of the 2017/18 Business Rates Additional Growth Pilot (£0.14m) and Business Rates Compensation (£0.23m), which will be transferred to the Collection Fund Management Earmarked Reserve.
155. **Table 2** provides a summary of the updated budget position for all grants in 2018/19. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

	2018/19 Revised Forecast MYR £m	2018/19 Revised Forecast TQR £m	2018/19 Change £m
SPECIFIC USE			
Held within Services	250.4	251.1	0.7
GENERAL PURPOSE			
Revenue Support Grant	5.4	5.4	0.0
<u>Service Funding:</u>			
People - Children and Families	0.7	0.7	0.0
People - Adult Social Care and Independent Living	2.2	2.2	0.0
Place	0.1	0.3	0.2
Place – Customer Operations	1.7	1.7	0.0
Corporate – Chief Operating Officer	8.7	8.8	0.1
Central Items	6.1	6.4	0.3
Total Service Funding	19.5	20.1	0.6
Total General Purpose	24.9	25.5	0.6
Total Grant Funding	275.3	276.6	1.3

Collecting Local Taxes for Local Expenditure

156. Cheshire East Council collects Council Tax and Non Domestic Rates for use locally and nationally.

Council Tax

157. Council Tax is set locally and retained for spending locally. Council Tax was set for 2018/19 at £1,404.28 for a Band D property. This is applied to the taxbase.

158. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect Council Tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 2018/19 was agreed at 147,003.80 which, when multiplied by the Band D charge, means that the expected income for the year is £206.4m.

159. In addition to this, Cheshire East Council collects Council Tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 3** shows these amounts separately, giving a total budgeted collectable amount of £250.8m.

160. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.

161. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £254.1m.

Table 3 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	206.4
Cheshire Police and Crime Commissioner	25.9
Cheshire Fire Authority	11.1
Town and Parish Councils	7.4
Total	250.8

162. **Table 4** shows collection rates for the last three years, and demonstrates that 99% collection is on target to be achieved within this period.

Table 4 – Over 99% of Council Tax is collected within three years

Financial Year	CEC Cumulative			
	2014/15	2015/16	2016/17	2017/18
	%	%	%	%
After 1 year	97.9	98.1	98.3	98.2
After 2 years	98.9	99.0	99.1	**
After 3 years	99.3	99.3	**	**

**data not yet available

163. The Council Tax in-year collection rate for 2018/19 is 75.8%, a small decrease on the previous year. This is due to larger

numbers of taxpayers opting to pay by 12 instalments instead of 10 and resulting in collection rates increasing towards the end of the year.

164. Council Tax support payments (including Police and Fire) were budgeted at £16.2m for 2018/19 and at the end of the November the total council tax support awarded was £14.7m. The Council Tax Support caseload has reduced since April 2014 and there have been more reductions in the Council Tax Support awards in the year than increased or new awards.

165. No changes were made to the Council Tax Support scheme for 2018/19. The scheme was confirmed unchanged by full Council in December 2017.

166. Council Tax discounts awarded are £23.3m which is broadly in line with the same period in 2017/18.

167. Council Tax exemptions awarded total £5.2m which is broadly in line with the same period in 2017/18.

Non-Domestic Rates (NDR)

168. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.

169. The small business multiplier applied to businesses which qualify for the small business relief was set at 48.0p in 2018/19. The non-domestic multiplier was set at 49.3p in the pound for 2018/19.

170. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester for 2016/17) for the

purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.

171. **Table 5** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

Table 5 – Over 99% of Business Rates are collected within three years

CEC Cumulative				
Financial Year	2014/15	2015/16	2016/17	2017/18
	%	%	%	%
After 1 year	98.1	98.1	97.7	98.3
After 2 years	99.3	99.1	99.2	**
After 3 years	99.7	99.5	**	**

**data not yet available

172. The business rates in-year collection rate for 2018/19 has increased to 75.1% compared to 73.2% for the same period in 2017/18.

Capital Programme 2018/21

173. At the Third Quarter review stage the overall programme has increased by £29.6m as shown in the table below. A summary of the capital programme and funding is shown at table 6.

Table 6 – Summary Capital Programme

	Revised MYR Budget	Amendments to MYR Budget	Amended TQR Budget	Transfers to/from Addendum	Budget Reductions	SCE's	Revised TQR Budget
	2018/21 £m	2018/21 £m	2018/21 £m	2018/21 £m	2018/21 £m	2018/21 £m	2018/21 £m
People Directorate	37.0	0.6	37.6	0.2	-	0.1	37.9
Place Directorate	323.3	0.7	324.0	23.7	(0.3)	4.9	352.3
Corporate Directorate	25.3	(0.3)	25.0	-	-	-	25.0
	385.6	1.0	386.6	23.9	(0.3)	5.0	415.2

174. A number of projects have been approved at the Finance Portfolio holder meeting to move budgets from the Capital Addendum to the main capital programme totalling £23.9m. The largest amount of £21.7m relates to the Garden Village project in Handforth and £2.0m for the North Congleton Acquisitions Project.

175. There are a number of Supplementary Estimates that require approval at Third Quarter Review of £5.0m. This relates in the main to an additional allocation from the Department of Transport for Potholes of £4.6m and £0.2m additional Disabled Facilities grant funding.

176. The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 7**.

Table 7 – Capital Funding Sources

	Revised MYR Budget 2018/21 £m	Revised TQR Budget 2018/21 £m	Change 2018/21 £m
Grants	182.0	212.1	30.1
External Contributions	47.3	44.5	-2.8
Cheshire East Resources	156.3	158.6	2.3
	385.6	415.2	29.6

Capital Budget 2018/19

177. At the Third Quarter Review stage the Council has forecast in year expenditure of £120.7m against a revised in year budget of £145.2m. **Appendix 4** gives a summary of the Capital Programme and **Appendix 5** shows transfers from and to the Capital Addendum.
178. Since the start of 2018/19, slippage on the capital programme has been measured on schemes that are at the Gateway 2 stage. These are classed as committed schemes as these schemes should have commenced prior to or during 2018/19 and have a detailed forecast expenditure plan in place. Schemes have been monitored on their progress during the year and re-categorised quarterly. This includes the net impact of 2018/19 supplementary capital estimates, virements and budget reductions listed in **Appendices 6 to 9**.
179. **Table 8** shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

Table 8 – 2018/19 Revised Budget compared to Third Quarter Forecasts

Committed Schemes	Revised MYR Budget £m	Revised TQR Budget £m	Forecast Expenditure £m	Current Over / Underspend £m
People Directorate	13.4	13.4	12.7	(0.7)
Place Directorate	87.1	91.8	78.9	(12.9)
Corporate Directorate	19.2	18.9	10.4	(8.5)
Total Committed Schemes	119.7	124.1	102.0	(22.1)

180. At the Third Year Review stage forecast expenditure of £102.0m has been predicted. The main changes since the budget was last reported is an increase in the in year budget of £4.4m budget due to a number of Supplementary Capital Estimates.
181. The forecast on expected expenditure has reduced by £17.7m from the £119.7m that was previously reported has been slipped into future years.
182. **Appendix 6** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.
183. **Appendix 8** details requests of Supplementary Capital Estimates (SCE) over £1,000,000 which is for the increase in budget on the Highways Investment Programme for the additional Pothole funding of £4.632m.

184. **Appendix 9** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

Central Adjustments

Capital Financing Costs and Treasury Management

185. The capital financing budget includes the amount charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long term loans. These costs are partly offset by the interest the Council earns from the investment of its cash balances during the year. The capital financing budget of £10m accounts for 4% of the Council's net revenue budget.

186. Treasury investment income to November 2018 is £228,000 which is lower than the £346,000 budgeted income for the period. Offsetting the income are costs of £345,000 (budget for period £363,000) arising from temporary borrowing and interest paid on funds held on behalf of the Cheshire & Warrington Local Enterprise Partnership. The level of cash balances is expected to fall from January 2019 resulting in a continued need to borrow. The level of temporary borrowing has been in excess of immediate cash needs but this allows a liquidity safety net and maintenance of investments in the Churches Charities and Local Authorities (CCLA) Investment Management Ltd property fund and other funds which pay a higher return than the cost of borrowing.

- The average lend position (the 'investment cash balance') including managed funds up to the end of November 2018 is £27.0m
- The average annualised interest rate received on in-house investments during 2018/19 is 0.62%

- The average annualised interest rate received on the externally managed property fund during 2018/19 is 4.56%
- The average temporary borrowing position during 2018/19 is £36.3m
- The average annualised interest rate paid on temporary borrowing during 2018/19 is 0.67%

187. The Council's total average interest rate on all investments in 2018/19 is 1.67%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for seven days at 0.71%, and our own performance target of 1.25% (Base Rate + 0.50%).

Table 9 – Interest Rate Comparison

Comparator	Average Rate to 30/11/2018
Cheshire East	1.67%
LIBID 7 Day Rate	0.71%
LIBID 3 Month Rate	0.89%
Base Rate	0.75%
Target Rate	1.25%

188. Temporary borrowing has decreased since the start of the year in line with normal cash flow patterns. The current level of borrowing is expected to increase between January and March 2019. At the moment the intention is for this to continue to be met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. If the predicted interest environment changes or the availability of temporary borrowing reduces then this strategy will be re-assessed.

189. The Council continues to benefit from the revised approach to calculating the Minimum Revenue Provision (MRP) adopted in 2017/18 which will result in lower MRP costs in 2018/19. However, these costs will increase in future years.
190. Capital Financing is dependent on achieving capital receipts of £4.4m in 2018/19 to finance capital expenditure. This figure has been revised since the Mid year review of £4.9m. To date, ten property assets have been sold generating total receipts of £2.8m. Other indirect property related capital receipts have been received of £1.3m giving a total at Third Quarter Review figure of £4.1m.
191. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 22nd February 2018. Further details of counterparty limits and current investments are given in **Appendix 10**.
192. The Council has maintained the £7.5m investment in the CCLA managed property fund. The underlying value of this fund had been devalued following the 'Brexit' referendum but has since been increasing in value. The current value of the units in the fund if sold is £8.0m. The fund has also generated income of 4.69% so far in 2018/19.
193. Most other investments currently held are short term for liquidity purposes. The exception is £2.5m held in a Royal London enhanced cash fund which had been returning around 0.90% between April and October 2018. However, the value of this fund has fallen so alternatives are currently being considered. This fund, or a replacement fund, combined with the property fund ensures the Council maintains an investment portfolio above £10m which is a pre-requisite for the Council to maintain professional investor status. This

means more investment options may be open to us and administration is reduced.

194. Full details of investments as at 30th November 2018 are shown in **Appendix 10**.

Central Contingencies and Contributions

195. It is currently forecast that there will be an underspend of £4.7m within central budgets. Lower revenue expenditure relating to costs that generate future savings reduces the amount that can be funded from capital receipts (£1.3m). This variance is offset by not increasing earmarked reserved to the planned level (£1.6m). In the quarter the contingency budget has been transferred to service budgets to cover the costs of voluntary redundancy in Childrens and Families and admin review savings that will not be achieved this year. The past service employer pension contributions relating to staff transferred to the new supplier companies and capital financing costs are expected to be in-line with budget. Additional grants have been received centrally during the quarter amounting to £0.4m above the budgeted level. Further to the above it is planned that use of earmarked reserves (£1.9m) and business rate receipts (£2.1m) will take place to mitigate the overspend.

Debt Management

196. The balance of outstanding debt has increased by £0.5m since July 2018 mainly due to the increase in Adult Social Care outstanding debt. Balances remain within forecast levels and adequate provisions have been made. Details of the Council's invoiced debt position are contained in **Appendix 12**.

Outturn Impact

197. The impact of the projected service outturn position is to decrease balances by £4.7m as reported above (**para 114**).
198. Taken into account with the central budget items detailed above (**para 195**), the financial impact could result in no reduction in balances as shown in **Table 10**.

Table 10 – Impact on Balances

	£m
Service Net Budget Outturn	(4.7)
Central Budgets Outturn	4.3
Specific Grants Outturn	0.4
Total	-

Management of Council Reserves

199. The Council's Reserves Strategy 2018/21 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is currently £10.0m.

200. The opening balance at 1st April 2018 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2017/18.
201. A mitigation plan is in progress to deliver a balanced revenue outturn position and maintain General Reserves at or close to the level planned in the 2018/21 Reserves Strategy. Overall the Council remains in a strong financial position relative to most Councils.
202. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2018 balances on these reserves stood at £47.0m, excluding balances held by Schools.
203. During 2018/19, an estimated £16.9m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. Where appropriate, further earmarked reserves will be re-allocated to General Reserves to maintain an adequate level of General Reserves overall.
204. A full list of earmarked reserves at 1st April 2018 and estimated movement in 2018/19 is contained in **Appendix 13**.

3. Workforce Development

205. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for the first three quarters 2018/19.

Culture and Values

206. Following the Local Government Association's independent culture review and acceptance of the report recommendations, the Brighter Future Together (Culture) Programme is underway. The programme has focused on defining the Council's vision for workplace culture and behaviours, aligned to the Council's values and developing an employee deal that clearly outlines what an employee can expect from working at Cheshire East Council.

207. In the third quarter, both 'What's the Conversation' sessions with each team to understand what the vision and values mean to them and 'Having the Conversation' sessions with all people managers to embed the new approach have been taking place across the Council. Sessions have been well received.

208. To help to ensure staff feel valued and recognised the Making a Difference monthly scheme reopened in February and a total of 84 nominations were received in total up until the closing date in November. Made my Day instant recognition continues to be popular with 1,079 being received up until the end of the third quarter. The annual recognition event, Making a Difference for a Brighter Future Together took place in

December where a total of 98 employees were nominated for an award.

209. To support and inform the Council's commitment to wellbeing in work, the staff wellbeing forum and the wellbeing contributors group continue to meet on a quarterly basis. The staff forum has seen individuals taking responsibility for starting local wellbeing initiatives within their own place of work. The focus has been physical and mental wellbeing and taster sessions in yoga, mindfulness and relaxation massage have been delivered. As part of the Council's Active Workplace pledge the first Cheshire East Team Challenge took place in September 2018 during which staff were challenged to win points by logging both physical and mental challenges with their team mates. This aimed to improve their overall wellbeing and build relationships through healthy competition between the directorates.

Building Capability and Capacity

210. The Corporate Training Programme and Continuous Professional Development Portfolios ensure that the Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.

211. Since April 2018, 95 courses across 268 sessions have been offered to CEC employees. 42 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and

qualifications for quarters one to three, seeing over £46,162 investment.

212. A cohort of ILM level five qualifications, funded via the apprenticeship levy began in April. The first cohort of ten project management apprentices also started in June. Two Cohorts with ten in each of ILM Level 3 qualifications are scheduled in January 2019. An audit of leadership and management skills across the organisation has been carried out and a Leadership and Management programme is due to be rolled out from January 2019. 29 sessions have taken place so far of the leadership and management behavioural workshops as part of the Brighter Future Together (Culture) Programme. 382 have attended so far with further sessions running in the New Year. 15 delegates have attended from Wider Leadership Team and 70 from the Wider Leadership Community.
213. Opportunities for staff development are wide-ranging including internal sharing of good practice, comprehensive e-learning packages, commissioning of external experts to deliver internal courses and opportunities to attend external courses and conferences. Employees also have access to Continuous Professional Development in the form of qualifications to meet professional requirements. Ensuring employees feel supported at all stages of their career, the Workforce Development Team maintains close relationships with partner universities and Further Education colleges supporting placements for work experience, work based placements, graduate schemes and mentoring opportunities for career starters and changers. Further networks are embraced to provide opportunities for staff engagement and development for example in guest lecturing and joint practice initiatives.

Resourcing and Talent

214. The ongoing programme of course placements within Children's and Adult Social Care teams continues to thrive with several previous graduates securing permanent social work roles within Cheshire East Council. 20 social work student placements are underway this year and Cheshire East Council has committed to joining cohort six of the successful 'Step Up to Social Work' scheme run by the Department for Education. Two existing Skills for Care Graduate Management Candidates will shortly complete their successful year-long placements and were joined in October 2018 by two more promising candidates following a rigorous selection process.
215. Building on the first year of implementation of the apprenticeship levy, 70 new apprenticeships have commenced since April 2018. A further 32 are due to start in the new year.
216. The Council continues to offer opportunities for team development and staff progression. Tailored approaches to development including commissioning bespoke training according to assessed need, putting in place development days, providing individual development opportunities, align with the Brighter Future Together (Culture) Programme and Corporate Training opportunities.

Reward and Recognition

217. The "Reward Centre" has a range of employee benefits and discounts which are offered by an external supplier. It was identified that the supplier had been subject to a data breach on the 28th September, and as a precaution the site was taken offline. The Council is currently considering whether to relaunch a new enhanced version of the rewards platform, which will have additional features such as instant delivery of

discounted shopping vouchers and additional levels of security.

Education HR Consultancy

218. An improved package (including Employee Assistance Programme offer, free mediation and Barred List check service) is offered to schools and academies for 2018/19 recognising the increasingly competitive market within which the Council is offering the buy-back of Education HR Consultancy Services. The buy-back in response to the services offered is 100 schools and academies for 2018/19.
219. A number of new training interventions have been offered aimed at increasing income as part of the Corporate Governor Training Programme as well as specific and focused training. New and aspiring Headteacher briefings have commenced with good uptake and excellent feedback. Further days are planned for the remainder of the academic year. Additional courses for Governors regarding HR

principles and Equality and Diversity, and Safer Recruitment accredited training and refreshers for recruiting staff are developed and currently advertised for launch in 2019.

Health and Safety

220. Work continues on refreshing Corporate Health and Safety guidance notes.

Staffing Changes

221. As shown in the following table, Cheshire East Council's overall headcount has increased between July and November 2018, although the number of full time equivalent (FTE) employees has decreased slightly over the same period.

Table 11: Cheshire East Council Employee Headcount and FTE Figures

Executive Directorate & Service	Employee Headcount July 2018	Employee Headcount Nov 2018	Employee FTE July 2018	Employee FTE Nov 2018
Corporate	856	846	745.6	730.3
Audit	9	9	7.3	7.6
B4B / Business Development	10	10	8.3	8.3
Business Management	21	20	20.0	19.0
Communications & Media	12	11	11.9	10.9
Customer Services	336	334	268.1	259.9
Finance & Performance	100	99	97.2	96.2
Human Resources	44	41	40.3	37.5
ICT	183	185	176.8	178.8
Legal Services	126	123	101.2	98.6
Procurement	14	13	13.5	12.5
People	2,152	2,181	1,616.5	1,619.7
Adult Social Care & Health	1,053	1,100	848.4	874.6
Children's Services	1,097	1,079	766.1	743.2
Place	539	568	430.5	430.2
Growth & Regeneration	187	199	147.6	150.9
Infrastructure & Transport	59	57	55.0	53.6
Planning & Sustainable Development	135	139	127.0	130.7
Rural & Cultural Infrastructure	155	171	97.9	92.1
Cheshire East Council Total	3,565*	3,596*	2,793.5*	2,781.3*

***Note:** The Chief Executive has not been included in any of the Directorate / Service information, but is counted in the overall Cheshire East Council headcount and FTE figures; similarly Executive / Directors and/or “Business Managers” will not appear in the “Service” totals but will appear in the overall “Directorate” figures. Employees with multiple assignments across services will appear in the headcount figures for each service, but will only be counted once in the total CEC headcount figure; where an employee has multiple assignments in the same service they will appear in the overall headcount figure only once for that service.

Agency workers

222. Agency workers are a valuable component of the Council's workforce, providing short term cover, project work and flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. The table below provides a summary of active agency worker assignments at the end of July and November 2018, together with agency worker assignments as a percentage of all active workforce assignments (excluding casuals) at the end of each specified month.

Table 12: Active agency worker assignments

	Active C.Net Assignments on 31.07.18	Active C.Net Assignments on 30.11.18	% of all Workforce Assignments on 31.07.18	% of all Workforce Assignments on 30.11.18
People	53	74	2.4%	3.3%
Corporate	69	90	7.4%	9.6%
Place	8	6	1.4%	1.0%
Total	114	123	3.0%	3.2%

223. The number of active agency assignments is higher at the end of November 2018 than it was at the end of July 2018 within Cheshire East Council overall, due to new assignments beginning in the People and Corporate Directorates during this period. Once again in Corporate, there has been an increase in the number of agency assignments in Customer Services and ICT, as well as Legal Services and HR. In People, there has been a significant increase in Adult Social Care & Health; from 16 active assignments at the end of July to 38 at the end of November. This increase relates to

additional support workers and social workers required to cover short term absence. There has also been a steady increase in the number of placements to cover permanent posts whilst recruitment processes take place.

Absence

224. The cumulative absence rate for Cheshire East Council from April 2018 to December 2018 shows a current figure of 7.66 days lost per FTE employee which is lower than the figure for the same period over the preceding seven financial years which may indicate a positive trend towards the absence target of 10 days over the calendar year.

Table 13: Days lost to sickness absence per FTE employee

Financial Year	Cumulative Absence at the end of Quarter 3	Full Year Absence Rate
2011/12	8.30	11.67
2012/13	9.07	12.03
2013/14	8.34	11.33
2014/15	8.87	11.97
2015/16	8.02	11.14
2016/17	8.32	11.14
2017/18	8.31	11.18
Q3 2017/18	8.31	NA
Q3 2018/19	7.66	NA

Voluntary Redundancies

225. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Council Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.

226. Eighteen people have left the Council under voluntary redundancy terms in the period 1st April to 30th November 2018. The total severance cost was £762,830 inclusive of redundancy and actuarial costs. Over the next five years, this reduction is estimated to save the Council over £2,655,477.

Appendices to Third Quarter Review of Performance 2018/19

February 2019

Appendix 1 Cheshire East Council Strategic Outcomes



Appendix 2 Changes to Revenue Budget 2018/19 since Mid Year

Review

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Third Quarter Realignments £000	Net Budget £000
PEOPLE				
Directorate	597	-	3	600
Children's Social Care	35,949	-	-	35,949
Education & 14-19 Skills	11,629	-	86	11,715
Prevention & Support	8,801	-	400	9,201
Adult Social Care Operations	23,811	-	194	24,005
Adult Social Care Commissioning	80,278	-	-	80,278
Public Health & Communities	2,615	-	-	2,615
	163,680	-	683	164,363
PLACE				
Directorate	186	-	18	204
Planning & Sustainable Development	3,235	20	-	3,255
Infrastructure & Highways	12,386	-	(9)	12,377
Growth & Regeneration	17,136	200	(30)	17,306
Rural & Cultural Economy	2,967	-	-	2,967
Customer Services	8,355	-	-	8,355
Client Commissioning :				
Leisure	2,019	-	-	2,019
Environmental	28,466	-	-	28,466
	74,750	220	(21)	74,949

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Third Quarter Realignments £000	Net Budget £000
CORPORATE				
Directorate - Former Professional Services	1,379	-	-	1,379
Directorate - Business Manager	855	-	291	1,146
Directorate - Unallocated	(951)	-	-	(951)
Legal Services	5,972	-	-	5,972
Human Resources	2,297	-	-	2,297
Finance & Performance	6,166	-	21	6,187
ICT	5,716	-	29	5,745
Communications	603	-	-	603
	22,037	-	341	22,378
TOTAL SERVICE BUDGET	260,467	220	1,003	261,690
CENTRAL BUDGETS				
Capital Financing	10,000	-	-	10,000
Corporate Contributions	263	-	(1,000)	(737)
Contribution to / from Reserves	(1,213)	-	-	(1,213)
	9,050	-	(1,000)	8,050
TOTAL BUDGET	269,517	220	3	269,740

	Mid Year Net Budget £000	Additional Grant Funding £000	Restructuring & Third Quarter Realignments £000	Net Budget £000
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(42,967)	-	-	(42,967)
Revenue Support Grant	(5,416)	-	-	(5,416)
Specific Grants	(13,700)	(220)	(3)	(13,923)
Council Tax	(206,434)	-	-	(206,434)
Sourced from Collection Fund	(1,000)	-	-	(1,000)
TOTAL CENTRAL BUDGETS FUNDING	(269,517)	(220)	(3)	(269,740)
FUNDING POSITION	-	-	-	-

Appendix 3 Corporate Grants Register

Corporate Grants Register 2018/19		Revised Forecast MYR 2018/19 £000	Revised Forecast TQR 2018/19 £000	Change from MYR 2018/19 £000	SRE / Balances (Note 2)
	Note				
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools	1	151,900	151,442	-458	
Children & Families		1,517	1,749	232	
Adult Social Care		10,244	11,695	1,451	SRE
Public Health		16,400	16,400	0	
Public Health - Innovation Fund of Alcohol Dependent Parents (subject to successful bid)	3	561	0	-561	
Total		180,622	181,286	664	
PLACE					
Growth and Regeneration		547	547	0	
Planning and Sustainable Development		283	283	0	
Directorate		787	787	0	
Customer Services		68,122	68,212	90	
Total		69,739	69,829	90	
TOTAL SPECIFIC USE		250,361	251,115	754	

Corporate Grants Register 2018/19	Revised Forecast MYR 2018/19 £000	Revised Forecast TQR 2018/19 £000	Change from MYR 2018/19 £000	SRE / Balances (Note 2)
<i>Note</i>				
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	5,416	5,416	0	
Total Central Funding	5,416	5,416	0	
People - Children & Families				
Tackling Troubled Families	372	372	0	
Staying Put Implementation Grant	115	115	0	
Extended Rights to Free Transport (Home to School Transport)	132	132	0	
Extended Rights to Free Transport (Home to School Transport) - Additional	33	33	0	
Extended Personal Adviser Duty Implementation	14	14	0	
Extension of the role of Virtual School Heads	38	38	0	
People - Adult Social Care & Independent Living				
Independent Living Fund	888	888	0	
Local Reform and Community Voices	204	204	0	
Social Care in Prisons	73	73	0	
War Pension Scheme Disregard	59	59	0	
Adult Social Care Support Grant	907	907	0	
Controlling Migration Fund	75	75	0	

Corporate Grants Register 2018/19		Revised Forecast MYR 2018/19 £000	Revised Forecast TQR 2018/19 £000	Change from MYR 2018/19 £000	SRE / Balances (Note 2)
	<i>Note</i>				
Place					
	Lead Local Flood Authorities	15	15	0	
	Neighbourhood Planning Grant for Local Planning Authorities	40	60	20	SRE
	Homelessness Reduction Act - new burdens	37	37	0	
	Local Enterprise Partnership (LEP): MHCLG Additional Funding	0	200	200	SRE
Place - Customer Services					
	Housing Benefit and Council Tax Administration	1,082	1,075	-7	Balances
	NNDR Administration Grant	566	566	0	
	Universal Support Grant 2017/18	-9	-9	0	
	Universal Support Grant 2018/19	63	63	0	
Corporate - Chief Operating Officer					
	New Homes Bonus	8,563	8,563	0	
	Additional Growth Pilot (AGP) 2017/18	0	138	138	Balances
	Transition to Individual Electoral Registration 2018/19	133	133	0	
Central Items					
	Business Rates 2018/19 Tax Loss Compensation Payment	6,131	6,364	233	Balances
Total Service Funding		19,531	20,115	584	
TOTAL GENERAL PURPOSE		24,947	25,531	584	
TOTAL GRANT FUNDING		275,308	276,646	1,338	

Notes

- 1 The Dedicated Schools Grant, Pupil Premium Grant, Sixth Form Grant and Other School Specific Grant from the Education Funding Agency (EFA) figures are based on actual anticipated allocations. Changes are for in-year increases/decreases to allocations by the DfE and conversions to
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.
- 3 The bid for the Innovation Fund of Alcohol Dependent Parents was not successful.

Appendix 4 Summary Capital Programme and Funding

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	TQR Budget 2018/19 £000	Virements Reductions During Quarter 2018/19 £000	Virements Reductions TQR 2018/19 £000	In-Year Budget TQR 2018/19 £000	2018/19 £000	2019/20 £000	2020/21 and Future Years £000
People Directorate							
Adults, Public Health and Communities							
Committed Schemes - In Progress	3	-	-	3	3	-	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Children's Social Care (Incl. Directorate)							
Committed Schemes - In Progress	119	-	-	119	80	306	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Education and 14-19 Skills							
Committed Schemes - In Progress	12,500	150	114	12,764	12,141	13,400	2,772
New Schemes and Option Developments	520	482	-	1,002	1,036	3,783	3,715
Prevention and Support							
Committed Schemes - In Progress	753	-	-	753	443	310	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Total People Directorate	13,895	632	114	14,641	13,703	17,799	6,487
Total Committed Schemes - In Progress	13,375	150	114	13,639	12,667	14,016	2,772
Total New Schemes and Option Developments	520	482	-	1,002	1,036	3,783	3,715
Total People Directorate	13,895	632	114	14,641	13,703	17,799	6,487

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	TQR	Virements	Virements	In-Year			2020/21 and
	Budget	Reductions	Reductions	Budget			Future Years
	2018/19	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21 and
	£000	£000	£000	£000	£000	£000	Future Years
							£000
Place Directorate							
Infrastructure and Highways (inc Car Parking)							
Committed Schemes - In Progress	60,826	411	4,641	65,878	56,523	45,589	81,607
New Schemes and Option Developments	8,410	-	-	8,410	8,133	12,744	12,743
Growth and Regeneration							
Committed Schemes - In Progress	16,234	(231)	-	16,003	13,589	14,797	34,593
New Schemes and Option Developments	2,551	2,892	-	5,443	5,066	17,382	15,950
Rural and Cultural Economy							
Committed Schemes - In Progress	2,160	-	-	2,160	2,165	1,646	103
New Schemes and Option Developments	10	-	-	10	10	90	-
Customer Services							
Committed Schemes - In Progress	87	-	-	87	87	30	-
New Schemes and Option Developments	-	-	-	-	-	-	-
Client Commissioning - Environmental							
Committed Schemes - In Progress	6,616	162	(253)	6,525	5,374	10,750	50
New Schemes and Option Developments	50	34	-	84	84	-	-
Client Commissioning - Leisure							
Committed Schemes - In Progress	1,192	-	-	1,192	1,193	5,774	2,092
New Schemes and Option Developments	4,117	-	-	4,117	4,117	-	-
Total Place Directorate	102,253	3,268	4,388	109,909	96,341	108,802	147,138
Total Committed Schemes - In Progress	87,115	342	4,388	91,845	78,931	78,586	118,445
Total New Schemes and Option Developments	15,138	2,926	-	18,064	17,410	30,216	28,693
Total Place Directorate	102,253	3,268	4,388	109,909	96,341	108,802	147,138

Service	In-Year	SCE's	SCE's	Revised	Forecast Expenditure		
	TQR	Virements	Virements	In-Year			2020/21 and
	Budget	Reductions	Reductions	Budget	2018/19	2019/20	Future Years
	2018/19	2018/19	2018/19	2018/19	£000	£000	£000
	£000	£000	£000	£000			
Corporate Directorate							
Finance and Performance							
Committed Schemes - In Progress	877	(300)	-	577	577	-	-
New Schemes and Option Developments	-	-	-	-	-	-	-
ICT							
Committed Schemes - In Progress	18,282	-	-	18,282	9,820	9,333	3,437
New Schemes and Option Developments	1,813	-	-	1,813	220	1,533	60
Total Corporate Directorate	20,972	(300)	-	20,672	10,617	10,866	3,497
Total Committed Schemes - In Progress	19,159	(300)	-	18,859	10,397	9,333	3,437
Total New Schemes and Option Developments	1,813	-	-	1,813	220	1,533	60
Total Corporate Directorate	20,972	(300)	-	20,672	10,617	10,866	3,497
Total Capital Programme							
Committed Schemes - In Progress	119,649	192	4,502	124,343	101,995	101,935	124,654
New Schemes and Option Developments	17,471	3,408	-	20,879	18,666	35,532	32,468
Total Net Position	137,120	3,600	4,502	145,222	120,661	137,467	157,122

Funding Sources	2020/21 and	
	2018/19	2019/20
	£000	£000
Grants	53,388	90,010
External Contributions	12,549	2,905
Cheshire East Council Resources	54,724	44,552
Total	120,661	137,467

Appendix 5 Transfers from and to the Capital Addendum

Service	Capital Scheme	Amount Transferred Third Quarter £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme			
People - Education and 14-19 Skills	Park Lane School 1819 (To Expand 'in borough' SEN placement Capacity)		Approved transfer to main programme
People - Education and 14-19 Skills	Shavington Planning Area (Primary Schools - 210 Places)	185,000	Approved transfer to main programme
Place - Infrastructure and Highways (inc Car Parking)	Middlewich Eastern Bypass		Approved transfer to main programme
Place - Infrastructure and Highways (inc Car Parking)	Bollington Bridge		Approved transfer to main programme
Place - Growth and Regeneration	Strategic Acquisitions	2,015,000	Approved transfer to main programme
Place - Growth and Regeneration	North Cheshire Garden Village	21,700,000	Approved transfer to main programme
Place - Client Commissioning Environmental	Congleton Household Waste Recycling Centre Development		Approved transfer to main programme at Outturn 2017/18
Place - Client Commissioning Leisure	Macclesfield Leisure Centre Improvements		Approved transfer to main programme
Corporate - ICT	Elections		Approved transfer to main programme
Net Change to the Addendum		23,900,000	

Appendix 6 Approved Supplementary Capital Estimates up to £500,000 and Virements up to £1,000,000

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements			
Supplementary Capital Estimates that have been made up to £500,000			
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	7,500	Revenue contribution from Ivy Bank Academy for refurbishment of 3 classrooms for use by school Resource Provision.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	11,000	Revenue contribution from Hungerford Academy for expansion to current Resource Provision Premises over 3 rooms.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	18,000	Revenue contribution from Wheelock Academy for creation of Nature Room / Sensory Play area.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	18,000	Revenue contribution from Wistaston Academy for Solardome and Sensory Garden to encourage children with ECHP's access to outdoor facilities.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	50,000	Revenue contribution from Sandbach High School for demolition of current 4 class SEN premises and replace with 8 Class premises.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	3,800	Revenue contribution from Wilmslow High School for repurpose area to provide Life Skills.
People - Education and 14-19 Skills	Special Provision Fund Capital Grant	14,395	Revenue contribution from Ruskin Community High School for creation of SEN Medical Room and Sensory Room.
Place - Infrastructure and Highways (inc Car Parking)	S278 Church Lane, Wistaston	5,000	S278 - to increase the budget to match the amount received from the developer.
Place - Infrastructure and Highways (inc Car Parking)	Highways Investment Network	3,227	Residents contribution to vehicle crossing associated with footway improvements
Place - Infrastructure and Highways (inc Car Parking)	Local Area Programme	2,000	Mottram St Andrew Parish Council have agreed to contribute £2,000 towards the project.
Place - Infrastructure and Highways (inc Car Parking)	Local Area Programme	1,500	Contribution received from Snelson Parish Council for the Common Lane, Snelson Junction with Mill Lane improvements.
Place - Infrastructure and Highways (inc Car Parking)	Highways Investment Network	461	External contribution towards vehicle crossing associated with footway improvements
Place - Growth and Regeneration		204,812	Disabled Facilities Grant - Additional grant allocation for 2018/19 from MHCLG.
Total Supplementary Capital Estimates Requested		339,695	

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements			
Capital Budget Virements that have been made up to £1,000,000			
People - Education and 14-19 Skills	Disley Primary School	20,000	Additional funding required for the Basic Need - classroom extension project to bring the total budget to £665,000 to be funded from the Future Needs block allocation
People - Education and 14-19 Skills	Malbank High School	300,000	Additional funding required for the Basic Need - classroom extension project to bring the total budget to £1,500,000 to be funded from the Nantwich Planning (secondary School) block allocation
Total Capital Budget Virements Approved		320,000	
Total Supplementary Capital Estimates and Virements		659,695	

Appendix 7 Request for Supplementary Capital Estimates above £500,000 and Virements above £1,000,000

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to approve the Supplementary Capital Estimates and Virements			
Supplementary Capital Estimates above £500,000 up to and including £1,000,000			
Total Supplementary Capital Estimates Requested		-	
Capital Budget Virements above £1,000,000 up to and including £5,000,000			
Total Capital Budget Virements Requested		-	
Total Supplementary Capital Estimates and Virements		-	

Appendix 8 Request for Supplementary Capital Estimates above £1,000,000 and Virements above £5,000,000

Service	Capital Scheme	Amount Requested £	Reason and Funding Source
Cabinet are asked to request Council to approve the Capital Virements and SCEs			
Supplementary Capital Estimates over £1,000,000			
Place - Infrastructure and Highways (inc Car Parking)	Highway Investment Programme DFT Grant	4,632,000	Department for Transport additional Pothole Funding - 2018-19
Total Supplementary Capital Estimates Requested		4,632,000	
Capital Budget Virements over £5,000,000			
Total Capital Budget Virements Requested		-	
Total Supplementary Capital Estimates and Virements		4,632,000	

Appendix 9 Capital Budget Reductions

Service	Capital Scheme	Approved Budget £	Revised Approval £	Reduction Reason and Funding Source £
Cabinet are asked to note the reductions in Approved Budgets				
Place - Infrastructure and Highways (inc Car Parking)	Greenfields, Willaston	3,000	0	(3,000) S278 scheme - Budget No longer Required.
Place - Infrastructure and Highways (inc Car Parking)	Mossley House, Congleton	5,000	4,660	(340) S278 scheme - Scheme is now complete - remaining budget no longer required
Place - Client Commissioning Environmental	Crewe Crematorium Refurbishment	1,500,000	1,252,670	(247,330) Project complete.
Place - Client Commissioning Environmental	Banbury Close Open Space Improvements	5,783	-	(5,783) Budget no longer required.
Place - Client Commissioning Environmental	Langley Playing Fields Project	30,753	30,573	(180) Project complete.
Place - Client Commissioning Environmental	Mow Cop Play Area Improvement	44,285	43,643	(642) Project complete.
Total Capital Budget Reductions		1,588,821	1,331,546	(257,275)

Appendix 10 Treasury Management

Counterparty Limits and Investment Strategy

1. The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. Due to their smaller size, unrated Building Societies have a limit of £1m each.
2. The limits in the Treasury Management strategy also apply to investments in foreign banks with a limit of £12m per country. There were no foreign investments held at 30th November 2018.
3. Due to reduced cash resources and the primary focus now on borrowing, remaining investments are either strategic due to their high interest earning capability, or just to provide liquidity.
4. Even though long term borrowing is at historically low levels, shorter term temporary borrowing is currently much cheaper even factoring in some predicted future interest rate increases. Any temporary borrowings have been sourced from other Local Authorities and generally on a month to

month basis but with some extending into 2019/20. The cost (including fees) to 30th November 2018 is around 0.73%.

5. The borrowing requirement is expected to continue throughout 2018/19 and beyond. Some borrowing may be fixed through to 2020/21 to provide some certainty and hedge against any rate increases in 2019. The market is expecting further base rate increases in 2019 although Brexit uncertainties may affect timing or result in a possible rate decrease.
6. **Chart 1** shows an analysis of the investments by counterparty type. A full analysis of the types of investment and current interest rates achieved is given in **Table 1** with the maturity profile in **Chart 2** which also shows the value of investments potentially subject to bail-in in the event of counterparty failure and those which are exempt from bail in requirements. A full list of current temporary borrowings is shown in **Table 2**.

Chart 1 – Current Investments by Counterparty Type

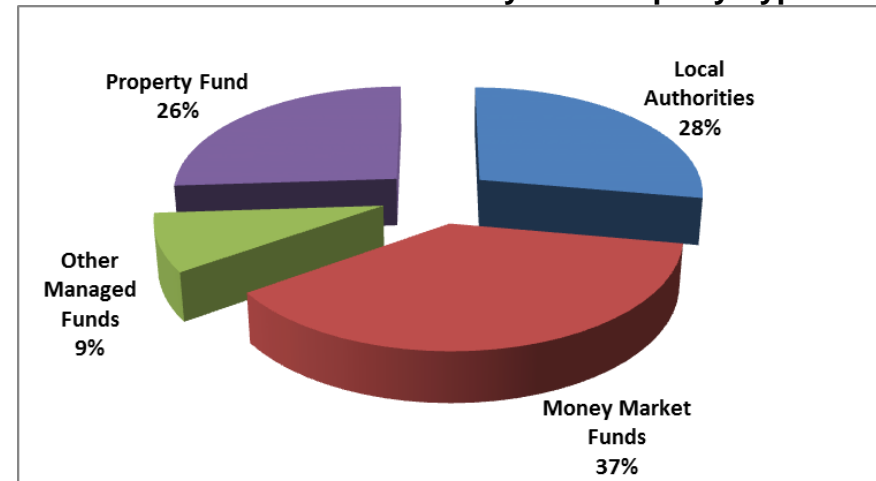


Table 1 – Types of Investments and Current Interest Rates

Instant Access Accounts		Average Rate %	£m
Money Market Funds		0.74	10.8

Fixed Deposits	Start	Maturity	Rate %	£m
Eastleigh Borough Council	29/11/18	29/01/19	0.79	3.0
Eastbourne Borough Council	23/11/18	12/02/19	0.82	5.0

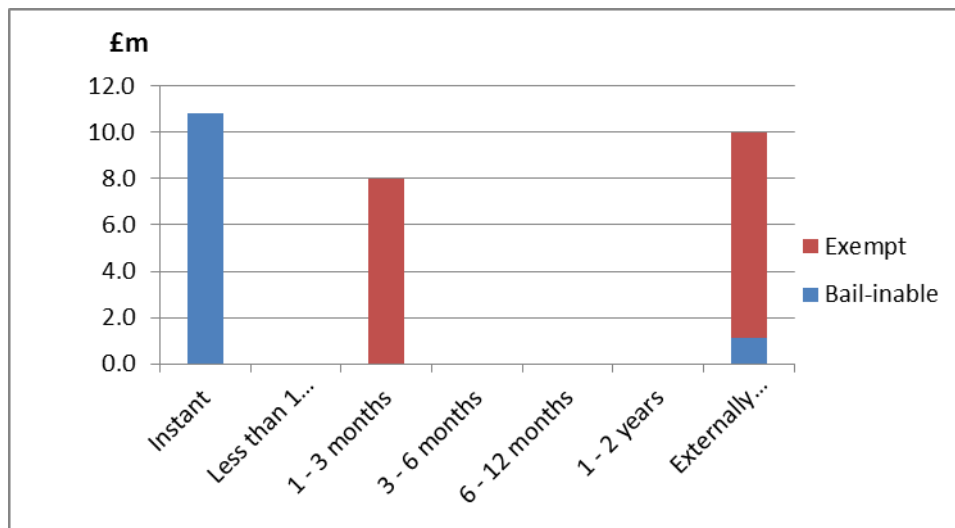
Externally Managed Funds		£m
Property Fund		7.5
Enhanced Cash Plus Fund		2.5

Summary of Current Investments		£m
TOTAL		28.8

Table 2 – Current Temporary Borrowing

Lender	Start	Maturity	Rate %	£m
Lincolnshire	20/02/18	08/04/19	0.85	5.0
NE Derbyshire	31/01/18	10/04/19	0.80	1.0
Wychavon DC	25/01/18	12/04/19	0.80	3.0
Renfrewshire	25/01/18	26/04/19	0.77	5.0
Portsmouth	19/02/18	20/05/19	0.84	5.0
TOTAL				19.0

Chart 2 – Maturity Profile of Investments



Appendix 11 Requests for Allocation of Additional Grant Funding and Transfers

Service	Type of Grant	£000	Details
Place – Neighbourhood Planning	Neighbourhood Planning Grant for Local Planning Authorities (General Purpose)	20	The conditions of grant mean that this funding could be used across the wider Spatial Planning area. This level of funding would be intended to support a number of Community Neighbourhood Plans across the borough.
Place – Local Enterprise Partnership (LEP)	Local Enterprise Partnership (General Purpose)	200	The additional funding is provided in connection with the national review of LEPs and is intended to support development of capacity and capability within the LEP and strengthening of the current governance arrangements. A proportion of the funding will also support the LEP's activity to develop its Local Industrial Strategy.
Total Requests for Additional Grant		220	
People – Adult Social Care & Independent Living	Adult Social Care Winter Funding (Ring Fenced)	1,451	The funding is aimed at reducing delayed transfers of care during the winter months.
Additional Grant Directly to Service		1,451	

Appendix 12 Debt Management

- The balance of outstanding debt has increased by £0.5m since July 2018 mainly due to the increase in Adults Social Care outstanding debt.
- Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates).
- Annually, the Council raises invoices with a total value of over £70m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
- The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
- The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor). In 2017/18 the team collected £3.2m on behalf of services.
- After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of November 2018 was £8.5m.
- The total amount of service debt over six months old is £4.7m; provision of £4.8m has been made to cover doubtful debt in the event that it needs to be written off.

DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000	Debt Provision £000
People			
Adults, Public Health and Communities	5,693	3,317	3,429
Children's Social Care (Incl. Directorate)	77	48	48
Education and 14-19 Skills	105	1	1
Prevention and Support	18	13	13
Schools	48	24	16
Place			
Planning and Sustainable Development	91	32	32
Infrastructure and Highways (inc Car Parking)	1,378	759	759
Growth and Regeneration	590	297	297
Rural and Cultural Economy	38	5	5
Customer Services	9	4	4
Client Commissioning - Environmental	304	190	190
Corporate			
Human Resources	15	7	7
Finance and Performance	9	8	8
Professional Services	35	1	1
ICT	52	1	1
	8,462	4,707	4,811

Appendix 13 Earmarked Reserves

Name of Reserve	Opening Balance 1st April £000	Forecast Movement in 2018/19 £000	Forecast Closing Balance 31st £000	Notes
People				
Adults, Public Health and Communities				
ASC Transition Reserve	1,718	(1,718)	0	To support the service with the ongoing transformation work that was started in 2017/18, and to support delivery of the services savings targets.
PFI Equalisation - Extra Care Housing	2,225	148	2,373	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	224	433	657	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
Communities Investment	369	(369)	0	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Fixed Penalty Notice Enforcement (Kingdom)	179	(48)	131	Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues.
Transitional Funding - community cohesion	141	(141)	0	Community Cohesion Strategy and Action Plan
Children's Services				
Domestic Abuse Partnership	144	(65)	79	To sustain preventative services to vulnerable people as a result of partnership funding.
Early Intervention and Prevention Investment	511	(511)	0	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Adoption Support Fund	197	(197)	0	To assist with placing children with parents who wish to adopt by meeting certain costs such as therapy.
Transitional Funding-Developing the 'Cheshire East Way'	83	(83)	0	Delivering better outcomes for children and young people.
Transitional Funding-Increase in Establishment	145	(145)	0	Child Protection Social Workers
Transitional Funding-Independent Travel Training	150	(150)	0	Independent Travel Training

Name of Reserve	Opening Balance 1st April £000	Forecast Movement in 2018/19 £000	Forecast Closing Balance 31st £000	Notes
Place				
Investment (Sustainability)	871	(769)	102	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Trading Standards and Regulations	75	(75)	0	Ongoing Trading Standards prosecution case on product safety
Air Quality	80	(39)	41	Provide funding for a temporary Air Quality Officer post for two years.
Strategic Planning	36	600	636	To meet potential costs within the Planning Service and Investment Service Structure.
Transitional Funding- air quality	47	(47)	0	Air Quality Management
Infrastructure and Highways				
Parking - Pay and Display Machines	100	(100)	0	Purchase of Pay and Display Machines.
Highways Procurement	276	(276)	0	To finance the development of the next Highway Service Contract.
Winter Weather	230	(230)	0	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	500	(500)	0	To provide for future costs relating to the Royal Arcade including repairs an maintenance.
Legal Proceedings on land and property matters	127	(127)	0	To enable legal proceedings on land and property matters.
Skills & Growth	336	(168)	168	To achieve skills and employment priorities and outcomes.
Transitional Funding-Low Carbon Heat Growth Programme	51	(51)	0	Low Carbon Heat Growth Programme
Homelessness & Housing Options	174	(174)	0	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.

Name of Reserve	Opening Balance 1st April £000	Forecast Movement in 2018/19 £000	Forecast Closing Balance 31st £000	Notes
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,215	(135)	4,080	To settle insurance claims and manage excess costs.
Democratic Services				
Elections	134	177	311	To provide funds for Election costs every 4 years.
Finance and Performance				
Collection Fund Management	5,410	(328)	5,082	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	12,737	(1,099)	11,638	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	5,825	(2,692)	3,133	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding-External Funding Officer	181	(181)	0	External Funding Officer
Cross Service				
Trading Reserve	1,729	(219)	1,510	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	2,408	(2,046)	362	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	2,304	(3,550)	(1,246)	Unspent specific use grant carried forward into 2018/19.
Revenue Grants - Other	3,099	(2,051)	1,048	Unspent specific use grant carried forward into 2018/19.
TOTAL	47,031	(16,926)	30,105	

Notes:

1. Figures exclude Schools balances.

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Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Medium Term Financial Strategy 2019-22

Portfolio Holder: Cllr Paul Bates - Finance and Communication

Senior Officer: Alex Thompson – Head of Finance and Performance (Acting Section 151 Officer)

1. Report Summary

- 1.1. This report presents the Medium Term Financial Strategy for Cheshire East Council for the years 2019/20 to 2021/22.
- 1.2. Cheshire East Council arranges delivery of in the region of 500 local services every day and the Council's achievements in making Cheshire East such a great place to live are reflected in a range of local indicators, some headlines include:
 - We continue to be in the top 10% of all local authorities for our 55% recycling rate,
 - A high proportion of parents/carers were given their first choice of school for their child in September 2018 – 92% receiving their first choice, and 98.5% were offered a place at a primary school of their choice,
 - 8 Green Flag Awards have been awarded for our parks and open spaces.
- 1.3. The provisional announcements from government on 13th December 2018 confirmed that local government funding will continue to reduce through to 2019/20 with no confirmation yet for future funding levels. Central Government's approach continues to rely on local tax raising powers to fund services and this has been supported by continuing to allow flexibility in the council tax charge up to the increased referendum limit of 3%. The reduction in central government grant that was reported in the Council's Pre-Budget Consultation (October 2018) has also been confirmed. This level was guaranteed by the completion of a 4-Year Efficiency Plan (submitted to Government in October 2016).
- 1.4. Cheshire East is the third largest council in the Northwest of England, providing services for a population of over 375,000 local people. Following

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extensive consultation the proposed revenue budget is balanced for 2019/20 with net revenue spending of £281.2m and total capital investment aspirations of £450m is identified over the next three financial years. The individual status of schemes within this ambitious programme is summarised within **Appendix C, Annex 11**.

- 1.5. In proposing a balanced budget for 2019/20 the Council has recognised the requirement to respond to both cost and demand pressures for our Social Care Services. Removal of the remaining Revenue Support grant for 2019/20 (£5.4m) was based on the continued assumption, by the Government, that the Council's ability to raise Council Tax levels could go some way to replace the cessation of this grant.
- 1.6. The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in 2017/18, and 2018/19. Local authorities could raise up to 3% in any year from 2017/18 to 2019/20, but subject to a maximum of 6% over the three year period. Cheshire East applied this increase equally over the first two years therefore no further increase can be applied in 2019/20 to be ringfenced for this purpose.
- 1.7. Nationally, Children's Services are under increased financial pressure to sustain effective services to keep children safe and to meet their educational needs. There is a current financial pressure in Cheshire East's Children and Families Service of circa £2.3m in 2018/19. Permanent investment is needed to maintain effective services.
- 1.8. The provisional local government finance settlement announced the referendum limit on base increases was to be maintained at 3% in line with inflation, as such, it is proposed that Council Tax is increased by 2.99% (including 1% ringfenced for Children's Social Care pressures) for 2019/20 to give a Band D charge of £1,446.27 for 2019/20. This equates to a £0.78 increase per week for an average property.
- 1.9. The Medium Term Financial Strategy 2019/20 to 2021/22 is currently forecasting on the assumption that the Council Tax could also increase by a further 1.99% in 2020/21 and then 1.99% in 2021/22. These planning forecasts may be subject to change when Council is asked to set the annual budget in February each year.
- 1.10. This report is based on the Provisional Settlement, which therefore still requires parliamentary approval, and includes the following headlines:
 - Overall net revenue spending on services is being increased by £13.1m to deliver a balanced position in 2019/20.
 - Value for money will continue to be supported through prudent management of Council investments.
 - Central Government unringfenced grants will reduce by £2.8m overall.
 - Funding for essential local services will require a proposed Council tax increase of 2.99% from £1,404.28 to £1,446.27 for a Band D property.

- £270m is estimated to be spent over the next three years on improving our highways network.

1.11. This report sets out how the Council will approach the financial challenges over the medium term and forecasts a balanced budget for 2019/20.

Budget 2019-22

1.12. Following months of development and consultation, the budget change proposals contained in this report are robust and provide a balanced budget for consideration.

1.13. Like most local authorities the Council had significant budget deficits to tackle over the medium term, caused by major grant reductions in local government funding. This is Central Government's clear strategy to try to deal with the scale of the national deficit. Our local response to these pressures continues to focus on innovation and creativity with a clear emphasis on improving efficiency, productivity and establishing more effective local service delivery arrangements.

1.14. Our ability to create the best conditions for private sector investment, economic growth and prosperity will be critical to the continued success of the Borough as the Council's reliance on locally generated income increases.

1.15. This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.

1.16. This report provides the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2019/20 to 2021/22 at **Appendix C**.

1.17. The document is the result of the Business Planning Process led by the Council from May 2018 to February 2019, which included regular review from the Council's Scrutiny Committees, concluding with a final review by the Corporate Overview and Scrutiny Committee on 4th February 2019. The MTFS Report is being submitted to Cabinet on 5th February 2019 for recommendation to Council for approval.

1.18. The business planning process involved engagement with local people and organisations and details of how this process was managed is included within **Appendix C, Annex 2** and a summary of the results is provided in **Appendix B**.

1.19. The MTFS also includes four linked strategies at Annexes 11 to 14. The strategies cover longer term approaches to maintaining the Council's financial stability through the appropriate management of assets and liabilities.

2. Recommendations

That Cabinet:

- 2.1. Recommend to Council the items at **Appendix A**.

Cabinet notes:

- 2.2. The summary results of the Budget Consultation, attached at **Appendix B** and the Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
- 2.3. The comments of the Council's Acting Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Acting Section 151 Officer**).
- 2.4. The Council's Finance Procedure Rules provide a control framework to support decisions should any changes in spending requirements be identified and for specific spending over certain limits. (**Appendix C**).

3. Reasons for Recommendations

- 3.1. The Council's Budget (as contained in the MTFS Report) requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.
- 3.2. In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet is requested to recommend this report to Council to approve the MTFS Report for 2019-22.
- 3.3. The Council's Acting Section 151 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, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £216,242,427. This is based on a total 2.99% Band D increase, which includes a 1% precept specifically for Childrens and Families services and he is satisfied with the adequacy of the financial reserves for the Council.
- 3.4. Further to the above statement it can be reported that the Medium Term Financial Strategy Report 2019/20 to 2021/22 (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience and viability of the Council in the medium term.

4. Other Options Considered

- 4.1. The Business Planning Process enables the Council to develop options, consider the best approach, produce Business Cases and share these options via the Pre-Budget Consultation 2019-22.
- 4.2. The engagement process and feedback on the Pre-Budget Consultation plus funding announcements and on-going refinement, informs the set of proposals in this report. For the second time the Council included options that were considered during the preparation of the consultation material, but were not currently being proposed for inclusion in the medium term forecasts. This increased level of transparency allowed stakeholders to comment on a wider set of considerations.

5. Background

- 5.1. The Budget Setting Process 2019-22 was developed and endorsed by the Cabinet and Corporate Leadership Team in May 2018.
- 5.2. This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.
- 5.3. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to joint Corporate Leadership Team and Cabinet budget sessions in May, July and September 2018. Overview and Scrutiny Committees were briefed in December 2018, with final consideration of the package of proposals presented to the Corporate Overview and Scrutiny Committee on 4th February 2019.
- 5.4. This exercise has been undertaken against a background of significant reductions in funding levels from Central Government and the Authority continuing to deliver against its commitment to continue to be a commissioning council through its 'Best Fit' model of service delivery.
- 5.5. The MTFs Report provides financial background as well as setting out further details of the on-going approach to funding the Outcomes set out in the Corporate Plan. It highlights the spending plans and income targets for the financial year starting 1st April 2019, as well as forecast estimates for the 2020/21 and 2021/22 financial years.
- 5.6. The MTFs Report is based on the Provisional Local Government Finance Settlement for 2019/20. This was released on 13th December 2018. The final settlement is expected in early February 2019 with a debate by Members of Parliament in the House of Commons expected in mid February (after the publication date of this report to Cabinet) to agree the

position. The Settlement included some changes to national policies which the Council has responded to.

- 5.7. Adding to or amending the change programmes has been an important focus of the budget setting process, ensuring that the Council focuses its energy and resources on those areas of change which will help build sustainable communities and a Council that remains fit for the future.
- 5.8. Progress in terms of delivery of the proposals has been monitored and reported at regular intervals during 2018/19 and this will continue during 2019/20.
- 5.9. The MTFS Report 2019-22 is attached at **Appendix C**.
- 5.10. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Annex 8**). These will be refined as appropriate in due course.
- 5.11. Any resulting impact of these issues in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes these will be notified to Members at the earliest opportunity.
- 5.12. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 21st February 2019.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

6.2. Finance Implications

- 6.2.1. Please see Sections 1 and 5 of this report.

6.3. Policy Implications

- 6.3.1. The report outlines policy and budget proposals which will impact on service delivery arrangements.

6.4. Equality Implications

6.4.1. The Council has a statutory duty to understand the equality impacts of its decisions, policies, strategies and functions.

6.4.2. The Council needs to ensure that its budget decisions do not discriminate against any group and promote equality of opportunity and good community relations. The Council undertakes equality assessments where necessary, and continues to do so as projects develop across the lifetime of the Corporate Plan. This process helps 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.

6.4.3. The process assists us to consider what actions could address or alleviate any adverse impact and help us to recognise where investment could alleviate an adverse impact from a saving.

6.4.4. Completed equality assessments form part of any detailed Business Cases.

6.5. Human Resources Implications

6.5.1. See Workforce Development Section (**Appendix C, Annex 4**).

6.6. Risk Management Implications

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

- The Council must set a balanced Budget.
- Setting the Council Tax for 2019/20 must follow a compliant process.
- 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.

6.6.2. A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.

6.6.3. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

6.7. Rural Communities Implications

6.7.1. The report outlines policy and budget proposals which will impact on service delivery across the Borough.

6.8. Implications for Children & Young People

6.8.1. See **Section 1, Outcome 3 part of Appendix C.**

6.9. Public Health Implications

6.9.1. See **Section 1, Outcome 5 part of Appendix C.**

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

8.1. Please see **Appendix B.**

9. Access to Information

9.1. The following are links to key background documents:

[2017/18 Outturn Report](#)

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

[Mid Year Review of Performance 2018/19](#)

[Pre Budget Consultation released 19th October 2018](#)

[Corporate Overview and Scrutiny Committee 1st November 2018](#)
[Council 13th December 2018: Domestic Taxbase Reports](#)
[2018/19 Third Quarter Review of Performance](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Head of Finance and Performance (Acting Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk

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Appendix A

Recommendations to Council from Cabinet - February 2019

That Council approve:

- 1 The Revenue estimates for the 2019/20 budget and the medium term Capital Programme estimates 2019-22, as detailed in the Medium Term Financial Strategy Report (MTFS) 2019-22 (**Appendix C**).
- 2 Band D Council Tax of £1,446.27 representing an increase of 2.99%. This is below the referendum limit and arises from the provisional finance settlement (**Appendix C, Section 2**).
- 3 The 2019/20 non ring-fenced Specific Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 8**).
- 4 The 2019/20 Capital Grants, and that any amendments to particular grants will be reported to Council if further information is received from Government Departments or other funding bodies (**Appendix C, Annex 9**).
- 5 The relevant Portfolio Holder to agree the use of additional Specific Grants received in conjunction with the Finance Portfolio Holder as further updates to the 2019/20 funding position are received.
- 6 The recommended Prudential Indicators for Capital Financing (**Appendix C, Annex 11**).
- 7 The Portfolio Holder for Children and Families to agree any necessary amendment to the 2019/20 Dedicated Schools Grant (DSG) of £138m and the associated policy proposals, in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2018/19 (**Appendix C, Annex 8**).
- 8 The recommended Capital Strategy (**Appendix C, Annex 11**).
- 9 The recommended Treasury Management Strategy (**Appendix C, Annex 12**).
- 10 The recommended Investment Strategy (**Appendix C, Annex 13**).
- 11 The recommended Reserves Strategy (**Appendix C, Annex 14**).
- 12 The Portfolio Holder for Finance and Communication to agree to the Authority being the Entrusted Entity for the Urban Development Fund as referred to in the Investment Strategy (**Appendix C, Annex 13**) subject to the necessary due diligence being undertaken.

- 13 The Authority to submit an application for European Regional Development Fund financing to support the sub regional Urban Development Fund as referred to in the Investment Strategy (**Appendix C, Annex 13**) and for authority to be delegated to the Portfolio Holder for Finance and Communication to approve the signing of a funding agreement in relation to the ERDF funding subject to the necessary due diligence being undertaken.

That Council recognises that Cabinet has noted:

- 14 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
- 15 The results of the Budget Consultation (**Appendix B**).
- 16 The comments of the Council's Acting Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Acting Section 151 Officer**).
- 17 The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C**).

Cheshire East Council

Budget Consultation

Appendix B - Summary of Results

Production date: 18/01/2019

Report produced by:

Research and Consultation
Business Intelligence
Cheshire East Council
Westfields
Middlewich Road
Sandbach
CW11 1HZ

Email: RandC@cheshireeast.gov.uk

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Contents

Contents 2

Introduction 3

 1. Background and methodology 3

Summary of Results 4

 2. Postal/Online Questionnaire responses..... 4

 3. Demographics..... 4

 4. Map of respondent postcodes..... 4

 5. Outcome 1 – Local Communities are Strong and Supportive 5

Summary of Comments Received by Outcome 5

 6. Outcome 2 – Cheshire East has a Strong and Resilient Economy 6

 7. Outcome 3 – People have the Life Skills and Education they need in order to thrive 12

 8. Outcome 4 – Cheshire East is a Green and Sustainable Place..... 15

 9. Outcome 5 – People Live Well and for Longer 24

 10. Outcome 6 – A Responsible, Effective and Efficient Organisation/..... 32

 11. Capital Financing and Central Budgets 32

 12. Unspecified..... 48

Key Events.....56

Introduction

Background and methodology

Between October 2018 and December 2018 Cheshire East residents and other stakeholders were invited to provide their comments and views on the Councils pre-budget report which included details of proposals related to each Outcome within the Corporate Plan, from each service area for the next three years. This report provides a summary of the responses received during this time.

Respondents could submit their views via an online survey, postal survey or via e-mail. Respondents were asked to read through the pre-budget report document before answering the survey questions/ submitting their views. Members of our Digital Influence Panel were also sent a direct link to the online survey.

This report summaries those comments received from stakeholders during the period which the consultation was live. Responses from Cheshire East Council have been made to these comments, which reflect any recommended amendments to any proposals to which responses were made. The budget consultation remains open until 21st February where all comments and suggested amendments will be debated, along with any other relevant material, and the 2019/20 budget will be approved.

The consultation activity resulted in around 102 general or specific responses to proposals listed in the Budget Consultation being raised from a number of sources. The online survey was viewed 963 times - whilst we cannot detect if this was by separate individuals it still indicates that engagement was reasonable. A total of 97 valid responses were received for the online/postal survey. 5 further responses were received via e-mail. Some of the responses were from elected representatives or from organised groups however the majority were from residents of Cheshire East.

Summary of Results

Postal/Online Questionnaire responses

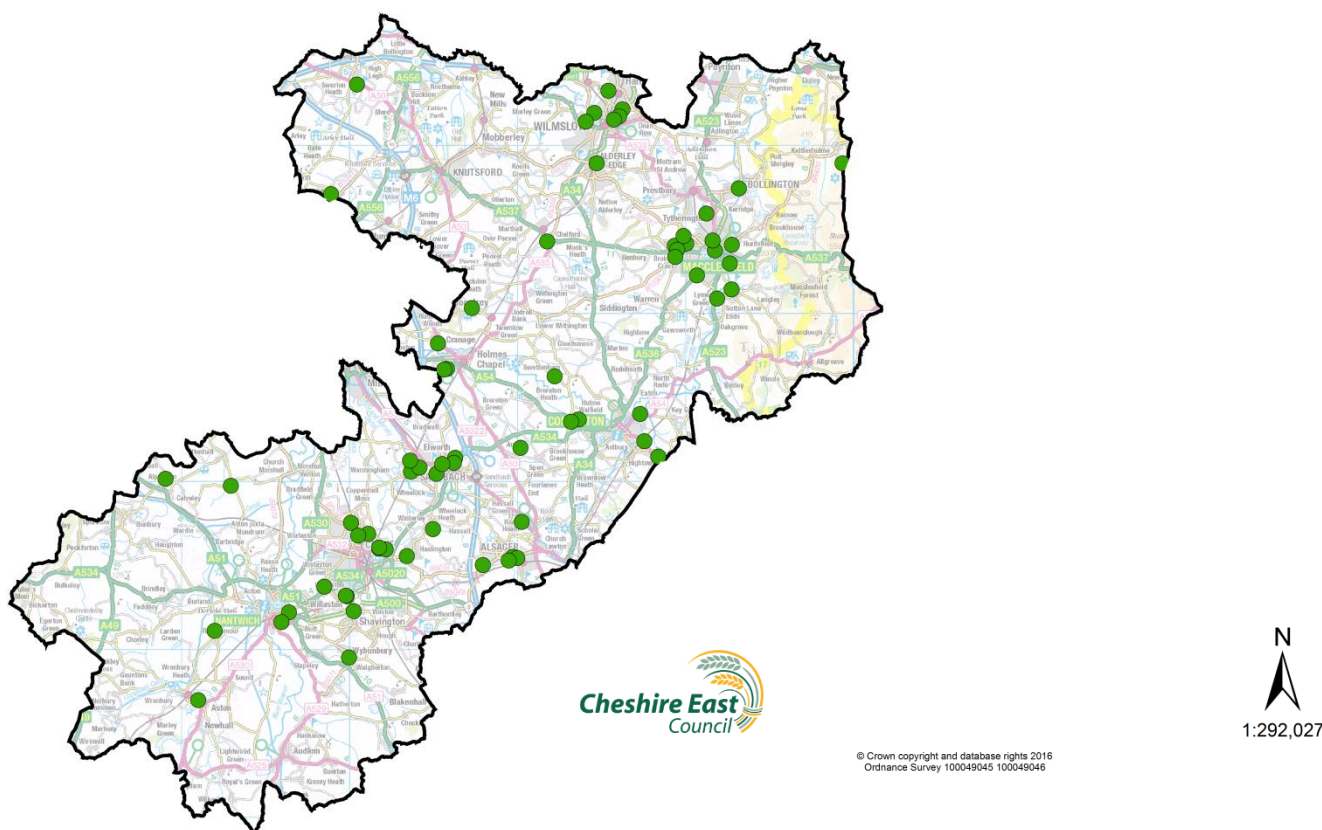
A total of 97 valid responses have been received for the online/postal survey.

Demographics

Key demographic information collected was as follows:

- 66% of respondents were males (compared to 49% overall in Cheshire East)¹, 31% females (51% CE)¹
- Age breakdown, 25 – 34 (7%, (10% CE)), 35 – 54 (23%, (27% CE)), 55 – 74 (53%, (26% CE)) and 75 and over (14%, (10% CE))¹
- The majority were White British (93%, (94% CE))²
- 18% of respondents (18% CE)² indicated that their day to day activities were limited due to a health problem or disability that had lasted longer than 12 months
- The map below shows that there was a fair distribution of responses received over the Cheshire East boundary (please note not everyone left valid postcode details).

Map of respondent postcodes.



¹ Source: 2017 MYE, ONS, please note that within the budget questionnaire the option for 'prefer not to say' for gender was included within the analysis however is not included within the overall CE comparator data.

² Source: 2011 Census, ONS

Summary of Comments Received by Outcome

Outcome 1 – Local Communities are Strong and Supportive			
Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 1. Withdrawal of temporary reduction in funding for Universal Information and Advice service			
Employee at Cheshire East Council	Remove the full disregard of War pensions when calculating entitlement. The national scheme is 10% disregard but we operate a 100% disregard.	Discretionary elements of the Benefits scheme are reviewed annually and the recommendation is not to adjust the current War Widows pension disregard.	None
Proposal 2. Local Welfare Safety Net – Emergency Assistance scheme			
Employee at Cheshire East Council	Removal of this scheme will not increase demand for others as there is duplication already. If housing team provides these for vulnerable homeless people why not signpost all requests for help to Housing. Should provide grants to foodbanks & other charities so they can help residents rather than employing Council staff to administer the Emergency Assistance scheme.	The costs and approach to the Local Welfare Safety Net will continue to be analysed throughout 2019. The analysis will focus on the points raised by stakeholders to date especially the potential overlap and links to other public sector activity.	None
Local resident	Reducing the Local welfare safety net will hit those who lose welfare payments due to Universal Credit.		
Employee at Cheshire East Council	Currently a backlog of work in the Revenues Council Tax team due to legacy issues affecting the way in which Council tax is collected. Consider allowing work to be done by staff available in the Benefits section who are up to date with their work, they use the same system so training should not be an issue.		
Proposal - Unspecified			
Local resident	Consider whether libraries are anachronisms in a digital age. People give books away for free now - libraries would be my first choice area to save money	The Council's Brighter Futures Programme contains work streams that will look at the commissioning of services, the importance of community engagement and the use of Council premises to deliver services.	The Brighter Futures Programme will be funded from reserves. Benefits from this programme will be a feature of the MTFS when appropriate.
Local resident	Concerned that there is an expectation for local communities & the voluntary sector to provide services to replace those lost		
Elected town or parish Councillor / member	This is similar to the previous financial year. It appears that there is a disconnect between this and the funding. There is no provision in the budget proposals to support the challenges.	OFFICIAL	

Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 6. Increase Public Rights of Way Fees and Charges			
Local resident	Do not increase public rights of way fees & charges.	The fees are charged to developers who request amendments to be made.	None
Local resident	I don't understand who pays fees for Public Rights of Way? Thought by their very nature they were free?		
Local resident	Not detailed but is a concern - it so important that expenditure and quality of public footpaths is maintained.		
Proposal 7. Investment Portfolio			
Local resident	I am not convinced it is the role of the Council to be investing in commercial property.	The Medium Term Financial Strategy includes an Investment Strategy that looks at opportunities and risks associated with a range of investment opportunities. In implementing this strategy the Council will engage market experts and carry out appropriate due diligence.	An Investment Strategy has been added to MTFS
Local resident	Whilst it is tempting to think a commercial property portfolio might be a pot of gold that's not always the case, the value of your investment can go down as well as up - especially if it's funded from borrowed money in times of potentially increasing interest rates - property speculation isn't for local Councils		
Proposal 9. Business Rate Growth for Council Facilities			
Local resident	Why is the Council holding on to these buildings and sites as opposed to getting them re-used?	The Council's Asset Management Plan and disposals plan is used to determine the most appropriate and cost effective way to manage the Council's estate.	None
Local resident	I don't understand why empty buildings are being retained unless it is proving difficult to sell or rent them out.		
Local resident	Something should be done to avoid "the retention of empty buildings" - more focus on getting occupancy or selling off.	Where property may be re-used or holds a strategic value it may be appropriate to retain premises.	
Elected town or parish Councillor / member	Disagree with growth, assets are hopeless and should be downsizing the estate not protecting their own department by growing it. Town & Parish Councils would accept transfers. The Council should completely outsource the Assets service.	Otherwise property will be disposed of, based on consideration of best value.	

Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 10. Management of Risks Relating to Land			
Local resident	Why is the Council holding on to these buildings and sites as opposed to getting them re-used?	<p>This relates to the management of land and sites which cannot be simply disposed of but still need to be effectively managed such as former waste disposal sites, sites with septic tanks.</p> <p>The Council has to meet its statutory duties in the management of issues such as these.</p>	None
Local resident	Re-use of brownfield sites should be greatly encouraged to reduce building on greenfield sites and to improve the quality of the area involved. I would like more expenditure to be made available to promote this activity.		
Local resident	Don't understand what the returns to the Council are for "putting in a regime to address non- active sites" - it would help to understand what this investment is expected to achieve (what, how and when).		
Elected town or parish Councillor / member	Transfer property to Town and Parish Councils which will save revenue		
Proposal 11. Energy Cost Increases			
Local resident	Why is the Council holding on to these buildings and sites as opposed to getting them re-used?	<p>The Council has been effective in reducing the energy costs in its estates as a result of reducing the number of buildings and also through improved energy management systems, conversion of lights to LED's and use of renewables where possible.</p> <p>However, like all energy users we need to pay for price increases in gas and electricity and therefore provision is being made to cover the cost of these increases.</p>	None
Elected town or parish Councillor / member	Disagree with growth, another Assets failure. Downsize the Cheshire East footprint and manage energy properly		
Proposal 12. Homelessness Reduction Act - new burdens			
Local resident	Increase by 10% amount allocated to Homelessness Reduction Act "	The Council does prioritise the housing service and no reductions in the number of staff or	None

Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Not much sign of homelessness having been reduced in my opinion. Is this proposal sufficient?	resources are proposed.	
Local resident	Homeless people are increasing in number we shouldn't reduce the money available to help	This is a minor budget adjustment to reflect the acceptance of grant funding in 19/20.	
Local resident	Please ensure there is enough provision for homeless people. I would have hoped that we would not be seeing so many on the streets but there are more now than there have been in my entire life, it should not be happening now		
Business / organisation	A question as to whether or not there would be any investment in housing? Was noted that a joint venture was currently being considered.	The capital programme does include investment in infrastructure to support the delivery of housing across the whole Borough.	None
13. Community Transport			
Local resident	Insufficient details to provide an informed response but from a local experience the service changes made in Goostrey are counter productive to your Outcome 1 goal.	The comments regarding this are noted and any decision on this would follow an assessment on the impact on communities.	None
Elected town or parish Councillor / member	The Town Council does not want any reduction in the Little Bus service & would like to see an increased use in Alsager by more targeted advertising.	However, a review of the little bus service is required to ensure that the service does deliver value for money.	
Local resident	I use the Little bus as do many of my fellow residents and I am concerned that the service may not be available. Please consider saving this service.	This would also be subject to pre-scrutiny before a decision is made.	
Local resident	People rely on the little bus and cannot manage without it.		
Elected town or parish Councillor / member	Disagree with cutting bus services; they are relied upon		

Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	<p>Reduction in Little bus affects me. The previous dial a ride service was taken over by Cheshire East Council, the 9 buses previously serving Crewe and Nantwich now have to cover the whole of the borough. Most of the users are from Crewe & Nantwich catchment area, the buses are a life line to myself and others. The bus picks me up every two weeks to go to a social club for blind people & also collects my fellow members up from Shavington, Alsager and Church Minshull. 12 of our members use the little bus for our club & some also use the bus for doctors appointments and other groups they attend. Without the little Bus we would be lost. Taxis are very expensive and out of the reach financially. Many taxis will not take guide dogs so we are limited & buses are very difficult to travel on when you are blind. Drivers do not always help, they can forget to tell you when you arrive at your stop, it is difficult getting on and off a commercial bus and we struggle. The Little Bus driver waits patiently and escorts us onto the vehicle. It makes such a difference to have someone you trust driving and the fact that my friends are also on the bus makes it a lovely safe journey.</p>		
Business / organisation	<p>It was agreed that the review of the Councils flexible transport little bus service would be considered by the Committee prior to Cabinet.</p>	<p>The comments regarding this are noted and any decision on this would follow an assessment on the impact on communities.</p>	None
Elected town or parish Councillor / member	<p>The reduction in funding of transport services in a rural area is a concern. Goostrey has been hit by the reduction in bus services which, in 2018, has been made worse by the cancellation of train services without the provision of replacement bus services. GPC will monitor the development of detailed proposals and comment further when these become apparent. We would urge CEC to be particularly mindful of villages and areas like Goostrey when assessing the impact of any service reductions. There is no secondary school in Goostrey village and the nearest, in Holmes Chapel, is beyond walking distance, therefore the village is heavily dependant on school bus transport and we would not</p>	<p>However, a review of the little bus service is required to ensure that the service does deliver value for money.</p> <p>This would also be subject to pre-scrutiny before a decision is made.</p>	

Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	want this reduced. Further car traffic on the A50 and through Holmes Chapel as an alternative to school buses is environmentally undesirable.		
Elected town or parish Councillor / member	This will adversely impact those who are currently experiencing travel difficulties.	The comments regarding this are noted and any decision on this would follow an assessment on the impact on communities.	None
Local resident	Hopefully no further cuts to bus services will be made and no cuts to the senior bus pass be considered.	However, a review of the little bus service is required to ensure that the service does deliver value for money. This would also be subject to pre-scrutiny before a decision is made.	
Proposal - Unspecified			
Local resident	The case for the use of WOCs as against external contractors needs to be revisited. As a minimum WOCs should be required to tender against private contractors for the provision of services.	A review in to the ASDV's is being undertaken and is being reported to the Shareholder Committee and Cabinet.	None
Local resident	Have I missed the Macclesfield Town Centre redevelopment?	The capital programme includes proposed investment in Macclesfield town centre.	None
Local resident	Look at ways of attracting people to our town centres. In Macclesfield more and more shops are closing and the Town Centre re-development is not happening. There needs to be firm consultation as to how and what should be done	This is noted and very much part of the strategic regeneration framework for Macclesfield which the Council will be consulting on shortly.	None
Local resident	Once Crewe Town Centre is redeveloped it should attract businesses back which will lead to a greater investment in the local economy - instead of shops being empty CEC should income generate from more businesses paying business rates.	Noted and agreed.	None
Local resident	Long term - reduce business rates & car parking charges to bring businesses & shoppers back to towns & generate more tax revenue.	Noted.	None

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Outcome 2 – Cheshire East has a Strong and Resilient Economy

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Reduced bus services between Macclesfield and Manchester affects me directly	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I am a pensioner living alone dependant on public transport. In the past few years the bus route to Stockport (378) has been stopped & the second service (130) cut and an hour only service which stops early evening There is talk in the report of residents living independent healthier lives but how can people dependant on public transport obtain that? A lot of older people go out daily just to talk to someone. I have suggested that maybe bus pass holders pay a nominal fee of £1 per journey with their pass	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I see no real mention of public transport. I am a rate payer [effected by Council tax rises]	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 3 – People have the Life Skills and Education they need in order to thrive

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 14. Children and Families Transport			
Local resident	Some people need to have help. Please be careful not to drop it even by 0.009 / 0.289.	Reducing budgets and increasing demands on transport requires the Council to prioritise spend in this area. The Council's statutory responsibilities around the provision of school transport will continue to be met.	None
Local resident	Whilst the need to provide transport for children in need of special schooling there must be a more economic way to do this than taxis every day	Children and Families transport is already delivered through a commercially established process, which has reduced spend over recent years. We will continue to look at more cost effective options, where available and safe to do so.	None
Local resident	Directly affected by children & family transport as son/daughter uses a school bus	School transport will continue to be available for children and young people in Cheshire East where there is a requirement for the Council to provide it.	None
Proposal 15. Provide Schools Meal Subsidy			
Elected town or parish Councillor / member	Disagree with growth. The service is not competitive as shown in bids they have made and lost this year.	The School Meal Service has provided a surplus budget over a number of years. However, the increased costs from rising food prices, the need to invest in the service and competition from other providers has meant that the service can no longer deliver such a high surplus.	None
Local resident	Suggest removal of free school meals for primary year 1 & 2	The Education Act 1996 requires maintained schools and academies (including free schools) to provide free school meals to disadvantaged pupils who are aged between 5 and 16 years old.	None

Outcome 3 – People have the Life Skills and Education they need in order to thrive

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 17. People Directorate Business Management Service			
Local resident	Ensure ALL temporary staff are re-interviewed and appointed to permanent posts if successful	Human Resources will be fully involved in the appointment to permanent posts to ensure that they are made in line with Human Resources policies.	None
Elected town or parish Councillor / member	Disagree with growth to fund administrative units. Try managing attendance rates better. Sickness absence at CEC is far worse than commercial practice.	This team works on change programmes that aim to improve practice and, in many cases, reduce demand on services and so ultimately will save the Council money and/or improve services for residents.	None
Elected town or parish Councillor / member	The re-structuring costs were queried.	The restructure will be completed within the costs set out in the business case.	None
Proposal 18. Realignment of Children’s 17. Services funding streams			
Elected town or parish Councillor / member	There are concerns by the Town Council that one of the challenges 'develop a stronger focus on evidence based support for families of children and younger people most vulnerable to the poorest outcome' is at crisis point due to the cuts in support for SEND pupils in CEC at a time of increasing need.	Supporting children with special educational needs and disabilities (SEND) is a key priority for Cheshire East Council and significant resources have been put into this area to improve the experiences for these children and their families.	None
Elected town or parish Councillor / member	The Council expressed the hope that this would be of direct benefit to the children themselves	See above - The realignment of funding streams is intended to ensure that services are in place to support these children and young people.	None
Proposal 19. Extension of Traded Service Opportunities with Schools			
Elected town or parish Councillor / member	Disagree, this is of no value to the tax payer this is about keeping officers in jobs. It will make no difference to services if it is not done.	This proposal is necessary in order to develop a more commercial and business approach to the changing market of traded services with schools, which provides significant income to	None

Outcome 3 – People have the Life Skills and Education they need in order to thrive

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
		the Council.	
Proposal - Unspecified			
Elected town or parish Councillor / member	Ofsted had conducted an inspection in March 2018 highlighting the weaknesses in special educational needs and disabilities (SEND). The Parish Council expected to have seen robust provision in the document to indicate how this would be addressed. There was currently an 8-month waiting list for assessment of children and schools are required to demonstrate that they cannot fund this.	<p>Significant improvements have been made/are underway by the Council and Health since March 2018 to improve the areas of weakness identified by Ofsted and the Care Quality Commission (CQC).</p> <p>These are set out in our Written Statement of Action, which is published online. We are subject to a range of scrutiny and monitoring, including quarterly monitoring by the Department for Education and NHS England, who are satisfied with the progress being made.</p>	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 20. Markets Income			
Elected town or parish Councillor / member	Disagree that CEC should manage any markets at all never mind ask for growth. This is an example of unfair double taxation. Markets in most towns are paid for by the Town Councils. Why should residents of those towns also pay for Crewe's?	<p>The Council is investing in Crewe Market. Whilst the market is being developed it is not possible to trade and therefore the income target needs to be suspended during the construction period.</p> <p>The Council will review the appropriate commissioning model for its markets in future years.</p>	None
Proposal 21. Street Lighting improvements			
Elected town or parish Councillor / member	Resident safety and security in villages and rural areas is dependent on good street lighting. It is recognised with the introduction of LED streetlights that maintenance requirements have reduced. However, we do hope that the budget reduction does not result in a reduction in reaction to reports of faulty streetlights and, repairs and replacements are completed within reasonable periods once reported.	The savings relate to reductions in energy prices owing to the conversion to LEDs as opposed to reductions in resources.	None
Proposal 22. Highways Procurement			
Elected town or parish Councillor / member	The Town Council has concerns of the proposals to cut funding to highways, especially due to the lack of investment in Alsagers roads and pavements.	<p>The Council puts short term growth in the base budget to support the procurement of the highways contract; now that this is let the costs are no longer needed.</p> <p>This does not relate service savings.</p>	None
Local resident	By being more effective savings could be achieved whilst improving the quality of work. Work done in the Goostrey area suffers from "left hand right hand syndrome" - a while back Buckbean Way had a number of pot holes repaired not all as some did not meet the depth standard. The pot holes left got progressively worse - within the past 3 months , Buckbean Way Woodlands Drive and other neighbouring roads had resurfacing work carried out - a few days later there was workers lifting manhole covers on the section	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	which was resurfaced. Surely the manhole cover work should have preceded the resurfacing work? The main Road in Goostrey was carried out without properly repairing the pot holes before hand. Now these old pot holes are breaking through and no doubt in future will require more work and expense to rectify. An improved communication channel should be put in place to ensure that the flow of work is correct to avoid this type of situation. A little more expenditure up front in repairing potholes would bring expenditure savings through less "quick fix" pot hole repairs.		
Proposal 23. Parking Strategy – Pay and Display Machines – maintenance saving			
Elected town or parish Councillor / member	Disagree CEC are simply profiteering from carparks	Detailed studies would be taken on a town by town basis to understand the local issues relating to car parking and how they can be improved before detailed proposals would be taken forward.	None
Local resident	There were proposals released this week to substantially increase the charges in Wilmslow without any sign of investment it is difficult to assess the Councils statement that it is only breaking even on the provision of parking - i.e. That it spends all the revenue it receives on parking areas - if that is the case- and there's no profit and loss information to verify this- there must be a more efficient way of managing the parking estate so that it generates a surplus rather than just driving shoppers away from town centres shops to out of town centres with free parking	<p>The money that comes from car parks ensures that our car parks fund themselves, rather than us having to use money intended for vital frontline services elsewhere.</p> <p>For Cheshire East Council, this is not a profit-making scheme. The revenue generated will help to ensure a quality of service that people expect when they come to one of our car parks.</p>	
Proposal 24. Parking Review			
Local resident	Keep parking free to help local businesses	Detailed studies would be taken on a town by town basis to understand the local issues relating to car parking and how they can be improved before detailed proposals would be taken forward.	None

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Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
		<p>The money that comes from car parks ensures that our car parks fund themselves, rather than us having to use money intended for vital frontline services elsewhere.</p> <p>For Cheshire East Council, this is not a profit-making scheme. The revenue generated will help to ensure a quality of service that people expect when they come to one of our car parks.</p>	
Local resident	New car parking machines are required in Macclesfield as the old ones are continually breaking down.	This will be looked in to.	None
Local resident	The well publicised parking chaos on the main (A34) road and side streets of South Wilmslow is making resident access both difficult and dangerous (e.g. Buckingham Road). Yellow lines are cheap while a park-and-ride needs to be factored into the capital budget (and planning nodded though quickly, as seems to be the norm for residential schemes).	Detailed studies would be taken on a town by town basis to understand the local issues relating to car parking and how they can be improved before detailed proposals would be taken forward.	None
Local resident	Bringing/ increasing parking charges does not encourage the public to visit the regions high streets - the centre of many of the local high streets have empty shops. More of our town centres will die discouraging tourists to visit them.	The money that comes from car parks ensures that our car parks fund themselves, rather than us having to use money intended for vital frontline services elsewhere.	
Elected town or parish Councillor / member	The Town Council strongly objects to any car park currently not charging to be subject to a charge, especially in Alsager where free car parking provides an incentive for residents to use the town centre.	For Cheshire East Council, this is not a profit-making scheme. The revenue generated will help to ensure a quality of service that people expect when they come to one of our car parks.	
Elected town or parish Councillor / member	<ul style="list-style-type: none"> • Macclesfield Town Council seeks that parking provision in Macclesfield is devolved to the local Council, Macclesfield Town Council, in line with the Localism Act 2011 • Macclesfield car parking charges should not be altered upwards, as this does not reflect the intended regeneration, led by CEC, of Macclesfield town centre. • That surpluses generated by parking revenue is ring-fenced for spend and investment in Macclesfield. Macclesfield Town 		

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	Council has committed to invest parking surplus in town centre regeneration projects if the car parks are devolved from CEC		
Local resident	Keep libraries and car parks free to benefit all		
Local resident	Car Parking is a major issue in Holmes Chapel and if no action is undertaken to review/amend the current situation this will continue to be a cause of frustration. There is land available off Manor Lane where perhaps additional free parking could be provided? Getting parking to attend a doctor's appointment at the Health Centre is getting more problematic.		
Local resident	Charges in Alsager & Sandbach - The town centres will be destroyed because of this - the public will not be able to park on the commons car park as it will be full at 9am with workers - disadvantaging residents who are unable to walk from other car parks.		
Business / organisation	It was noted that the base budget was approved in February 2018 and there would be no further income growth until a detailed review had been undertaken.		
Elected town or parish Councillor / member	There is no consistent approach across the borough. Sandbach, Alsager and Middlewich do not make charges for car parking, but charges are made in the remainder of the Borough.		
Proposal 27. Planning Reserve			
Business / organisation	This related to the withdrawal of funding for the Local Plan and was not a reduction to the planning team.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Elected town or parish Councillor / member	Goostrey Parish Council faces significant pressures in protecting the village against development particularly in light of the protection status afforded to the Jodrell Bank Observatory. We are concerned about any reduction in budget for the Planning Service (albeit in this case from the reserve) and want assurances that the Council will maintain sufficient budget to robustly object inappropriate planning applications in and around Goostrey and wider across the Borough.	There is no proposed reduction to the planning service.	None
Proposal 28. Environmental Services Base Budget			
Elected town or parish Councillor / member	Reflects officer failure to deliver what they said they would	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Business / organisation	Members question why the original base budget was incorrect and suggested that this should be investigated.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Proposal 29. Ansa income generation and efficiencies			
Business / organisation	This may be done through changes to times and dates of collections or fewer vehicles. The frequency of collections would not be affected. Members suggested that the Council needed to look at reducing costs through improved recycling and the Waste Management Strategy.	A review of times, dates and routes for waste collection is being undertaken.	None
Proposal 30. Housing Growth, Waste Contract Inflation and Tonnage Growth			
Elected town or parish Councillor / member	Disagree - Test the market as to best price and competitiveness	Whilst we are ensuring we dispose of waste more effectively the fact remains that more houses are being built in the Borough which means overall more waste is being generated in the Borough.	None
Proposal 31. Food Waste Recycling (Composting Plant)			

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Concerns as to food waste being included in green bin collections. More information as how this will be carried out is needed as well as resident input.	Detailed information will be provided to residents before the proposed changes are introduced	None
Local resident	A strategy such as this is not really the best use of funds - impact would be minimal. Most people do not want to keep rotting food in kitchens in a caddy. Look at more cost conservative but effective green ideas.		
Local resident	I'm concerned about putting food waste in the brown bin when its not collected in the months of DEC and JAN - will this encourage vermin?	The waste would be collected in December and January. Detailed information will be provided to residents before the proposed changes are introduced.	None
Proposal 32. Household waste recycling centre efficiencies			
Local resident	Do not understand 32, it is headed revenue savings but then has a +sign?	The saving relates to 2020/21 where a proposal to reduce HWRC spending by £100k is included but this would be subject to a separate consultation.	None
Local resident	Reductions in HWRC's will lead to more fly tipping.		
Local resident	Waste management is being handled extremely well in Cheshire East though I am still concerned that charging for disposal of rubble at waste sites is likely to increase fly tipping and should be cancelled.		
Elected town or parish Councillor / member	The Town Council strongly opposes any further cuts to the recycling centres in CEC, either in sites or a reduction in operating hours.		
Elected town or parish Councillor / member	This is gobbledegook		
Local resident	Household waste centres proposals directly affect me		

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal - Unspecified			
Local resident	There are monies owed for infrastructure uplift, from recent housing developments, which have never come to fruition. These should be referred back to and forced to pay. Any subsidies towards new housing should be halted until the Government relax their no revenue support.	The Council does monitor its s106 agreements to ensure monies are paid at the required times from developers.	None
Local resident	The strategy of building houses to increase income is putting severe pressure on residential through-roads in Wilmslow and I'm sure this applies to other urban areas. The number of new houses built in South Wilmslow is making Chapel Lane a nightmare to both drive and walk along.	The proposal to introduce a community infrastructure levy would assist in the Council ensuring that it can fund the required infrastructure resulting from housing growth.	None
Local resident	Increase the amount that applicants/developers pay for all stages of the planning application. Encourage the building of suitable homes for disabled and older people reducing adaptation costs etc.	The proposal to introduce a community infrastructure levy will enable the Council to do this.	None
Elected town or parish Councillor / member	Public Transport - there are not enough regular bus services to encourage usage. Train services equally are not regular enough and are expensive. It is difficult to equate either of these as being supportive of sustainable development. Parking Studies have been outsourced. What is the cost to the Council and what saving does it anticipate from these? When will these studies take place?	The delivery of commercial bus and train services is not the role of the local authority. The Council, at its discretion, choose to subsidise bus services which it currently does to a level of c£2m per annum. However, this is targeted to enable services to be provided to support access to employment, education and essential services.	None
Local resident	There is too much emphasis on investment into 'People live well and for longer' than into 'Cheshire East is a green and sustainable place'. Indicates to me that the Council are looking at the present and not on the future risks our climate and area faces. More needs to be done to improve waste management & to develop sustainability initiatives. I still regularly see street lamps on in day light hours. Equally the promotion of local transport including the rail is almost	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	non existent from the Council. Residents need more education on the subject. I feel we should invest more than 0.1% in 2020.		
Local resident	Need to consider how Cheshire East can be resilient in face of climate change which will undoubtedly affect us all in future, within our lifetimes.	Thank you this has been noted. Many Council buildings rely on renewable and efficient energy use.	None
Local resident	Educational and transport infrastructure must be given the highest priority. Without these two fundamentals all development ambitions collapse.	The proposal of introducing a community infrastructure levy will enable the Council to support these.	None
Local resident	Raise more money from housing developments / developers. If Cheshire East is such a desirable area to live in then those buying houses on these sites should be asked to contribute more in terms of impact on the environment / schools / roads etc.	The Council has been successful in prioritising investment in education and transport in the borough as outline din the capital programme.	
Local resident	Development is absolutely key - must have more houses coupled with the essential investment in infra structure. The current level of development is completely out of kilter later with the ability of the schools to offer places with the young people in the area - unacceptable to force under 17s to travel to receive an education.		
Elected town or parish Councillor / member	More detailed information should be provided about NHB funds from Government. In line with Government guidelines residents should be consulted about the amount of NHB funds it anticipates receiving from the Government, and whether they agree with its proposed use.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	More income from developers and builders?	This is being proposed through the introduction of a community infrastructure levy.	None
Local resident	Levy a new build cost on house builders.		
Local resident	In some Scandinavian countries potholes + road repairs are sponsored by local businesses, could a similar scheme be adopted here? The money generated would cut the amount needed for road repairs - this money could then be used to support services such as social care + health, education etc.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Elected town or parish Councillor / member	The balance is right with the exception of new social housing, this should be given priority over expensive new homes which are lying empty across the County.	Where possible the Council does secure affordable housing through its planning agreements with developers.	None
Local resident	I understand that there has been a considerable windfall from new housing which is to be offered out to local Councils for new projects. Why is this money not being used?	This is being allocated to local communities through the New Homes Bonus Community Fund.	None
Local resident	Taking legal action on landowners whom's property is impacting the degradation of our highways. Enforce laws linked to landowner obligations to manage land drainage systems and thus mitigate the risk of flooding and accelerate degradation on our highway network. Consider offer setting a percentage of highway budget to legal prosecution and ensure fines are used to maintain sustain infrastructure	Where appropriate the Council does take enforcement action.	None
Local resident	Any proposal which reduces public transport affects me, especially in the evenings & at weekends. We must reduce our reliance on cars & avoid isolation of the vulnerable. In order to preserve the environment, public transport must be upgraded.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The area where I live looks a mess with grass all over the place. Cut it then remove it.	The Council has a programmed approach to grass cutting. For specific enquiries please contact highways on 0300 123 5020.	None
Local resident	Mass reduction in local services and transport	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The constant degradation of the environment is not pleasing.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	<p>OUTCOME 4 - There is no reference to measures to support the department to meet the challenges. It was noted that the Planning Department has lost several planners who have now taken up employment in the private sector.</p> <p>Transport: (Page 41) There was an expectation that this would be set out in more detail.</p> <p>Proposals to vary the budget (Page 45) Concern was</p>	The planning service has not only maintained is level of officers it has recently increased its capacity to support the delivery of this important service.	None

Outcome 4 – Cheshire East is a Green and Sustainable Place

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	expressed that savings might mean that the burden would transfer to the voluntary sector and this would make it more difficult for volunteers who wish to make a difference within their own community. The proposed savings were relatively small compared with the overall budget and this proposed reduction should be re-considered.		

Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 33. Independent Living Fund - Attrition Factor Reductions			
Elected town or parish Councillor / member	This should be increased as it saves money on care in my view.	This was a government grant that was time limited.	None
Business / organisation	Recognise the arguments for reducing this funding in line with individuals no longer needing this specific support. However, the impact of this change for all service users and other service areas needs to be fully understood.		
Elected town or parish Councillor / member	OUTCOME 5 - There is a need for 'joined-up thinking' to take into account the fact that if people are to remain in their own homes for longer, there must be sufficient support so that they are able to leave their homes to access services and to avoid social isolation.	Cheshire East Council recognises the importance of people living in their own homes and have invested in the Care at Home the carers Hub, Residential Care and Healthy Life Styles and just recently commissioned a befriending services all which is to ensure people stay in their own homes.	None

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Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 34. Client Finance and Business Support Review			
Elected town or parish Councillor / member	This is linked with 17 and I disagree with more administrative jobs	This is about making efficiencies not increasing administration jobs.	None
Proposal 35. Direct Payments Review			
Local resident	LAs are meant to be increasing the uptake of direct payments, not reducing it. People managing their own services/lives through DPs actually save CEC hundreds of thousands of pounds. It makes no sense to decrease this.	We will continue to increase the uptake of direct payments where a person chooses to control their own care & support. This is about more efficient ways of monitoring the current spend ensuring that we meet individual needs.	None
Elected town or parish Councillor / member	Jargon for cuts from the most vulnerable		
Local resident	Potentially affected by proposals 35 and 40	No evidence to substantiate this.	None
Proposal 36. One You Cheshire East			
Employee at Cheshire East Council	Should be limited to those who are on a restricted income and a capital threshold. This could be tied with the means testing already done on Council Tax Support claims e.g. anyone in receipt of Council Tax Support is eligible.	Under the Care Act the Council has a duty to meet the wellbeing needs of the whole population.	None
Business / organisation	This is a relatively new service and the CCGs would anticipate that demand for these services will increase. Many GPs refer to this service and we are concerned that a reduction in the budget could result in people requiring alternative, more intensive and more expensive support or alternative services.	The reduction in budget is around management costs, not front line service delivery.	None
Proposal 37. Community Equipment Service			

Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Reducing the amount spent on community equipment is a false economy. CEC needs to invest to support current needs and as a preventative measure that can reduce ongoing costs.	A business case has been undertaken and benchmarking of other similar schemes, evidences that a reduction can be made without impact on the front line service delivery.	None
Elected town or parish Councillor / member	How do you know the outcome before the review is complete?		
Business / organisation	The feedback we have from neighbouring CCGs is: when this service has been reproduced or redesigned the costs have materially increased. We urge the Council to undertake a detailed market assessment before committing to any changes. Both the Council and the NHS are working to support people living independently for longer in their own homes. We are aware of ongoing conversations between the CCGs & CEC staff but we remain concerned that savings in this budget could be false economy with expensive unintended consequences.		
Proposal 38. Review and reduction of contract values (Children's Services)			
Local resident	Annual tendering for therapeutic services for children in CAMHS, is very fragmented, limited in approach, not geared to complex cases and is biased towards large scale providers which is not cost effective. Relationships with therapists are built up over months and in some cases, years, and then thrown into disarray when contracts terminate, to the detriment of the children involved. All of the frontline staff are clearly under extreme pressure and are snowed under dealing with constant change and lack of resource. Provision continues to fail to be child centred - interventions are too late and too little.	CAMHS is a service commissioned by the Local Clinical Commissioning Groups (CCG's) and not by the council so is not affected by this proposal.	None
Local resident	CAMHS is not child centred and not geared to complex cases. Constant change of therapeutic services threatens any progress that can be made		

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Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Business / organisation	We believe it is important to protect front line services especially those that provide an alternative to hospital admission. We would support efforts to deliver those services more efficiently but would be concerned if these proposals resulted in a reduction in support and care for vulnerable children. We are particularly concerned with changes to early intervention contracts that support children and young people in a number of innovative ways both in schools and out.	Cheshire East Council is committed to protect front line services; the savings will be achieved through a more effective way of commissioning services to support children and young people and through more effective contract management.	None
Proposal 40. Increase Income			
Local resident	Squeezing more money out of people who can't afford it is not the way to go. You say you provide benefits advice but this does not happen, as I know from my own experience. You should be investing in services that support people to maximize their incomes.	Cheshire East Council does invest in information, advice and guidance services, where maximisation of income is a key outcome. The Local Authority only charges what a person is assessed as being what the individual can afford to pay.	None
Elected town or parish Councillor / member	I presume this means charge properly?	This is about ensuring individuals who have to pay for their care and support are charged appropriately within what they can afford.	None
Proposal 41. Growth in Demand for Adult Social Care – Reduced demand / efficiencies			
Local resident	Will these measures result in savings elsewhere e.g. the NHS?	No this is about additional money for social care to meet the increasing and growing demand for people needing care and support.	None
Local resident	Allocation of extra £20.5m over the next 3 years is quite high. More pressure should be put on the central government in order to cover the elderly care costs through the NI contributions.	Social Care funding is an issue for all Local Authorities across the Country and is recognised by central Government. We are awaiting a Green Paper that will address how social care will be funded in the future.	None
Local resident	More work on Adult social care is needed as the work force gets older and have to work longer	We agree and this is happening locally and sub regionally. Cheshire East Council takes the	None

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Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
		wellbeing of the workforce very seriously.	
Local resident	I am going to be old one day. You are not planning enough for other people like me from Crewe.	Cheshire East Council is looking at all areas of specific health inequalities and Crewe is of particular focus. The Council has a duty to meet the needs of individuals who are eligible for social care and do look at how to address the needs within geographical areas.	None
Local resident	These amounts are insufficient; the Carers' Drop-In I found most valuable to us n Alsager has been scrapped. Increase funding to our Carers Service in Crewe.	Cheshire East Council has recently invested in carers services, the carers hub, carer respite and a community respite offer. The issue raised will be investigated.	None
Elected town or parish Councillor / member	Disley Parish Council welcomes the proposed investment in Adult Social Care up to 2022. Disley and Newtown has a high proportion of elderly residents, above the Cheshire East average, which will increase over the next ten years.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Business / organisation	We welcome the proposed investment in high quality services for this vulnerable group especially the support for the growing numbers of elderly resident living in Cheshire East. We hope to see greater focus on developing these investment plans with the local Care Communities and believe this will see the investment targeted towards addressing local needs.	Cheshire East Council are committed to supporting the care communities and all recent commissions have been targeted to support the care communities to assist in meeting local needs.	None
Proposal 42. Growth Bid Cared for Children and Care Leavers			
Local resident	Will these measures result in savings elsewhere e.g. the NHS?	No this is about additional money for social care to meet the increasing and growing demand for people needing care and support.	None
Proposal 44. 0-19 Healthy Child Programme			
Employee at Cheshire East Council	Should be limited to those who are on a restricted income and a capital threshold. This could be tied win with the means testing already done on Council Tax Support claims e.g. anyone in receipt of Council Tax	The 0-19 Healthy child programme is a statutory service that has to be delivered which therefore means restricting access to the service cannot be undertaken.	None

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Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	Support is eligible.		
Proposal 46. Allocated Adult Social Care Grants			
Local resident	Why is their need to refund parking charges?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	No valid case for refunding car park charges to Leisure Facility users. These refunds encourage the use of private transport over public transport which is bad for the environment, if people can afford to own and run a car they can afford parking charges.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	The Town Council have concerns on the proposed reduction for concessionary 'leisure card' holders from 40% to 30% which will affect the most vulnerable people in the borough.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	This action does not fit in with Healthy Community, we should be making such schemes attractive. The 3% cut in Leisure Services, what does this actually mean?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Reduction from 40% to 30% of the saving for holders of the everybody leisure card affects me directly	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Proposal - Unspecified			
Local resident	The whole functionality, budget & staff for continuing care should be transferred to the NHS. The consolidated service would be more efficient & cost effective.	Continuing health care is delivered by the NHS. Cheshire East Council works in collaboration with the NHS to ensure more efficient and effective services.	None
Local resident	Many of the service descriptions are a little unclear and the impacts difficult for someone unfamiliar with the types of service to appreciate, in general the pre is little which stands out as being inappropriate	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Support for breastfeeding would be a cheap way of sorting several of the aims but isn't mentioned	Breast feeding forms part of the 0-19 service that is currently commissioned.	None
Local resident	An increase of £3.5m what is this going to be used for? Why are you reducing other small items of outcome 5	The increase is to meet the growing demand of people that need social care services.	None

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Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	but then have £3.5m in one big church.	Due to the increased demand, the Council still needs to make some targeted reductions to ensure that individual needs can be met overall and that the budget balances.	
Local resident	I think further consideration to multiagency budget setting in certain areas e.g. Adults social care should be considered to ensure that budget setting & activities in health do not contradict aims of the Council	Cheshire East Council works in collaboration with the NHS to ensure we don't duplicate services and have more efficient and effective services.	None
Local resident	Optimise each process stage in Patient Care from Hospital to retirement. Current processes inefficient, communication between Cheshire East and the NHS is poor.	Cheshire East Council and the NHS are working more closely together to address the issue raised.	None
Local resident	Do we understand the measures behind the justification to invest more into the 'People live well and for longer' element of the budget? Do we consider & quantify the value that health and wellbeing clubs, groups and associations do to provide services to improve resident's health & wellbeing. Or it all just, NHS and supporting private entities linked to those services? We may in reality not need the level of budget being considered currently - residents need to be more educated on health & wellbeing.	The investment required is to meet the growing demand of people that need Care and support services. Cheshire East Council also recognises the need for early intervention and prevention to support people and spends a percentage of its budget supporting the health and wellbeing of local people.	None
Local resident	It was a shame to lose the squash courts at Sandbach LC but the financial & visitor gain of the new gym is clear to see. My concern is that some users during school days are adversely affected by the school using the centre as a school entrance. The school and the centre are separate legal entities - there is no logic behind the school using the centre in this way - creates all sorts of safeguarding issues - anyone can get into the school. The school are aware of the risk; they demanded a barrier which was broken following misuse by the school and has not been used since. The planning documents supporting the new sixth form made it clear a secure perimeter was to be established	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 5 – People Live Well and for Longer

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	and no school staff/pupils or visitors would go anywhere near the centre. Elderly customers are not agile enough to avoid all this traffic and I feel unsafe. So much so that I have reduced my use of the centre. The Council must enforce its rights. The school is an academy. It is not your responsibility to provide access to it.		
Local resident	Increasing breastfeeding rates would help to meet many of your targets in a very cost effective way	Breast feeding forms part of the 0-19 service that is currently commissioned and targets are set to increase the uptake.	None
Local resident	Concerns over safety at Sandbach LC if high school continue to use LC entrance as school entrance	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Business / organisation	NHS Eastern Cheshire Clinical Commissioning Group (CCG) and NHS South Cheshire CCG recognise the very real pressures faced by local authorities at this time. The impact of a reduction in central funding coupled with an increase in the numbers of elderly resident's means that difficult choices will be needed. The CCGs welcome the commitment to set aside funds for the Council's health budget. It is pleasing to note no reductions are planned on long term care placements nor on domiciliary and home care. However, the CCGs are very concerned about the scale of savings proposed in 2019/20 and the impact these proposals will have on local services.	Response is noted and will be brought to the attention of the relevant Portfolio Holder. The Council is committed to working with NHS colleagues to better understand the 10 year NHS plan and the £20 billion being invested in the NHS. The priority will then be to collectively invest in the health and care economy in Cheshire East.	None

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 48. Reduce costs of core processes (Oracle system review)			
Elected town or parish Councillor / member	Completely unambitious target. HR simply need outsourcing or cut by at least half	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	How will CEC plan for project over-runs?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Proposal 49. Delivery of the Equality, Diversity and Inclusion Strategy			
Local resident	No more money should be spent on Delivery of the Equality, Diversity & Inclusion Strategy	The council has a statutory duty to comply with national legislation and this resource supports compliance.	None
Elected town or parish Councillor / member	Disagree - not needed		
Local resident	It is not clear whether the equality etc. strategy refers to Council staff or Cheshire East generally but this project should be kept in perspective and not become an undue burden on Council taxpayers		
Local resident	Stop all funding of lgbt's, church related expenditure, the police and any funding for mental health.		
Proposal 51. Legal Services Income			
Elected town or parish Councillor / member	This is unambitious. Outsource this unit.	The service is proposed for restructure and as part of this process we will consider all options for the operating model.	None
Proposal 53. Income from the recovery of local taxation			
Local resident	Collect income due including Council tax	The Council has one of the highest collection rates.	None

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Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 54. Corporate Services Restructure			
Elected town or parish Councillor / member	Disagree - cut absences instead	The service is currently subject to a proposed restructure and will consider all options in relation to the most appropriate operating model.	None
Proposal 55. Growth in Legal services			
Elected town or parish Councillor / member	Disagree - cut absence instead	The service is proposed for restructure and as part of this process we will consider all options for the most appropriate operating model.	None
Proposal 56. Growth in HR services			
Elected town or parish Councillor / member	Disagree with growth particularly for HR. Massive savings would result from outsourcing	The service is proposed for restructure and as part of this process we will consider all options for the most appropriate operating model.	None
Proposal 57. Local Election Costs 2019			
Local resident	Seems a lot of money for local elections, can this be reduced?	The scale and geographic spread of parish and town councils makes this cost unavoidable but all costs will be monitored to minimise impact.	None
Proposal 59. Pay and Pensions Allocation			
Local resident	Biggest increase... + 5.036 then + 7.141. That's big, I can't see that going well.	This is to comply with National pay settlements and the opinion of the scheme actuary.	None
Local resident	I would like to see the pay increases frozen rather than 2%.		
Local resident	Salary increases of 2% compound: 1.5% increases in pension contributions are above private industry levels, Why?		
Local resident	Reduce the increased pension contributions		
Local resident	Cut back on the budget - increases in people, place & corporate budgets are astounding - way above any private industry norm.		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 60. Mutually Agreed Resignation Scheme 2018/19			
Elected town or parish Councillor / member	Another failed promise - disagree with growth simply hold officers accountable	The Councils Staffing Committee will review this matter and may recommend further changes.	None
Local resident	Council contracts should be written so that where there are issues with staff they can be terminated efficiently without uncommercial termination periods and with clawback where terminated employees ring other employment during a termination payment period and where there are disciplinary matters these are dealt with urgently and not allowed to go on indefinitely with extended Garden leave periods at the expense of Council tax payers		
Proposal 61. Mutually Agreed Resignation Scheme 2019/20			
Local resident	In private companies if synergy targets are not reached the budget is not rolled over to following years as a deficit, compulsory redundancies are made.	The Councils Staffing Committee will review this matter and may recommend further changes.	None
Local resident	In view of the MARS program and the need to find overall cost savings the proposed 2% annual budget increase to staff costs should be reduced to 1% with managers tasked to achieve these savings possibly through freezing of vacant posts.		
Proposal 66. Community Budgets funded from New Homes Bonus			
Local resident	A potentially valuable resource to enable communities to fund local improvements- especially those which are suffering the effect of lots of new housing development without gaining the benefit of CIL funding - it is pleasing to see that the funds will reflect the areas where the new homes are being built but the	The New Homes Bonus Community Fund is set at £2m over two years. Details of the level of New Homes Bonus received by the Council are provided annually within the Medium Term Financial Strategy (Annex 8 in 2019/20).	None

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Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	percentage of the overall amount of funds raised being returned to the communities is not clear - it should be sufficient to enable the communities to adequately offset the costs and inconvenience of the new houses. There is reference to the grants secured to release development sites- including the Handforth Garden Village but there is no indication of the amounts or where these are reflected in the budget- nor is there any indication as to where the profit generated from the land sales in these developments is to be accounted for	New Homes Bonus payments reward housing growth, although the funding has actually been drawn from other Local Government Grants. It is general funding, meaning there are no conditions or special reporting requirements associated with this grant. Cheshire East Council decided locally to set aside a proportion of the grant, to create the New Homes Bonus Community Fund, in response to feedback from residents and members.	
Proposal 69. Earmarked Reserves			
Local resident	The Council has shown an impact of less than 3M£ on earmarked reserves in the 3 year period so why are these reserves being held at such a high level of 51.5M£?	The appropriate use of Earmarked Reserves is described within the Reserves Strategy.	None
Local resident	Reduce the earmarked reserves	The Council sets aside funds to protect against future risks, or to fund projects that may span across financial years.	
Elected town or parish Councillor / member	The Town Council objects that £2.1 million of earmarked reserves will be drawn down to sustain the revenue budget.	Where risks have not materialised, or the need for the reserve expires for any other reason, then it is appropriate to return balances to the Revenue Budget to support service delivery.	
Local resident	Reduce the earmarked reserves by 50 % to help fund this "INTERNAL" set of costs which do not contribute anything to better service for the Council tax payers		
Proposal 71. Council Tax % charge increase			
Negative Comment x 43			
Local resident	Council tax is already at historically record levels should not be increased. An equivalent amount of cash can be found by improving internal efficiencies of Cheshire East Council.	Council Tax increases for Cheshire East Council, since the 2009 Local Government Reorganisation, are considerably lower than the cumulative increases in inflation (CPI & RPI) and are amongst the lowest	Council Tax is proposed to increase by 2.99% in line with the Pre-Budget Consultation document. This compares to an increase of

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	To have another rise is unacceptable. People are struggling to balance household budgets.	for any Unitary Council in England.	5.99% in 2018/19.
Local resident	The Council should freeze the rates at the current figures.	The Council froze Council Tax levels for 5 consecutive years, but has subsequently responded to government policies to supplement grant reductions with Council Tax receipts. Lower than average welfare payments, high collection rates and high growth in housing numbers have also contributed to increased receipts.	
Local resident	A 1.99% increase is hard to stomach for working families without increases in income. I am worse off than before the crash in 2008.		
Local resident	The 3% Council tax increase is higher than the average salary increase in Cheshire East. 2% should be the maximum increase.	Recent ring-fenced increases in Council Tax levels have enabled the Council to fund rising costs within Adult Social Care, and the service is spending within budget in 2018/19. Future increases reflect increasing demand, particularly in Children's Services, such as social care and Special Educational Needs.	
Local resident	I am concerned at the assumption that both householders + businesses can pay increases in rates. Businesses are struggling + people do not have unlimited resources. We are affected by police + fire services increases as well - there should be a total cap on increases including parish precepts.		
Local resident	Council tax bands are far too high in Cheshire East and many families including ourselves are struggling to afford them - should be frozen for 2 years.	The Council also recognises the impact higher Council Tax payments can have on individual households and has therefore not reduced thresholds to access the Council Tax Support Scheme in 2019/20.	
Local resident	The Council should live within its present budget		
Local resident	Increase only benefits those with children	Anyone facing difficulties paying Council Tax should get in touch with the Council's Customer Contact Centre.	
Local resident	Stop wasting money		
Local resident	The Council was elected on a promise to not increase Council tax.		
Local resident	Object to increased Council tax when the state of the roads is disgraceful and repairs are delayed and shoddy		
Local resident	It is not an appropriate rise. Seek internal efficiencies in order to offset loss of central government funding.		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	Executive pay vs their performance is not good value for the taxpayer already.		
Local resident	Too geared towards children services without looking at root causes of the issues that end up requiring extra investment		
Local resident	Why should I fund problems with others children - charge the parents		
Local resident	This increase and the previous 2 years worth of increases in Council tax are outrageous. Many families are now struggling to afford Council tax in Cheshire East and families have to forego putting food on the table so that they can pay their Council tax bill.		
	My suggestion would be that Council tax is frozen for the next 2 years (2019/20 and 2020/21).		
Local resident	Council tax for me as an aged 25+ worker is ridiculous and over a quarter of my income a month.		
	Where is this child social care you are improving? We need schools first.		
Employee at Cheshire East Council	A continued reduction in services while increasing Council tax is too much for many. This combined with the house building in Cheshire East increasing potential rates, from the outside doesn't seem to be adding up. More needs to be done to educate others about where the money is coming from and where it is going.		
Local resident	The majority of the need for the Council to generate more cash by increases in Council tax shows clearly as the need to pay more money for people, place & corporate.		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Scrap the town Council - divert all money into East Cheshire and then freeze the Council tax this year. I have an objection to any increase as this has no value for money for my situation at all		
Local resident	The proposed increase in Council tax directly affects me - it has already gone up by the maximum in previous years.		
Local resident	Consumes more of my disposable income with no obvious benefits		
Local resident	As a pensioner an increase in my Council tax leaves less money to heat and light my house as well as eat		
Local resident	The increase in Council tax as I am a pensioner		
Local resident	The proposal to increase Council Tax affects me adversely and affects many people in the Cheshire East area		
Local resident	Increases in Council tax will affect me.		
Local resident	Increase in amount to be paid when as senior citizens we are on a fixed income.		
Local resident	Council tax is too high as it is. All the new housing developments and what you are going to charge them should cover the cost easily.		
Local resident	The additional Council tax that I will have to pay will affect me, not least as I have not had a pay rise in many years, so I will need to cut something else out of my other expenditure		
Local resident	Higher rate of Council tax, reduction in services and general reduction in community based services will affect me		
Local resident	My age and that of my contemporaries		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Soon I will see my monthly payments to the Council go over the £200 mark. This is like paying rent on my own property, while the Council tax is well over a third of my monthly outgoings.		
Local resident	The increase in Council tax proposed will affect me		
Local resident	My Council tax is going up 3%, which is well above inflation & the typical pay rise that a worker will receive in UK over next 5 projected years. Unacceptable.		
Local resident	The proposal to increase Council tax by 2.99% would have an adverse affect on every family in Cheshire East, including mine.		
Local resident	Only the 2.99% raise in Council tax as a resident. I understand the reasons and that it is my duty to support the Council at this time of austerity. This is something I will address during the next election.		
Local resident	Impacted by Council tax rises.		
Local resident	Impacted as a pensioner/resident whose costs will increase dramatically with no extra service provided		
Local resident	Will increase everyone's costs of living.		
Local resident	Affected as I will have to pay more money. Scrap Crewe Town Council & freeze the rise. Can also sell off land / buildings that are not being used that's wasting money - such as old Crewe swimming baths and library		
Elected town or parish Councillor / member	The adverse affect is having to pay more Council tax when the Council doesn't explore alternatives to current provision properly.		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Positive Comment x 21			
Local resident	Considering the fairly small increase in Council tax I'm sure residents could possibly take a £1 increase. As long as the funds were used appropriately and residents see tangible benefit.	Comments from residents that support the proposed Council Tax increase, and recognise the impact this will have on the future sustainability of services are welcome. Responses are noted and will be brought to the attention of the relevant Portfolio Holder.	Council Tax is proposed to increase by 2.99% in line with the Pre-Budget Consultation document. This compares to an increase of 5.99% in 2018/19.
Local resident	Higher Council Tax Bands need to be brought in for properties worth over £1,000,000		
Local resident	I do not object to what seems to be a small increase after a period of standstill.		
Local resident	An overhaul of the tax system is required, if we want a service then we should pay for it		
Local resident	Approx. £3 pm is an acceptable increase overall. I don't understand enough about children's social care other than feeling if parenting skills contribute to the problem than a proportion of the increased investment should be put into prevention and/or early intervention.		
Local resident	I would be prepared to pay more Council Tax if it went into leveraging improved delivery outcomes, i.e. matched by value-adding changes to delivery processes.		
Local resident	The increase should be set aside purely to support children and the elderly.		
Local resident	A more sensible approach would be to accept a need for an even greater level of taxation in this affluent area.		
Local resident	I have no problems in an increased Council tax provided it is to deliver services for the community and NOT for Council pensions, which are already extremely generous compared to the private sector.		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Supportive of increasing Council tax to maintain services		
Local resident	Could increase Council tax even further to pay for our services. An increase of £1 per week would not be out of order. We can't rely on the government.		
Local resident	Council Tax in this County can take a little more elasticity. Go up another 1% at the next opportunity.		
Local resident	Agree with the extra cost to Council tax		
Local resident	A reasonably fair balance between local taxation and reduction in service costs.		
Local resident	See above - but in general terms costs have to be funded and if the principal source of funding is Council tax some increases will, be inevitable		
Local resident	Tax should increase by 5% to give the Council a bit more freedom to deliver services and perhaps employee benefits could be tightened just a little bit?		
Local resident	Happy to pay for good services		
Local resident	No objection to paying a small increase in the Council Tax. I would prefer to do that than have substandard services although I recognise that some residents might have difficulty.		
Local resident	Inflation has been low for 10 years + increased demand is largely due to an ageing population. Under-funding by government "austerity measures" cannot be allowed to continue, income tax should be increased for the higher earners, instead of continual tax cuts for those who need them least. Local healthcare and social care needs should not be off-loaded at a local level onto those who are already paying income tax for		

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	these services.		
Local resident	I do not mind paying this to ensure services are provided		
Local resident	This is, I think, slightly below the current rate of inflation, so doesn't increase Council Tax income in real terms. If this is correct, perhaps a slightly bigger increase.		
Proposal 74. Business Rates Relief Compensation Grants			
Local resident	I would prefer to see spending to reduce business rates & attract more business back to the area.	Business Rates are currently set by Central Government, but they are consulting on how much business rates should be retained locally. The national consultation responses may increase the opportunities for the Council to review the levels of local business rate payments.	None
Proposal 78. New Homes Bonus			
Elected town or parish Councillor / member	CEC has received over £8 million in New Homes Bonus receipts from central Government yet only £1million is being offered to the community via a grant process. There are concerns that CEC is not using the NHB as the government recommended i.e. that it should compensate communities where new homes have been built.	<p>The NHB Community Fund is set at £2m over two years. Details of the level of New Homes Bonus received by the Council is provided annually within the Medium Term Financial Strategy (Annex 8 in 2019/20).</p> <p>New Homes Bonus payments reward housing growth, although the funding has actually been drawn from other Local Government Grants. It is general funding, meaning there are no conditions or special reporting requirements associated with this grant.</p> <p>Cheshire East Council decided locally to set aside a proportion of the grant, to create the New Homes Bonus Community Fund, in response to feedback from residents and members.</p>	None

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Proposal 79. Other Grants			
Elected town or parish Councillor / member	Capital Financing. There is no money for Alsager in the capital programme, despite the huge increase in houses the town has taken. The roads, car parks and infrastructure need developing.	The Capital Strategy, within the MTFS, sets out the approach to prioritising capital schemes.	None
Proposal - Mixed			
Elected town or parish Councillor / member	48 49 54 55 56) privatise & outsource, Also reduce staff absence, consider salary cuts at the higher of levels e.g. why is it right to pay teachers £26k and administrators £50k	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Proposal - Unspecified			
<p>Unspecified comments, provided as part of the consultation process, are welcomed and are mainly addressed through the narrative contained within the Medium Term Financial Strategy (MTFS).</p> <p>The MTFS provides information on what the Council is spending money on and how it is able to balance the achievement of outcomes, as detailed in the Corporate Plan, with the level of resources available.</p> <p>The comments in the section below have been brought to the attention of Portfolio Holders and Senior Officers during the process to set a balanced MTFS. However, as the comments are frequently generalised is it not reasonable to specify a response in all cases. Comments will be taken in to account in the way services are delivered during the 2019/20 Financial Year and the Council will consider how further communication can demonstrate how these comments have been taken in to account.</p> <p>Many comments refer to Human Resources matters, such as payments to employees and elected members and their associated terms and conditions. The Council must remain compliant with current legislation in such matters and has regular liaison with the Unions as well as presenting matters to the Staffing Committee. This can restrict the ability of the Council to change many practices, but all comments will be considered to ensure opportunities to achieve efficiencies are not missed.</p>			
Local resident	Increase investment in public transport, reduce business management & HR costs by the equivalent amount	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Why should the Council project 83.5M£ growth in spending net 58.9M£ funded by Council tax increases? Where is the 10.5/11.1M£ economy coming from?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

OFFICIAL

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Reduce Councillor's expenses and ensure that they attend all the meetings to get their base expenses.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The Council should introduce a "Proposed Cost Reduction" scheme, open to all employees. The PCR should allow Council employees at any level to fill out a paper form or email an appointed PCR co-ordinator with the idea of cost reduction. The ideas will be evaluated and if chosen for implementation, the employee will receive a £100 payment for the accepted idea and a subsequent payment (proportional to the actual saving) after 12 months operation of the idea.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	If an effective process was to be pursued, why did the focus on 'A Responsible, Effective and Efficient Organisation' not result in at least absorbing inflation with no increase in the costs of this part of the budget. I have not found a reference to improving the overall quality of governance with a strategy/policy focus on pursuing value adding organisational effectiveness.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Bring in more efficiencies with the overall operation of the Council.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Close the offices in Sandbach, how much are the half empty offices costing us local tax payers?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Cut staff numbers at Cheshire East HQ and re-asses salaries. Residents are particularly annoyed at the high earners who are, or have been investigated and who have still been paid.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	A reduction in Cheshire East Council management positions and pay for those positions. Implement a reduced pension and sick pay offering for Cheshire East Council employees.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Reduce the increases of 58.9M£ net on the budget of 268.1M£	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	CEC Vision - the Town Council does not feel that CEC is achieving the vision i.e. 'reaching out to communities, neighbouring Councils and partners, listen to what they say and act accordingly' Alsager does not feel that they are being listened to, especially with regard to highway issues.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Reduce the salaries of senior managers. Deal with staff suspensions more speedily and stop spending money on people on gardening leave. Stop auditing small amounts of money awarded to people who access services, including carers. Start co-production with the people who access your services - more likely to get things right first time. For example, your dynamic purchasing system is causing huge problems for families - you only seem to have consulted with providers, not people who access services - it makes no sense.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Drop the wages to an equal +2.9 each year rather than +5.036 then +7.141	An element of the increases will be offset by vacancy provisions therefore an overall increase of 2% on pay budgets has been provided for in each year.	None
Local resident	The Council should turn street lamps off in non residential or essential areas after shops are closed etc., should not pay for anything mayor related, or indeed have a mayor. The council should ensure all	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	council buildings electrical items are turned off when not in use and should have regular stock takes in all buildings to ensure staff are not stealing and resources are not going to waste.		
Local resident	Reduce the number of part time job share management positions which reduce efficiency & block promotion prospects	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Unknown	Residents are funding gaps in service; maybe internal savings should be considered. Why pay a director when they are being investigated / suspended, why do we need a mayor? Staff can co-locate with the VCFS, staff who are responsible for making commissioning decisions should be aware of the landscape before making decisions about services. Recent cuts in adult services have had a disastrous result on the most vulnerable members of society - no managers would meet with the residents to discuss the cuts and did not respond to complaints sent to them or contact from local Councillors on behalf of residents. Meetings were supposedly held with residents which were daytime when residents had child care or were at work.	Response is noted and will be brought to the attention of the relevant Portfolio Holder. The Council must remain compliant with current legislation in such matters and has regular liaison with the Unions as well as presenting matters to the Staffing Committee. This can restrict the ability of the Council to change many practices, but all comments will be considered to ensure opportunities to achieve efficiencies are not missed.	None
Local resident	Cut the high level of managers without office and need.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Agree to the 1% for local children. Check where money is wasted for example. It should be less on some services - why cut grass on road side verges and then leave it, it goes down the drains and blocks them - then further work is then required to clean them.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Live within its present budget and stop wasting taxpayer's money.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Outcome 6 – A Responsible, Effective and Efficient Organisation/ Capital Financing and Central Budgets

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Amalgamate services between Councils; reduce the cost of indirect staff. There should be only 3 levels of management between the top and bottom of the organisation. No salary increases based on inflation. just improvement in efficiency/productivity. Time in service rises not allowed.	The Council already engages in shared service arrangements with a number of local authorities Inc. Cheshire West and Chester, Warrington and Greater Manchester authorities. Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	Residents recognise that funding from Government is being reduced however the Council has and continues, to waste a significant amount of its revenue internally by mismanagement.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Reduce political costs e.g. Councillors & their payments \ equipment costs.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I do not think the Mayor should have a car can she not provide her own? Do not agree with lavish receptions held by the Council, we have to cut back to pay Council tax, we do not get our pot holes repaired or street light fixed so surely CEC could economise?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	Transfer land, buildings and services to town and parish Councils that will save revenue & capital outsource services they will be cheaper than direct provision	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	You have made the best of the situation you are facing.	Thanks you, your, response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	It's almost impossible to say since the outcomes are so generic as to be almost meaningless. Expressed in a way that makes them impossible not to like - therefore for anyone to say whether they are a good use of public money or a waste.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Stress to the residents that they get the services that they pay for. Please do not refer to cuts in central government funding as the government simply redistributes funds raised via taxes from the tax payer.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	This is a complete fantasy!	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The balance seems about right	Thanks you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The whole document is long. Complicated and not accessible. Let residents know what is happening in simple and easy to understand language.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Yes all of it	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I support the budget proposals in full.	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Ask specific questions	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The thought of ploughing through 100 pages of	Response is noted and will be brought to the	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	proposals was too daunting.	attention of the relevant Portfolio Holder.	
Local resident	You have difficult decisions to make and have done your best	Thanks you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	How can Council tax go up until 2020 when there are double the amount of houses & therefore income? Recognise that the government are not giving you the amount of money you used to get but can you show us where the money is going? More houses on brown field sites - are you planning on leaving any green sites or fields or will we turn into a rural town? Why isn't national lottery grant or other grants being explored to improve the heritage trail?	Response is noted and will be brought to the attention of the relevant Portfolio Holder. Each new home brings additional Council Tax revenue, New homes Bonus and, in the medium term, a possible Community Infrastructure Levy. But homes also bring additional costs, such as education, waste collection and highways.	None
Local resident	I feel the balance is about right, however it is difficult to comprehend all of the data without more background info.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I think you should go back to the Government and ask for more money for the vulnerable in our society.	The leader of the Council has written to the Prime Minister in relation to funding levels.	None
Local resident	Dealing with financial Challenges - It is not feasible to require local Councils to fund adult Social care, as Councils around the country are not equally affected - needs central government to maintain & increase their grant. Expecting local residents to pick up the cost via increases in Council Tax is unfair and not sustainable. This should be funded by increased NI contributions on both employees and employers. Remove the NI cap.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Employee of Cheshire East	Hard to say - the higher level business cases that support them have not been released for scrutiny in	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Council	line with this consultation.		
Local resident	Demand needs to be balanced with supply. Whilst Cheshire East appears to have done an admirable job on making the supply side as efficient as possible, I am not convinced that it is doing all it can to manage the demand. Look more robustly at statutory responsibilities and provide only those services to people that are legally entitled to them. Better monitoring could also help prevent fraudulent activities connected with local services.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Capex overall should be reduced as should Council staffing. More money should be raised from developers and directed into schools. No major highways should be developed. A full review of the school meals contract should be completed. Business rates should be increased according to wealth of residents & reduced in areas requiring redevelopment e.g. Crewe. Spending should be prioritised differently and directly.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Unknown	Do proper consultation and remember those who are most vulnerable in the community are the people who require the most support; how can anyone read this document who has a learning impairment or literacy difficulties?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Investment equalised in local environment, per head capita in East Cheshire, for example spend £10 per head in one town, exactly the same amount is spent in every town in East Cheshire	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	No balance between conflicting requirements / needs seems about right	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor /	On the whole this is a good a set of proposals as can be made in very difficult circumstances.	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
member			
Elected town or parish Councillor / member	<p>Has CE Council considered:</p> <ol style="list-style-type: none"> 1. Biomass energy generation from waste food tipping, for sustainability and (independent) energy generation? 2. Invitation to green energy concerns to access CE landfill and waste food sites for a cooperative research and development to generate clean energy? 3. Visitor attractions to the borough - possibility to partner with asset owners (such as National Trust) for mutually beneficial outcomes (generation of income and employment); 4. Incentives to smaller independent concerns (financial, research, manufacturing etc.) to take up offers at CE brownfield assets? 5. Development of existing unused town buildings as part of the requirements to meet housing expansion targets of central government? 	Responses are noted and will be brought to the attention of the relevant Portfolio Holders.	None
Local resident	Go back to the Government and tell them East Cheshire need more money to balance the budget! You're supposed to be there for the elderly disabled & vulnerable, if you can't then you have a big problem?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Tackling the root causes of increases in Social Care costs -	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Scrap the town Council and divert all money into Cheshire east - saving money	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Can we ask for more money from the government?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Balance is good as you have planned.	Thanks you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	Yes the balance is appropriate	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Can't see that you have any other choice	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	You, along with all Councils are actively seeking ways to deliver services with the greatest effect - the recent cases of executives not acting to the best interests of the residents will have taken its toll	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Some areas milk the system while others work hard for their money	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Why when you compare the amount of funding at the beginning of the document then do you go on to propose an increase in taxes which far exceeds this figure? The percentage difference is more than inflation; the increase should be enough to plug the gap plus inflation. Pick some of the less essential funding requirements to a public vote in a website to see which the residents and businesses are in favour of supporting that year.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	We have to avoid spending on unnecessary surveys and consultants. The CEC was elected to take decisions and that is what they should do.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I think that the balance is appropriate.	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Educate families to have the number of children they can afford.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Local resident	If there is a serious increase in inflation there will be immense difficulties.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I suggest that the Council should object to the Brexit decision by the government which has led to inflation and people becoming poorer.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Press the central government to release additional funding to the local Councils. Residents do not have to bare the costs.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Stop or reduce waste e.g. not painting zig zag lines outside a school which closed years ago.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	It fascinates me that we have not had a review of Council rates. I live on what was termed in the past as "Wilmslow R A F married quarters " In the many years I have lived here I have seen properties being extended over and over - looking at the bands others pay there is little difference when they have lots more bedrooms and on suites or bathrooms.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Well given that your Government grant it quite low compared with the nearby cities - as a pensioner I can confirm that the increase in state patient goes nowhere near matching this year's increase - this is a concern going forward	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I think the balance is appropriate due to lack of central government support. Where misuse of position in the Council is proven any costs related to the case should be recovered.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Q1: Why have local Councils not strongly opposed this central government cutback - taxes and budgets continue to rise nationally and we are CE and UK citizens - this is unacceptable. Q2: CE could consider cases of exceptional demand for a set charge (e.g. unusually high volumes of waste generated by specific households, or businesses - measured against number	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
	of employees and industry type).		
Local resident	Stop wasting rate payers money	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	It is ok	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Stop wasting money paying for taxis etc. transporting dustmen to Middlewich, kids to schools in Knutsford when half the time the cabs go empty	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	What about toxic air pollution? What about all the vacant allotments? What about all the illegal parking?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Go back to the Government & tell them they need to increase their spending to your Council, and should make sure the most vulnerable in East Cheshire are looked after. After 10 years of austerity you shouldn't be thinking about making further savings! After all Austerity has now ended?	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	The report is very difficult to follow. Too political and not practical. There is no plan. 1. This is where we are now. 2. This is what we want. 3. This is all we can afford. 4. This is where we will be in 3 years.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I recognise the Council has many competing needs to meet in a very challenging financial environment	Thank you, your response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Unspecified

Who	Summary of comment	Response from CEC	Changes to Pre-Budget Report based on feedback
Elected town or parish Councillor / member	Residents are increasingly concerned that the Council is mismanaging the money they pay to it for their current services and that infrastructure needed to support the additional growth in the Local Plan will not be provided.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	Council tax, houses, markets. All bad as usual - I don't trust anything it says as we have no trust in the Council.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	I have a mother in a care home and a daughter and son in law who are involved in education.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Local resident	This document is simply too big - if it is going to be of any use, it should be broken down into its constituent parts and distributed on a piece meal basis over a period of time. You can not expect anyone to review 100 detailed proposals and then give detailed comments on the particular points in which they have an interest.	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None
Elected town or parish Councillor / member	<ol style="list-style-type: none"> 1) There was general concern at the loss of revenue support from central government and pressure should be put on Cheshire East Council to request its reinstatement. 2) The document does not contain sufficient detail to enable informed observations to be made. 3) Adult/child social care – Put pressure on local government to ensure that adequate provision is included in the budgets. Each year there will be an increase in Council Tax to fund the gap. 4) The Borough of Cheshire East as a whole is being harmed by national policy. 5) There is a projected overspend of £5.2m in the current budget. Is this reflected in budget provisions for the forward year? 	Response is noted and will be brought to the attention of the relevant Portfolio Holder.	None

Key Events

The key events associated with the Budget Consultation are outlined in the below table

Event	Date	Comments
Pre Budget Consultation launch	19 th October 2018	Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise.
Provisional Funding announcements	13 th December 2018	From Central Government
Council	13 th December 2018	Agreed the Domestic Tax Base
Pre Budget Consultation close	14 th December 2018	On-line consultation period closed
Third Quarter Review of Performance – Challenge sessions	5 th November to 19 th December 2018	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.
Informal Cabinet	18 th December 2018	Review of draft Capital Programme
Corporate Services DMT	2 nd January 2019	Final MTFS policy proposals to be signed off
People Services DMT	7 th January 2019	Final MTFS policy proposals to be signed off
Place Services DMT	17 th January 2019	Final MTFS policy proposals to be signed off
Corporate Leadership Team	16 th January 2019	MTFS to come to CLT
Informal Cabinet	22 nd January 2019	MTFS to come to Cabinet
Children & Families Overview and Scrutiny Committee	28th January 2019	Consider Pre-Budget Consultation (relevant budget areas)
Environment & Regeneration Overview and Scrutiny Committee	21st January 2019	Consider Pre-Budget Consultation (relevant budget areas)
Corporate Overview and Scrutiny Committee	4th February 2019	Receive MTFS Report/Review Final Budget Proposals
Cabinet	5th February 2019	Receive the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council
Final Funding announcements	Tbc 2019	From Central Government
Council	21st February 2019	Debate and approval of 2019/20 budget

***Cheshire East Council
Medium Term Financial Strategy
2019-22
Executive Summary***

February 2019

Working for a brighter future together

This document is available to download on the [Cheshire East Council](#) website. It will form part of the 5th February 2019 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 21st February 2019 Council Agenda.

You can continue to provide feedback on the proposals in this report by speaking to your local Councillor
– visit [Find Your Local Councillor](#) on the Cheshire East Council website for contact details.

Executive Summary – Delivering Our Corporate Plan

A Great Place to Live

“Cheshire East is a great place to live, work and visit - and this is as important to the Council as it is to our local residents. In addition, we have one of the strongest economies in the country which is made up of a vibrant mix of businesses across a wide range of sectors.”

Source: Cheshire East Corporate Plan 2017-20

Cheshire East Council, along with most local authorities in England, is facing a significant challenge to provide essential services within the resources available. A combination of increasing and more complex demand, inflation and reductions in government funding creates significant financial pressures, which are exacerbated by very limited assurances on how services will be funded beyond 2020.

The Council’s Corporate Plan 2017 to 2020 highlights how the Council is striving to create financial stability through growth in the local economy that supports improvements in the health and economic wellbeing of residents.

Strong economic performance is evidenced by positive Gross Value Added in Cheshire East, which is a measure of economic output per head. High growth in housing, has also helped attract Government funding for infrastructure, and continues to push the local authority in to a position where the cost of local authority services could be funded by local people and businesses.

Cheshire East is the third largest council in the Northwest of England, responsible for over 500 services and with a population of over 375,000. Our annual turnover exceeds £700m and our resources are well-managed through our budgetary framework.

The Council continuously seeks to engage with the communities of this beautiful part of the Northwest of England in delivering much needed services to people who need them.

*Sources: [1] Regional Gross Value Added (Income Approach) 1997-2016 data, ONS, Dec 2017. [2] Time series dataset released as part of the 'Quarterly National Accountants: Quarter 3 (July to Sept) 2017'

ONS statistical release, Dec 2017.

Achieving Objectives

In the final year of the Corporate Plan 2017-20 the Council is able to demonstrate the ongoing achievement of positive outcomes for local people. Education achievement rates for pupils in Cheshire East remain as one of the highest levels in the country, and social care for children and adults are receiving higher levels of investment in the medium term. Infrastructure projects continue to unlock land and housebuilding numbers are exceeding targets. Employment is high, and the numbers of businesses in the area is as high as it is in Manchester. Life expectancy for Cheshire East residents is also higher than both regional and national averages.

Working for a brighter future together

Throughout 2018/19 the Council has been on a path to review the culture of the organisation, under the banner of the Brighter Future Together Programme.

The Council has a clear vision for “Working for a brighter future together”. Proposals within the Medium Term Financial Strategy build on the Council’s ability to work with residents and partners to deliver services that meet local needs. The set of core values, our FIRST values, continue to shape our approach to decision making and service delivery.

Financial Pressure

The costs associated with maintaining quality in our services and environment is very challenging. 60% of the Council's net budget is spent on providing support for People based services, such as social care, but the housing growth in the area also brings additional challenges for our other key services such as increased waste collection and disposal and highway maintenance.

The Council froze Council Tax levels for five consecutive years from 2011/12 to 2015/16 inclusive, with some Government support, saving local taxpayers a total of nearly £50m in that period. But, by 2019/20, there will be no general Government grant support to the revenue budget of Cheshire East Council. Growth in demand for services must therefore be funded locally, and this creates a requirement to increase Council Tax levels in line with Government expectations. Recently the Council has increased Council Tax to specifically fund the pressures in Adult Social Care and this has proved to be a successful strategy with spending in this area coming within budget in 2018/19.

Financial stability

To manage the ambitions of the area with the accessible resources the Council has created a medium term financial strategy that balances the 2019/20 budget, but must continue to develop in order to balance the medium term financial challenges.

In **2019/20** the headlines of the financial strategy are:

- Targeting cost effective service provision for residents and addressing increasing demand within the social care system. Council Tax will **increase by 2.99%** to offset the severity of Government grant reductions and provide additional investment in Children and Family services.

- Dealing with a reduction in Revenue Support Grant from Central Government of £5.4m.
- Managing inflation pressures relating to pay, contracts and demand for services of £23.3m.
- Increasing expenditure in all our front line services.
- Boosting local economic prosperity through continued investment on capital projects, such as roads maintenance, infrastructure, education and regeneration.

Table 1: Running costs (Revenue) are being managed. Investment in assets (Capital) is increasing

Table 1	2018/19*	2019/20	Change
	£m	Budget £m	£m
Revenue Budget	268.1	281.2	13.1
Capital Budget	120.7	149.2	28.5

* Approved Permanent Budget as at Quarter 3

Net Revenue Budget 2019/20

- Income is estimated to vary from 2018/19 as follows:
 - Revenue Support Grant (-£5.4m)
 - Increase in New Homes Bonus (+£0.7m)
 - Other Specific grants (+£1.9m)
 - Growth in Council Tax Base (+£3.6m)
 - Increase in Council Tax levels (+£6.2m)
 - Council Tax Collection Fund Contribution change (+£1.1m)
 - Business Rates Retained (+£5.0)
- Net expenditure is estimated to increase by £13.1m from 2018/19 as set out in **Table 2**:

Table 2	Change from 2018/19 Budget £m	2019/20 Budget £m
Outcome 1 – Communities	+0.7	22.7
Outcome 2 – Economy	+0.3	12.7
Outcome 3 – Education	+2.9	22.4
Outcome 4 – Environment	+1.7	44.6
Outcome 5 – Health	+6.2	134.2
Outcome 6 – Efficient	+3.1	36.3
Contribution from Earmarked Reserves - including draw down from ASDV reserve (£0.5m)	-2.6	-2.9
Central Budgets	+0.8	11.2
Total	+13.1	281.2

Annex 1 to the Executive Summary provides a further breakdown of the Council's revenue budget.

Capital Budget 2019/20 to 2021/22

The three year capital programme includes investment plans of around £0.5bn. 65% of the funding for this ambitious programme will come from Government grants or contributions from other external partners. In addition, 3% will come from the Council's work to maximise the value of assets sales to support development in the local area.

- The main forecasted income sources are:
 - Government Grants (£250m/52%)
 - Other external contributions (£65m/13%)

- Receipts from Council Assets (£14m/3%)
- Expenditure is estimated in the following areas:
 - Highways (£270m)
 - Education (£46m)
 - Economic Growth and Visitor Economy (£49m)
 - Client Commissioning (£66m)
 - ICT (£14m)
 - Corporate (£40m)

In addition to these investment plans a number of further schemes, totalling expenditure of £0.1bn are requesting approval but these projects will only commence on completion of detailed business cases and when funding for these projects is confirmed.

Reserves

Reserves are focused on the Council's ability to invest in opportunities and to manage exposure to financial risk. Where something has been identified as a specific risk or investment opportunity, then an amount will be earmarked for that purpose.

Table 3: Good financial management reduces the overall need for high Total Revenue Reserves

Table 3	Forecast Closing Balance		Change £m
	2018/19 £m	2019/20 £m	
General Reserves	10.3	12.0	1.7
Earmarked Reserves*	30.1	26.5	(3.6)
Total Revenue Reserves	40.4	38.5	(1.9)

* Earmarked reserves are spent in accordance with planned timescales and will increase or reduce accordingly

The Council's Reserves Strategy (**Annex 14**) provides the reasons for holding General or Earmarked Reserves at current levels.

Achieving Outcomes for Residents

Outcome 1

The Council will deliver a net increase of £0.7m for services to **local communities** including:

- Universal information and advice service

Outcome 2

Cheshire East Council will increase budgets by £0.3m overall and continue to help ensure it has a **strong and resilient economy** through:

- Management of brownfield sites
- Investment portfolio

Outcome 3

Increasing budgets by £2.9m and ensuring people have the **life skills and education** they need to thrive through:

- Realignment of Children's Services funding streams
- SEN restructure/investment

Outcome 4

Increasing budgets by £1.7m to help ensure Cheshire East is a **green and sustainable place** in relation to Waste Management.

Outcome 5

Redesigning services to ensure People **live well and for longer** and investing an extra £6.2m through:

- Adults Social Care investment

- Cared for Children and Care Leavers investment

The Council also has a sixth underpinning outcome to ensure we continue to improve and be a **responsible, effective and efficient organisation**. Net cost increases will be kept to a minimum (£3.1m) by delivering maximum productivity, enhancing returns from investments, maximising value for money on contracts, streamlining processes and rationalising assets in order to focus as much investment as possible towards front line services.

A listening Council

The budget report reflects the Council's ongoing commitment to transparency, engagement and consultation. The process of budget development has been open and clear, and based on previous feedback was also started earlier than in previous years. The process demonstrates that we listen to residents and stakeholders.

The stakeholder engagement process included:

- An appropriate timescale that supported the development and sharing of draft Budget ideas.
- Regular elected Member involvement through meetings and briefings.
- Wide ranging stakeholder engagement via open meetings, consultation and an online survey tool to gather feedback.
- Effective internal challenge processes including staff and union briefings.
- Inclusion of proposals that are not currently proposed for implementation to help stakeholders understand the options that were considered as part of the overall process.
- Listening to and meeting stakeholders to discuss important issues and future considerations.

During the consultation process the Council received notification of the Government funding settlement. The Council entered into a

multi-year agreement, along with 97% of English Local Authorities that fixed certain grants up to 2019/20. The 2019/20 settlement provided additional funding to protect the Council against negative grants as well as introducing further social care grant.

In addition to stakeholder feedback and the Government settlement the Council also reviewed the impact of its Third Quarter financial forecasts.

Based on the feedback, and revised information, some changes have been made compared to the Pre-Budget Consultation Report. 'New' proposals have been marked as such within the MTFS, but include increases in budgets for Children's Services to reflect the ongoing demand pressures on this service.

The proposals within the MTFS are affordable based on a Council Tax increase of 2.99%, which is significantly less than in each of the previous three years. The Council's strategy to increase Council Tax over recent years to reflect growing expenditure in Adult Social Care has been successful as the service is performing within budget in 2018/19 and further growth is manageable within the revised MTFS. In line with the national trend of increasing costs in Children's Services, alongside inflationary pressures, the Council is still increasing Council Tax, but is not proposing to exceed the referendum limit set by the Secretary of State. Since Local Government Reorganisation the cumulative increase in Council Tax by Cheshire East Council is significantly lower than inflation and is amongst the lowest of any unitary authority in England.

Where specific proposals have been amended these changes are included within **Section 1** of the MTFS. **Annex 2** of the MTFS also describes the engagement activities carried out by the Council.

Changing the way we work and Invest

Cheshire East has established itself as a commissioning council. This means we provide the service options that best fit the needs of our residents, regardless of historical approaches to service delivery. The current structure of service providers allows the Council to commission (or 'buy') the right services for the right people at the right price.

A sample of the main providers of services to Cheshire East is shown below:

Privately owned contractors:

- Ringway Jacobs (Highways)
- BT (Superfast Broadband projects)
- Engie (Facilities Management)

Delivery vehicles wholly or partly owned by the Council:

- Ansa Environmental Services Ltd (Waste Services, Street Cleansing, Grounds and Fleet)
- Transport Service Solutions Ltd
- Orbitas Bereavement Services Ltd
- Engine of the North Ltd
- Civicance Ltd
- The Skills and Growth Company
- Tatton Park Enterprise Ltd
- Cheshire & Warrington Local Enterprise Partnership

Charitable organisations:

- Everybody Sport and Recreation Trust (Leisure Services)
- 76 Academies

Collaborative Arrangements:

- Regional Adoption Agency
- Foster4

- Pan Cheshire Youth Offending Team
- Emergency Planning Team
- Shared Services with Cheshire West & Chester (Transactional Service Centre and ICT)
- NHS England

In-House Council Services:

- Cheshire East libraries
- Planning
- Children's Social Care
- Safeguarding
- Early Help and Prevention
- Schools Support Services (71 Local Authority maintained schools)

The Council is currently undertaking a review of the arrangements for service providers, particularly in relation to the Council's wholly owned companies. Results of the review will be implemented during 2019/20 and members and other stakeholders will be engaged as appropriate.

The 2019/20 Medium Term Financial Strategy also includes a combination of strategies related to longer term ways to maintain financial stability. The Treasury Management Strategy, Capital Strategy, Investment Strategy and Reserves Strategy present a complex framework for utilising temporary and long term assets to support achievement of the Corporate Plan. The strategies are focused on:

- Investing available balances to achieve low risk returns
- Utilising an approach to borrowing
- Providing opportunities for commercial investment that supports outcomes and provides financial returns
- Maintaining adequate reserves to manage financial risks and prevent short term deficits

The combination of the strategies provides longer term financial stability, whilst also allowing the Council to react to market conditions and maintain a balanced approach to managing investment opportunities and risks.

The Medium Term Financial Strategy (Full Report)

As the Finance Portfolio Holder, I have developed the medium term strategy, with the professional support of Alex Thompson (Acting S151 Officer) and the Council's senior management team.

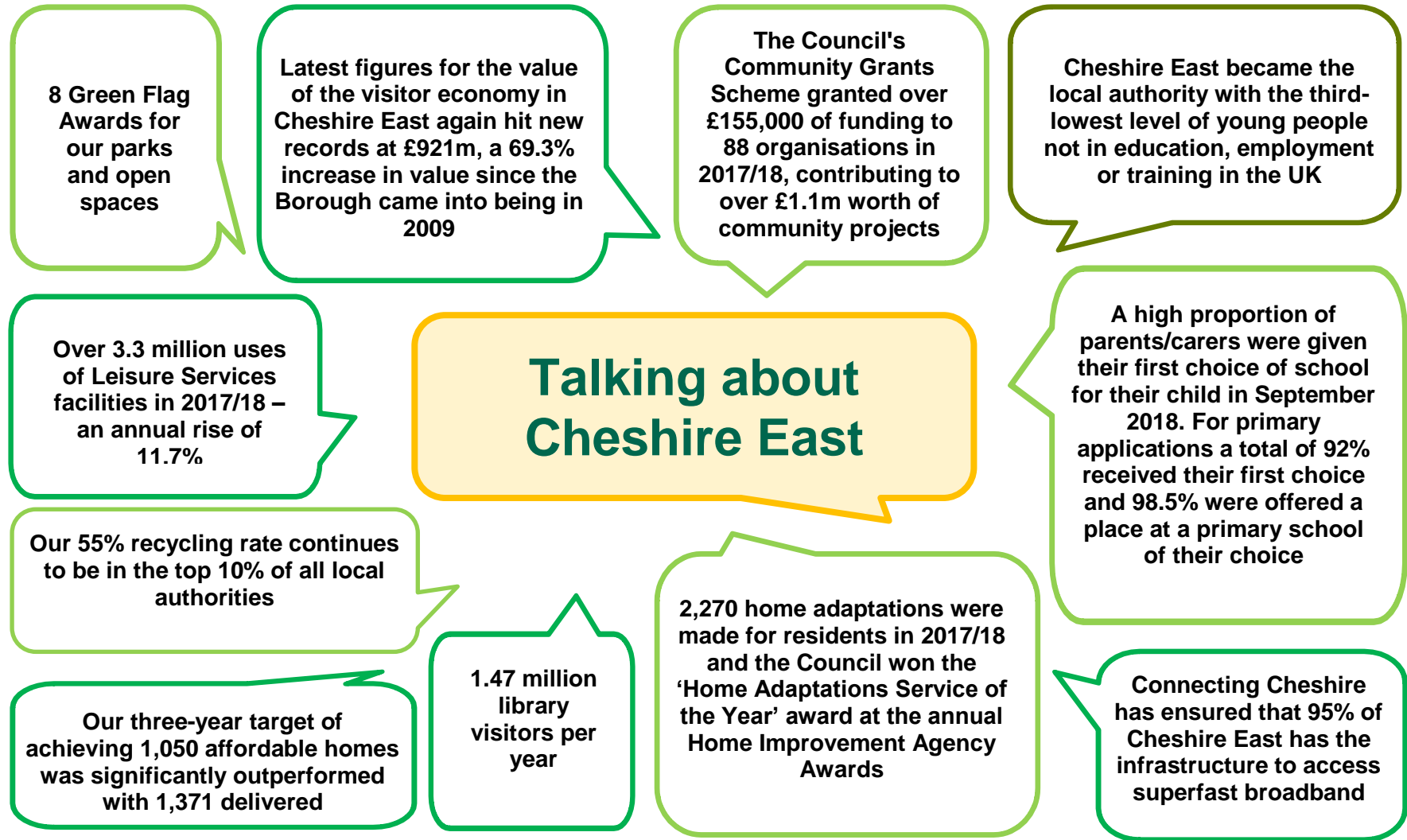
This comprehensive report provides further information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the 2019/20 financial year. The report also includes medium term estimates showing financial challenges from 2020 through to 2022.

Additional detailed analysis of the Council's financial position is contained within the Council's [Value for Money](#) publication. This illustrates a strong financial position and provides clear evidence of delivering more with less.

The effective management of the budget has provided a solid financial platform, but current consultations on the Local Government Settlement provide little certainty on the models Central Government will use to determine future funding arrangements. The medium term forecasts shows the extent of the financial challenge ahead but I am confident and determined to deliver for local residents and to do everything I can to maintain Cheshire East as one of the best places to live in the Northwest.

Clr Paul Bates

Portfolio Holder for Finance & Communication,
Cheshire East Council
February 2019



Annex 1

Estimated Budget and funding for Cheshire East Council 2019/20 to 2021/22 (excluding ring-fenced grants).

Summary position for 2019/20 to 2021/22	Budget Book 2018/19 (revised at Third Quarter Review) £m	Estimated Net Budget 2019/20 £m	Estimated Net Budget 2020/21 £m	Estimated Net Budget 2021/22 £m
Outcome 1 - Our Local Communities are strong and supportive	22.0	22.7	23.2	23.7
Outcome 2 - Cheshire East has a strong and resilient economy	12.4	12.7	12.8	13.2
Outcome 3 - People have the life skills and education they need in order to thrive	19.6	22.4	22.7	22.9
Outcome 4 - Cheshire East is a green and sustainable place	42.9	44.6	44.7	45.9
Outcome 5 - People live well and for longer	128.0	134.2	140.9	142.3
Outcome 6 - A responsible, effective and efficient organisation	33.2	36.3	36.9	37.9
Total Outcomes	258.1	272.9	281.2	286.0
<i>CENTRAL BUDGETS:</i>				
Capital Financing	10.0	12.0	12.0	14.0
Past Pensions Adjustment	0.3	0.2	1.2	1.2
Income from Capital Receipts	-2.0	-2.0	-1.0	0.0
Contingency	1.0	0.0	0.0	0.0
New Homes Bonus Community Fund	1.0	1.0	1.0	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-0.3	-2.9	-0.9	-0.9
Total Central Budgets	10.0	8.3	12.3	14.3
Additional changes to balance future years		0.0	0.0	-11.0
TOTAL: SERVICE + CENTRAL BUDGETS	268.1	281.2	293.4	289.2
<i>FUNDED BY:</i>				
Council Tax	-206.4	-216.2	-222.7	-229.4
Business Rate Retention Scheme	-43.0	-48.0	-48.4	-48.9
Revenue Support Grant	-5.4	0.0	0.0	0.0
Specific Grants	-12.3	-14.9	-11.2	-11.1
Sourced from Collection Fund	-1.0	-2.1	0.0	0.0
TOTAL: FUNDED BY	-268.1	-281.2	-282.4	-289.5
Funding Deficit	0.0	0.0	11.0	-0.3

Cheshire East Council Medium Term Financial Strategy 2019-22

February 2019

Working for a brighter future together

Foreword from the Finance and Communication Portfolio Holder

A great place to live

“Cheshire East is a great place to live, work and visit - and this is as important to the Council as it is to our local residents. In addition, we have one of the strongest economies in the country which is made up of a vibrant mix of businesses across a wide range of sectors.”

Source: Cheshire East Corporate Plan 2017-20

Dealing with financial Challenges

2019/20 is the final year of a four year financial settlement from Central Government, and in this final year the Revenue Support Grant to Cheshire East has ended, placing greater reliance on funding local services from locally raised income from residents and businesses.

High growth in housing and ongoing local commercial developments provides additional funding towards the associated increases in demand for key services, such as highways maintenance, as well as education and waste services. An ageing population and increasing demand for Children’s Services requires an important balance between the finances of individuals, the NHS and Cheshire East Council’s resources. The Leader of the Council has written to the Prime Minister highlighting the difficulties in managing this balance in the medium term. The letter highlighted the positive impact that the area has on the national economy, but draws attention to the potentially negative impact that current funding strategies could have on the local area.

Local Services, engaging local people

The Council’s Pre-Budget Consultation document, released in October 2018, received significant attention, but responses to the Council’s proposals were limited in number. The proposals included an increase in Council Tax by up to 2.99% for the 2019/20 financial year. This reflects the financial pressure the Council is facing from inflation and growing demand for services, which is most acute in Children’s Services. This approach will add 78p per week to the average household Council Tax bill each year.

Achieving our plans

The proposals in this document continue to work towards the achievement of the Council’s Corporate Plan, which focuses on:

- Communities** ~ helping residents to help themselves and each other, supporting volunteering and minimising anti-social behaviour.
- Economy** ~ encouraging and supporting businesses to create high employment and creating opportunities for all.
- Education** ~ intervening early to provide a great start in life.
- Environment** ~ supporting energy saving initiatives and making sure our green spaces make Cheshire East a great place to live.
- Health** ~ safeguarding the vulnerable, with care that people need.

I believe this report provides a strong set of options that will be able to create a sustainable position in the medium term. Clearly there is more to do and I will be engaging with key people and organisations throughout 2019/20 to ensure we can create a position that matches local needs with local resources.

CLLr Paul Bates

Cllr Paul Bates, Finance and Communication Portfolio Holder

Comment from the Acting Section 151 Officer

Under Section 25(1) of the Local Government Act 2003, I am required to comment on the robustness of the estimates in the budget and the adequacy of the proposed reserves. The Council must have regard to this report when making decisions in respect of the budget.

Robust Estimates

The process to produce a balanced budget for 2019/20 has engaged a wide array of stakeholders throughout 2018/19. Significant challenge has been provided via consultation, briefings and dedicated liaison with senior officers and elected members. Officers within the Finance Team have co-ordinated the process and provided the necessary diligence in reviewing business cases.

The 2019/20 Budget relies upon the closing balances and performance forecasts within the Third Quarter Review 2018/19. The 2018/19 outturn is balanced, but particular financial pressures were identified within Children's Services, Environmental Services and there has been non-achievement of certain cross-cutting savings. Each of the issues identified within the outturn has been taken into account when producing the 2019/20 budget, and appropriate growth has been proposed. This provides the reassurance that such issues will not recur to the same degree. Other significant estimates such as the Council Tax and Business Rates income forecasts, as well as grants to be received, are primarily based on government returns and published commitments.

Gross expenditure estimates within the 2019/20 Budget is matched to gross income estimates. This includes a Council Tax increase of 2.99% which is lower than the government threshold of 3% and is therefore not subject to a referendum. The budget also relies on income from investments and assumptions on borrowing costs and

professional advice has been sought in forecasting these activities. The introduction of an Investment Strategy is new for 2019/20, but the budget does not place any new reliance on income from activities within this strategy, this does mean there may be opportunities, in excess of risks, but any potential gains will be subject to due diligence and any decisions will be made in accordance with the Finance Procedure Rules.

Adequate Reserves

The Reserves Strategy provides information on the impact of the MTFS on the Council's reserves. In considering whether reserves are adequate I have reflected on recent work by CIPFA to produce a resilience index as well as considering local and national risks. Indicators from CIPFA suggest that Cheshire East Council's useable reserves are lower than for most comparative authorities, however this is counterbalanced by very strong domestic and non-domestic taxbases and the consistent achievement of a balanced outturn. When looking at risks it is important to recognise that local funding of the Council's budget is higher than ever, that the budget has increased overall and that there are potential unknown impacts from Brexit. The Council's ability to achieve efficiency savings is reducing over time as the focus turns to ensuring services remain compliant. With this level of risk the 2019/20 Budget has been prepared on the basis that General Reserves will increase to £12m. This will be achieved through moving Earmarked Reserves to the General Reserve.

Conclusion

Based on my engagement and observations of the process to determine a balanced budget for 2019/20 I believe that the budget presents a robust set of proposals. And based on my assessment of the risks the Council is facing I am satisfied that the Reserves Strategy presents an adequate level of reserves. I will monitor the impact of the closure of the 2018/19 financial year, and review in-year performance, in order to provide timely updates during 2019/20.

Alex Thompson

Alex Thompson, Head of Finance & Performance

Acting S.151 Officer

Table 1 – Three Year Summary Position

Estimated Budget and funding for Cheshire East Council 2019/20 to 2021/22 (excluding ring-fenced grants)

Summary position for 2019/20 to 2021/22	Budget Book 2018/19 (revised at Third Quarter Review) £m	Estimated Net Budget 2019/20 £m	Estimated Net Budget 2020/21 £m	Estimated Net Budget 2021/22 £m
Outcome 1 - Our Local Communities are strong and supportive	22.0	22.7	23.2	23.7
Outcome 2 - Cheshire East has a strong and resilient economy	12.4	12.7	12.8	13.2
Outcome 3 - People have the life skills and education they need in order to thrive	19.6	22.4	22.7	22.9
Outcome 4 - Cheshire East is a green and sustainable place	42.9	44.6	44.7	45.9
Outcome 5 - People live well and for longer	128.0	134.2	140.9	142.3
Outcome 6 - A responsible, effective and efficient organisation	33.2	36.3	36.9	37.9
Total Outcomes	258.1	272.9	281.2	286.0
<i>CENTRAL BUDGETS:</i>				
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Past Pensions Adjustment	0.3	0.2	1.2	1.2
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Contingency	1.0	0.0	0.0	0.0
New Homes Bonus Community Fund	1.0	1.0	1.0	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-0.3	-2.9	-0.9	-0.9
Total Central Budgets	10.0	8.3	12.3	14.3
Additional changes to balance future years		0.0	0.0	-11.0
TOTAL: SERVICE + CENTRAL BUDGETS	268.1	281.2	293.4	289.2
<i>FUNDED BY:</i>				
Council Tax	-206.4	-216.2	-222.7	-229.4
Business Rate Retention Scheme	-43.0	-48.0	-48.4	-48.9
Revenue Support Grant	-5.4	0.0	0.0	0.0
Specific Grants	-12.3	-14.9	-11.2	-11.1
Sourced from Collection Fund	-1.0	-2.1	0.0	0.0
TOTAL: FUNDED BY	-268.1	-281.2	-282.4	-289.5
Funding Deficit	0.0	0.0	11.0	-0.3

Contents

Foreword from the Finance and Communication Portfolio Holder	- 13 -	Annexes:	
Comment from the Acting Section 151 Officer	- 14 -	1. Corporate Plan 2017 to 2020	- 100 -
Three Year Summary Position	- 16 -	2. Business Planning Process - Engagement	- 101 -
Contents	- 17 -	3. Impact Assessment	- 105 -
Section 1 – Achieving Outcomes	- 18 -	4. Workforce Strategy	- 115 -
Outcome 1	- 21 -	5. Risk Management	- 119 -
Outcome 2	- 24 -	6. Business Rates– Forecasting over the medium term	- 121 -
Outcome 3	- 32 -	7. The Budget Setting Process	- 123 -
Outcome 4	- 39 -	8. Revenue Grant Funding	- 124 -
Outcome 5	- 47 -	9. Capital Grant Funding	- 127 -
Outcome 6	- 64 -	10. Financial Summary Tables (Revenue)	- 130 -
Section 2 – Financial Stability	- 73 -	11. Capital Strategy	- 160 -
		12. Treasury Management Strategy	- 204 -
		13. Investment Strategy	- 222 -
		14. Reserves Strategy	- 234 -
		15. Abbreviations	- 251 -
		16. Forecasts (February 2018)	- 254 -
		17. Feedback	- 255 -

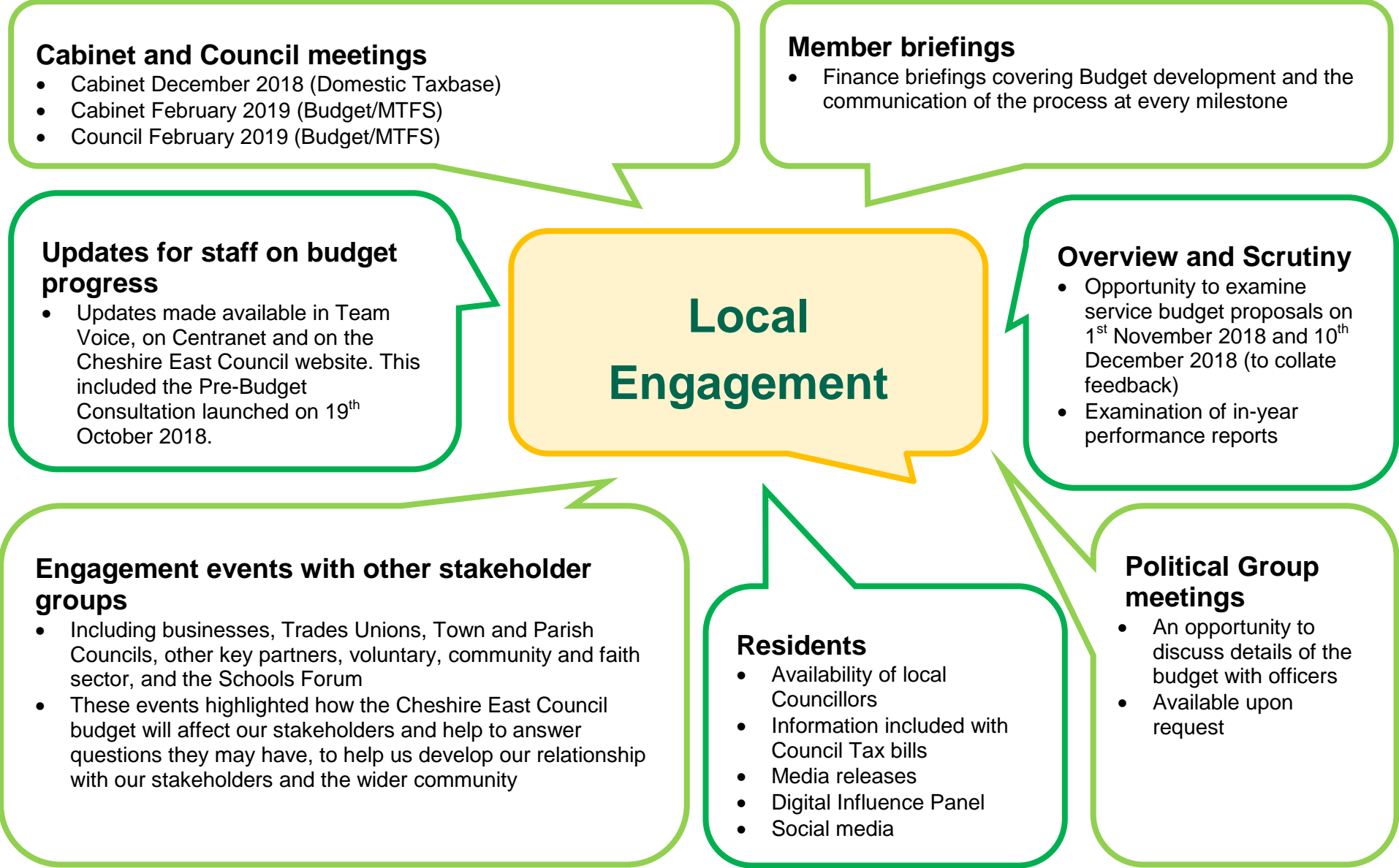
Section 1 - Achieving Outcomes

Cheshire East Council is responsible for providing approximately 500 local public services across an area of over 1,100km² for over 375,000 residents. The total amount of spending to deliver these services in the period April 2018 to March 2019 will be in the region of £740m, which is funded from a combination of local taxes, national taxes (in the form of government grants) and payments direct from service users and other organisations.

As a place we have a fantastic mix of rural and urban environments. However the most important element of Cheshire East is its people and we strive to make sure we have a Council that serves its diverse community well and delivers value for money. We want to see Cheshire East Council build a national reputation for customer services and partnership working and to build a clear programme that continually delivers.

The Corporate Plan 2017-2020 highlights six outcomes that the Council aims to achieve that will meet the needs of local residents and businesses. As local needs and priorities in Cheshire East change over time the Council continues to be flexible. This section provides the details of how the Council aims to achieve its outcomes through the delivery of focused and clear priorities.

Each of the Council's Priority outcomes are set out on the following pages along with the budget changes that will deliver a balanced position for 2019/20.



Understanding the financial tables in this document

Budget changes in this document are expressed in cash terms compared to the Council's Approved Budget for 2018/19.

Each change is included in a table as described below:

Theme of the Potential Change(s) <i>(such as "Changing the way we work" or "Income Generation")</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Title of budget change (either Revenue or Capital) [Pre Budget Consultation Reference] A narrative to describe the budget change.			
<i>Impact on Services Budget =</i>	-x.xxx	-x.xxx	-x,xxx
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i>			

The specific Service Budget that will be affected is identified here. Current budgets are detailed in the Council's Budget Book.

Capital changes are split by the year in which expenditure is incurred.

Figures represent an increase or decrease in spending compared to the 2018/19 Approved Budget.

If the potential change is permanent it is therefore repeated in each year.

If spending will vary across the three years each figure still represents the change from the existing 2018/19 Budget

Outcome 1 – Our local communities are strong and supportive

<p>What this means:</p>	<p>Individuals and families are self-reliant and take personal responsibility for their quality of life.</p> <p>Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.</p>	
<p>What the Council will focus on:</p>	<p>1. Active, Resilient and Connected Communities where people want to live</p>	<p>2. Communities where you are Safe, and feel Safe</p>
<p>What this will look like:</p>	<p>People work together to help each other, take action and take pride in where they live. We enable and support all of our communities to be independent. We lead by example as a proactive and enforcing Council.</p>	<p>People feel safer in their own homes and in their communities. We work with partners to target a reduction in anti-social behaviour and improve public and road safety.</p>

Key Priorities

Over the past year we have held coproduction events with service users, communities and the voluntary sector to better understand their needs. This is essential to ensure that our communities are safe, strong and supportive and to be able to meet the challenges of having to make large scale savings, whilst still meeting need.

We are working with communities to develop strength based community initiatives and targeted interventions to build social relationships amongst isolated groups. We are also working to encourage social connections between people with similar experiences to provide peer support, helping residents to help themselves.

We are committed to investing in our communities and maximising the full value of our community capital to maximise our shared potential, bringing about greater social, economic and personal benefits for everyone in Cheshire East. By developing our approach to engaging with and supporting community development, we can ensure we maximise potential to help all our communities to become more enterprising and to enable more deprived areas to lift themselves out of dependence and to address the inequalities which impact on their lives.

There needs to be a shift towards more prevention and early intervention which will require services to organise and professionals to behave in very different ways.

Challenges

- There continues to be pressure on the health and care system due to the significant demand on services, high costs to the system and local demographic pressures.
- Addressing the geographical inequalities in life expectancy across the borough, which is significantly higher in our more affluent areas.
- Managing the increase in areas of the borough that fall in the most deprived 20% nationally.

Opportunities

- Create sustainable communities through strengthening our approach to community engagement and communications, including ensuring coproduction is at the centre of all our commissions.
- Empowering people to take greater control over their own lives, to influence personalised services and to take greater responsibility for their health outcomes.
- Making our communities more connected through reshaping our approach to Adult Social Care and Communities work, helping people in communities to become more connected to others, reducing inequalities and improving life chances.
- Developing Connected Neighbourhoods to strengthen local networks and partnerships, which work collaboratively to improve health and wellbeing.
- Engaging local people to be more involved in decision making in their areas.

Proposals to vary the Budget under Outcome 1 (Communities) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Withdrawal of temporary reduction in funding for Universal Information and Advice service (Revenue Investment) [1] There was a temporary increase of £30,000 in the grant funding for this service in 2015/16 on the basis that the “loan” would be paid back over the following three years. This growth will restore the budget to its original value from 2019/20. <i>Impact on Benefits Administration Service Budget =</i>	+0.010	+0.010	+0.010
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Outcome 2 - Cheshire East has a strong and resilient economy

<p>What this means:</p>	<p>We will invest in the building blocks that will allow business to grow, give our residents the right skills to secure employment and attract inward investment in to the Borough. By working together with business and our residents we will enhance the quality of place and create prosperity for all.</p>			
<p>What the Council will focus on:</p>	<p>1. Culture, Heritage and Tourism</p>	<p>2. Jobs and Skills</p>	<p>3. Business Growth and Inward Investment</p>	<p>4. Infrastructure</p>
<p>What this will look like:</p>	<p>Across the Borough our towns and villages will offer a rich mix of retail, leisure, cultural and heritage facilities that will serve our residents and attract more visitors and tourists to Cheshire East.</p>	<p>The workforce in Cheshire East will be well educated and skilled. Unemployment will be kept low, new and high quality jobs will be created and people will be ready for work as soon as they leave education or training.</p>	<p>Businesses will grow and thrive in Cheshire East. Sites and support will be available to attract new businesses to the Borough and to allow existing businesses to grow.</p>	<p>The Borough will be connected to the rest of the country and movement and connectivity within the Borough will improve as well as being safe and efficient.</p>

Key Priorities

Cheshire East has one of the strongest economies in the country and is made up of a vibrant mix of businesses across a wide range of sectors. However, we need to maintain this position and create further growth that will support the wellbeing of our residents.

However, there are some strategic risks which must be managed if we are to be able to support continuing growth in the Borough's economy.

In particular we need to continue to support housing growth in a manner so that we can provide the right type of housing that will attract people with the skills to support our local economy; as well meeting the needs of all our residents.

Furthermore, we need to ensure we can deliver employment sites so we can continue to attract inward investment and to enable our existing businesses to grow and become more productive.

Another key strand of supporting a vibrant economy is ensuring we are able to provide a rich and diverse range of leisure opportunities for visitors and local residents to enjoy.

With this in mind the Council is prioritising investment from both its capital and revenue budgets to support economic growth through the delivery of major infrastructure projects such as HS2 and through projects which will support housing, employment and regeneration in our towns and villages.

Challenges

- Not just delivering housing growth but delivering the right type of houses which meet all the needs of residents and will attract new residents to the Borough.
- Delivering employment sites to attract inward investment and to enable existing businesses in the Borough to grow.
- Delivering the required infrastructure to support growth in a sustainable manner.

Opportunities

- Ensuring we fully capitalise on the opportunity for sustainable growth that can be enabled with the arrival of high speed rail and other investments in strategic infrastructure.
- Taking a strategic approach to the way we manage our land and property so that we can not only support economic growth but also create future revenue to support the delivery of essential services.
- Regenerating our key towns so we can offer a diverse range of leisure, retail and commercial opportunities.

Proposals to vary the Budget under Outcome 2 (Economy) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Visitor Economy (Revenue Savings) [3] Reviewing alternative and more efficient means of delivering visitor information in the Borough. <i>Impact on Visitor Economy Service Budget =</i>	-0.017	-0.022	-0.022
Contract and Commissioning savings (Revenue Savings) [4] The Council is reviewing all its commercial arrangements with third parties including the contracts it holds with its wholly owned companies. A proposal to deliver this saving target has been developed and has been considered by the Council’s Cabinet. <i>Impact on Cross Service Budgets =</i>	-0.250	-0.250	-0.250
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Macclesfield Silk Heritage Trust (Revenue Investment) [5] This proposal recommends a standstill position in investment in the Trust, to improve sustainability whilst West Park Museum is redeveloped. <i>Impact on Cultural Economy Service Budget =</i>	+0.020	+0.020	+0.020
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p><i>Values are not cumulative</i></p>			

Income generation	2019/20	2020/21	2021/22
<i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	£m*	£m*	£m*
<p>Increase Public Rights of Way Fees and Charges (Revenue Savings) [6]</p> <p>Additional income to be delivered through the Public Rights of Way Service.</p> <p style="text-align: right;"><i>Impact on Public Rights of Way Service Budget =</i></p>	-0.023	-0.023	-0.023
<p>Investment Portfolio (Revenue Savings) [7]</p> <p>The objective of this proposal is to deliver a long term and sustainable income to the Council through investment in commercial property. The general approach will be to consider the level of investment, risk and potential rate of return prior to considering acquiring the specific investment.</p> <p style="text-align: right;"><i>Impact on Assets Service Budget =</i></p>	-0.250	-0.500	-0.500
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services	2019/20	2020/21	2021/22
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	£m*	£m*	£m*
<p>Cheshire East Reflects (Revenue Savings) [8]</p> <p>The programme of events end in 2018 so no further funding will be required in 2019/20.</p> <p style="text-align: right;"><i>Impact on Cultural Economy Service Budget =</i></p>	-0.050	-0.050	-0.050
<p>Business Rate Growth for Council Facilities (Revenue Investment) [9]</p> <p>Recent additions to the Council's estate to improve facilities for residents have resulted in pressures on budgets. For example, the creation of improved leisure and environmental facilities, the retention of empty buildings and the revaluation of properties for business rates has resulted in higher business rates being payable, are contributing to the budget pressure.</p> <p style="text-align: right;"><i>Impact on Facilities Management Service Budget =</i></p>	+0.090	+0.180	+0.180
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Management of Risks Relating to Land (Revenue Investment) [10] The Council has a number of brownfield sites in its ownership, some of which are former landfill sites or contaminated land from their former uses. The Council currently has robust management arrangements for active sites, but needs to put in place a regime to address non-active sites and to undertake works on certain sites e.g. water treatment, septic tanks. <i>Impact on Assets and Facilities Management Service Budget =</i>	+0.090	+0.010	+0.010
Energy Cost Increases (Revenue Investment) [11] Additional budget requirement as a result of the increased cost of gas and electricity within Council buildings. The full impact of the increase will be mitigated in 2019/20 due to the abolition of the Carbon Reduction Commitment Levy (CRC), which has been replaced by an increase in the Climate Change Levy at lower cost than CRC. <i>Impact on Facilities Management Service Budget =</i>	+0.145	+0.145	+0.145
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Reducing subsidy	2019/20	2020/21	2021/22
<i>Ensure limited resources are redirected to the areas with the most critical need.</i>	£m*	£m*	£m*
<p>Homelessness Reduction Act - new burdens (Revenue Investment) [12]</p> <p>The Minister for Local Government is providing local authorities with new burdens funding following the introduction of the Homelessness Reduction Act. The Homelessness Reduction Act places new statutory duties on Local Authorities.</p> <p>The Homelessness Reduction Act has significantly reformed England's homelessness legislation to ensure that more people get the help they need to prevent them becoming homeless in the first place. It forms part of the Government's end to end approach to tackling homelessness, helping both those at risk of homelessness and those experiencing a crisis. The new burdens funding for the Act sits alongside other funding for homelessness, including the Homelessness Prevention funding and the Flexible Homelessness Support Grant.</p> <p>The funding has been made available for local authorities to meet the new duties contained within the Act.</p> <p style="text-align: right;"><i>Impact on Strategic Housing Service Budget =</i></p>	+0.010	-0.037	-0.037
<p>Community Transport (Revenue Savings) [13]</p> <p>Following the introduction of the revised bus network the Council has continued to look how to deliver its transport related services in the most effective and efficient way. This programme is now looking at a review of the Council's flexible transport Little Bus service. In addition, staff and overhead efficiencies from the Council's wholly owned company, TSS, are being proposed.</p> <p style="text-align: right;"><i>Impact on Client Commissioning - Transport Service Budget =</i></p>	-0.109	-0.200	-0.200
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</p> <p style="text-align: center;">Values are not cumulative</p>			

Outcome 3 – People have the life skills and education they need in order to thrive

What this means:	Children and young people get a good start in life, and are prepared for the world of work. Everyone is equipped to live independent, self-sufficient lives, and to realise their particular talents and abilities.		
What the Council will focus on:	1. Securing the Best Start in Life	2. Highest Achievement for All Learners	3. Inclusion
What this will look like:	Pupils will be school ready and have a firm foundation for a good education at the end of Early Years Foundation stage.	Academic achievement and employability will be outstanding in Cheshire East.	Vulnerable children and young people are supported to achieve their potential and increase aspirations.

Key Priorities

Ensuring that our children and young people get a good start in life, have the education and skills to prepare them for adulthood, fulfilling their career aspirations and providing a highly skilled workforce for the future is a priority for the Council. To achieve this, we need to maintain and continue to further increase the number of education settings from early years to further education which are recognised as good or outstanding.

The 'Parenting Journey', our universal offer of parenting support from pre-birth to starting school, has been established to ensure that all young people get a good start in life. It integrates and joins up our support for families in the early years across education, health and care. We will further improve our targeted offer to our vulnerable 0-2 year old children by ensuring that they have access to targeted speech, language and communication tools to ensure that they have the best possible start. We will continue to out-perform all of our peers to maximise 30 hours of free childcare, ensuring that children get to school ready to learn and thrive.

Having sufficient good or outstanding school places is a priority as this makes Cheshire East a good place to live and learn. The Council has an ambitious plan for the creation of additional school places, both in mainstream and special educational needs settings over the next ten years. Plans for a new 40 place school in Crewe to meet the needs of children with social, emotional and mental health are progressing along with the expansion of places in Alsager, Congleton, Nantwich, Sandbach and Wilmslow, with early discussions taking place in other areas.

We continue to celebrate strong educational outcomes for young people of all ages. However, we recognise the outcomes for some of our more vulnerable children could be better. In 2018 we were successful in attracting funding across Cheshire East to help to improve the outcomes for these children. This project will continue

into 2019 and we will ensure improvements are embedded and learning is shared across all schools and not just those which participated.

The timeliness and quality of education, health and care plans (EHCPs) for children and young people with special educational needs remains a high priority for the Council and its partners, along with the development of an autism strategy and continuation of the development of local provision to meet needs of children and young people locally. We will look to achieve improvement in this area, working jointly with partners and parents and carers in coproduction and delivery.

Safeguarding in our educational settings is strong, but we will continue to build on this by further developing arrangements to support children who are not accessing a full time mainstream education. There will be a targeted support and intervention for families and greater support for education settings will be explored.

We will continue to champion the need for increased funding for education settings in Cheshire East, seeking the continued support of Local MPs. Monitoring the financial stability of our maintained schools will remain a priority. We will develop a clear core offer to all schools (maintained and academies) and provide clarity on the additional offer and support to our maintained schools, with a specific focus of the sustainability of our rural schools, who provide a valuable contribution to the education infrastructure.

We have great success in that 99% of our young people progress in education, employment or training at age 16. We have a number of approaches to supporting the skills of young people across various services and we will look to strengthen the governance and strategic approach to the way these different services work together to develop a skills strategy which contributes to the economic wellbeing of families. We will continue to focus our efforts to support

the most vulnerable pupils to achieve positive destinations into jobs or training when they leave school maintaining existing high performance standards that our learners deserve.

Challenges

- Financial sustainability of education settings, many of which are forecasting increasing deficit budgets over the next three years.
- Improving the timeliness and quality of education, health and care plans through an integrated, child centred approach across partners and services.
- A potential increasing number of children who are not accessing full time education or who have been excluded from school.
- Creating additional school places required as a consequence of housing developments and demographic growth, without destabilising existing schools through expanding other schools too soon.
- To bring together the range of services which provide support to improve the skills of young people and families and develop a strategic approach through improved governance.
- Develop a stronger focus on evidence based support for the families of children and young people most vulnerable to the poorest outcomes.

Opportunities

- Further develop the 'Parenting Journey' so it has maximum impact on giving young children the best start in life.
- Create a locality focus, agreeing specific localities across the borough, to harness shared assets and create virtual teams across sectors to better support joint working with children and families at the centre.
- To build on the strong relationship with all schools through East Cheshire Association of Primary Heads (ECAPH) and Cheshire East Association of Secondary Heads (CEASH) to embed a sustainable sector led approach to education and skills with a focus on the curriculum and transition arrangements.
- Utilise the performance data and intelligence on our schools to provide targeted support for maintained schools at risk of not achieving at least a good Ofsted inspection and provide challenge to academy trusts, where needed, through the Regional Schools Commissioner.
- Work with clusters of maintained schools to develop a clear local authority offer which aligns with development of a potential locality approach to delivery of services creating a team around the school model.
- Embed the learning from the school improvement project to sustain improved education outcomes for our most vulnerable children and young people.

Proposals to vary the Budget under Outcome 3 (Education) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Children and Families Transport (Revenue Savings) [14]</p> <p>Review of transport policies and delivery arrangements to achieve efficiencies. Work with the current school transport provider, Transport Service Solutions, to explore all options to provide a more cost effective solution. Provide support for ongoing management of transport provision and change programme.</p> <p style="text-align: right;"><i>Impact on Education Participation and Pupil Support Service Budget =</i></p>	+0.271	-0.009	-0.289
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Income generation	2019/20	2020/21	2021/22
<i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	£m*	£m*	£m*
Provide Schools Meal Subsidy (Revenue Investment) [15] Expectation of income targets from school meals to be removed due to increased food prices and competition from other providers. <i>Impact on Education Infrastructure and Outcomes Service Budget =</i>	+0.210	+0.210	+0.210
Early Years Team Income (Income Generation) [16] This proposal is to increase the income from selling training, conferences and materials from the Early Years Team both to local early years providers and to other local authorities beyond the basic universal offer. <i>Impact on Preventative Services Service Budget =</i>	-0.020	-0.020	-0.020
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</p>			

Investment in services	2019/20	2020/21	2021/22
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	£m*	£m*	£m*
<p>People Directorate Business Management Service (Revenue Investment) [17]</p> <p>To align the business management and support functions in Children and Adult Services to provide a People Directorate Business Management Service. The team is currently staffed with a number of temporary positions, funded from temporary grant budgets. This funding ends on 31st March 2019. The aim is to establish these posts on a permanent basis from April 2019 and to extend its functions across the People Directorate.</p> <p style="text-align: right;"><i>Impact on People – Children and Families Service Budget =</i></p>	+0.345	+0.345	+0.345
<p>Realignment of Children’s Services funding streams (Revenue Investment) [18]</p> <p>Provide additional funding to help manage pressures mainly within Special Educational Needs Placements.</p> <p style="text-align: right;"><i>Impact on People – Children and Families Service Budget =</i></p>	+0.707	+0.707	+0.707
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services			
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Provide Additional Capacity for Special Educational Needs Service (Revenue Investment) [NEW]</p> <p>In order to meet our statutory requirements it is necessary to ensure there is sufficient resource in the service to meet the increase in demand and address backlogs. We have seen a 25% increase in the number of education, health and care plans over recent years but there has been no increase in capacity in the service. In order to meet the statutory requirement to finalise within 20 weeks of receiving a request there is a need to increase the number of SEND Keyworkers and Educational Psychologists. This will be part of a fundamental restructure of the service which improves efficiency within the process and improves outcomes for children and families.</p> <p style="text-align: right;"><i>Impact on People – Children and Families Service Budget =</i></p>	+0.500	+0.500	+0.500
<p>Extension of Traded Service Opportunities with Schools (Revenue Investment) [19]</p> <p>This business case continues to widen our ability as a Council to shape and influence our trading arrangements with Schools/Educational Institutions. This proposal is to request a small growth item to invest in detailed analysis of current trading arrangements in order to consider future models of delivery and establish savings/efficiencies based upon a structured evaluation of existing trading arrangements.</p> <p style="text-align: right;"><i>Impact on Education Infrastructure and Outcomes Service Budget =</i></p>	+0.040	+0.040	+0.040
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</p> <p style="text-align: center;">Values are not cumulative</p>			

Outcome 4 – Cheshire East is a green and sustainable place

What this means:	Cheshire East’s rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.			
What the Council will focus on:	1. Sustainable Development	2. Waste Management	3. Environment	4. Highways and Parking
What this will look like:	<p>We will deliver the right homes in the right places by unlocking brownfield sites and controlling new development through the planning process to ensure that it will fit within its local setting, help create a better place for residents to live and work in, and protect the areas urban and rural character.</p>	<p>We will promote sustainability through keeping the Borough clean, public engagement in waste reduction and reuse, introducing food waste recycling and disposing of the remaining waste to produce energy, minimising the use of landfill.</p>	<p>Cheshire East Council will continue to protect our countryside and ensure that new development appropriately contributes towards improved facilities needed as a result of increased housing.</p> <p>CEC will ensure that the environmental impact of new development is assessed and appropriate measures implemented to mitigate any harmful impacts.</p> <p>CEC is continuing to develop appropriate strategies and policies to protect our environment.</p>	<p>The Council has procured a new Highway Services Contract in order to improve transport connectivity through a well managed and maintained highway network.</p> <p>We will commence a programme of local transport and parking reviews to gather the evidence necessary for preparation of annual investment programmes and implementation of the Council’s updated Local Transport Plan strategy to support sustainable growth.</p> <p>CEC will ensure that all new development makes provision where appropriate to transport infrastructure that supports public transport, cycling and walking wherever possible.</p>

Key Priorities

The Council is focused on protecting and enhancing Cheshire East's rural and urban character through sensitive development and effective environmental management.

The Local Plan provides an effective strategic planning framework to control development in the Borough. This includes policies aimed at maintaining the quality of housing development in the Borough and we will continue to ensure our planning service has the resources it needs to continue to be effective.

We also understand that the maintenance and management of highways and parking are important issues for local residents and businesses.

We are therefore developing a Local Transport Plan which will promote sustainable transport in the Borough by promoting the use of cycling, walking and public transport. It will also include a comprehensive parking strategy for the Borough which will set the direction for the development of parking provision across the Borough.

We have also procured a new contract for the maintenance of highways which is aimed at reducing cost, improving the quality of service delivery and improving customer satisfaction rates with this important service.

Another important dimension to the way we manage the environment is our approach to waste management. We have a very effective waste management strategy which has enabled the Council to divert almost 100% of our waste away from landfill and has seen a significant increase in our recycling and reuse rates. We will continue to improve our waste management arrangements to ensure they are as efficient as possible whilst delivering the maximum level of benefit to the environment.

Challenges

- We have one of the busiest planning departments in the country and have significant numbers of complex applications to deal with. We therefore need to ensure we continue to get the balance between controlling development and providing a good level of customer service to applicants and residents.
- Whilst we have invested significantly in the highway network to protect this important asset, poor weather events will lead to the need to undertake further repairs on the highway.

Opportunities

- The local transport plan will create a framework to enable us to put further measures in to promote cycling, walking and the use of public transport.
- A fundamental review of parking in the Borough will enable us to set tariffs in a way which will support our economy and to promote alternative forms of transport.
- We will prioritise funding to enhance the quality and promote the accessibility to our countryside and open spaces in the Borough.

Proposals to vary the Budget under Outcome 4 (Environment) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Markets Income (Revenue Income Foregone) [20]</p> <p>Our markets are undergoing significant change and investment and as a result of this the income target in the coming years needs to be changed to reflect this. The budget will need to be reset to reflect the transition of Crewe Markets to a new operating model. This proposal captures the necessary budget adjustments.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	+0.087	+0.057	+0.042
<p>Street Lighting improvements (Revenue Savings) [21]</p> <p>Following approval to fund a three year programme (2016/17, 2017/18 and 2018/19) of LED street light conversions, this project will allow for a reduction in the reactive revenue maintenance budget due to reduced maintenance requirements and extended life guarantees on the lanterns.</p> <p style="text-align: right;"><i>Impact on Highways Service Budget =</i></p>	-0.050	-0.050	-0.050
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Highways Procurement (Revenue Savings) [22] The Council has now completed the procurement of a new highway contract and therefore the budget that has been established to support the procurement project can now be removed. <p style="text-align: right;"><i>Impact on Highways Service Budget =</i></p>	-0.100	-0.100	-0.100
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i></p>			

Income generation	2019/20	2020/21	2021/22
<i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	£m*	£m*	£m*
<p>Parking Strategy – Pay and Display Machines – maintenance saving (Revenue Investment) [23]</p> <p>This proposal is for a revised level of revenue maintenance funding for the Borough's new pay and display machines. This is lower than the previous maintenance costs following the investment in new machines.</p> <p style="text-align: right;"><i>Impact on Car Parking Service Budget =</i></p>	+0.041	+0.041	+0.041
<p>LTP Parking Studies (Revenue Saving made in 2018/19) [24]</p> <p>The Council will undertake local transport studies and town-based parking reviews to gather the evidence necessary for preparation of a parking strategy. Income is expected in 2019/20 from studies carried out in 2018/19, but this has already been captured in the 2018/19 base budget. Income in subsequent years depends on the availability of one off funding.</p> <p style="text-align: right;"><i>Impact on Car Parking Service Budget =</i></p>	0.000	0.000	0.000
<p>Bereavement Services Increased Income (Income Generation) [25]</p> <p>Increase to the income level anticipated to reflect the current levels of service demand since the completion of the improvement to the Crematorium at Crewe.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	-0.045	-0.045	-0.045
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services			
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Lead Local Authority Flood Grant Funding (Revenue Funding) [26]</p> <p>The Council as the Lead Local Flood Authority contributes an annual sum to the Regional Flood and Coastal Committee. This money is then available as a source of funding in addition to allowing access to wider Flood Defence Grant in Aid funds.</p> <p style="text-align: right;"><i>Impact on Highways Service Budget =</i></p>	+0.001	+0.001	+0.001
<p>Planning Reserve (Revenue from use of Reserve) [27]</p> <p>Whilst we have adopted the Cheshire East Council Local Plan there is an ongoing work stream relating to other strategic planning documents that need to be prepared. There is a residual amount in the 2016/17 reserve which will be used to cover these additional costs for 2017/18, 2018/19 and 2019/20.</p> <p style="text-align: right;"><i>Impact on Spatial Planning Service Budget =</i></p>	-0.800	-1.000	-1.000
<p>Environmental Services Base Budget (Revenue Investment) [28]</p> <p>Substantial savings to the Environmental Services budget have been achieved by the Council since Ansa Environmental Services Ltd commenced in 2014/15. The base budget now needs to be rebased to reflect actual savings achieved and to ensure the Council meets its statutory requirements.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	+0.324	+0.309	+0.309
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Managing waste	2019/20	2020/21	2021/22
<i>Reviewing our current Waste offer to ensure value for money is achieved</i>	£m*	£m*	£m*
<p>Ansa income generation and efficiencies (Revenue Savings) [29]</p> <p>Income generation through Ansa Environmental Services commercial approach to service delivery, benefit to the commissioner from Ansa's subsidiary joint venture (with two neighbouring authorities) and further efficiency savings based on a route and rota review.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	+0.045	-0.580	-0.580
<p>Housing Growth, Waste Contract Inflation and Tonnage Growth (Revenue Investment) [30]</p> <p>Housing growth to date and future projections will see a corresponding increase in collection costs and recycling and waste. In addition annual contract inflation and a rise in the quantity of waste per household is increasing waste handling and disposal costs.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	+0.403	+0.753	+1.103
<p>Food Waste Recycling (Composting Plant) (Revenue Investment) [31]</p> <p>This project enables the development of a composting plant to allow food waste recycling in 2019. Household food waste recycling is a key aim of the Council's Municipal Waste Strategy. The Council is seeking to expand its recycling service by enabling household food waste to be recycled within the garden waste bin. To achieve this a new green waste processing solution is required through the construction of a composting plant.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>	+0.220	+0.150	+0.150
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Managing waste	2019/20	2020/21	2021/22
<i>Reviewing our current Waste offer to ensure value for money is achieved.</i>	£m*	£m*	£m*
<p>Household waste recycling centre efficiencies (Reversal of Revenue Savings) [32]</p> <p>The improvements and efficiencies to the Household Waste Recycling Centre service, have delivered savings through reducing opening hours, charging for rubble waste, the acceptance of trade waste and the closure of a site. A capital investment programme improving our sites is underway related to this savings package. The revenue budget now needs to be rebased to reflect actual savings achieved.</p> <p>However, as part of the Council's Municipal Waste Strategy 2030, an independent review of household waste recycling centre provision was carried out in 2016. Significant savings were identified and achieved and the next phase of these changes are being proposed for 2020 onwards.</p> <p style="text-align: right;"><i>Impact on Environmental (incl. Bereavement) Service Budget =</i></p>			
	+0.347	+0.247	+0.247
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Outcome 5 – People live well and for longer

<p>What this means:</p>	<p>Local people have healthy lifestyles and access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental wellbeing.</p>			
<p>What the Council will focus on:</p>	<p>1. Empowering people to live independent, healthier and more fulfilled lives</p>	<p>2. Information, Advice and Guidance, Prevention and Early Intervention</p>	<p>3. Accessible high quality services, Information & Advice</p>	<p>4. Public Protection, Health Protection and Safeguarding</p>
<p>What this will look like:</p>	<p>Our residents are supported to live independently with a high quality of life.</p> <p>Our residents take responsibility for their own health and well-being. They have a positive experience in all interactions with the health and care system.</p>	<p>The Council commissions and delivers proactive services which help to support physical and mental wellbeing.</p> <p>Facilitating the identification, at an early stage, of individuals who can benefit from preventative services and interventions which help improve physical and mental health and wellbeing.</p>	<p>Residents and customers find it easy to access local services and get the information they need.</p> <p>Our residents have choice when accessing our high quality services. Our residents achieve excellent outcomes through engagement with our local services.</p>	<p>There are strong, multi-agency arrangements in place to ensure residents are safeguarded and protected.</p>

Key Priorities

Introduction

The Council has experienced a significant increase in the number of children entering care in Cheshire East. Whilst this rise is reflected locally and nationally, it continues to put pressure on budgets within Children's Social Care, both in terms of placement and staffing costs. A number of measures were put in place in 2017/18 and these have started to impact; children in care numbers have started to stabilise. A growth bid for social care in 2018/19 forms part of these proposals.

Increasing pressures on the budget have led to a number of service reviews and changes in commissioned services. The focus of these has been to maintain frontline capacity and target our resources more effectively on those services that make an impact. The Council has continued to invest in the intensive child in need service, to prevent the escalation of children's needs, previously known as Project Crewe. We are reshaping the market to meet the change in demand and refocus our early help offer.

We are increasingly working on a sub-regional footprint. In July this year Cheshire East, in partnership with Manchester, Salford, Trafford and Stockport Councils, celebrated the first birthday of its regional adoption agency. The service, called 'Adoption Counts', has been formed to ensure that children can be adopted sooner by speeding up the adoption process and providing a better range of post-adoption services. In April this year the Council, in partnership with Cheshire West and Chester, Warrington and Halton Councils launched its shared fostering marketing and recruitment hub. This collaboration recently welcomed its 100th enquiry to foster and it is anticipated that this will lead to an increase in local foster carers. The collaboration is already sharing foster carers and has ambitions to be a market leading shared fostering service.

Work is well underway to establish new safeguarding children partnership arrangements, both at a pan-Cheshire level and, importantly, locally. These changes are being created by the Children and Social Work Act, 2017 and will replace the current Local Safeguarding Children's Boards (LSCBs).

Significant work has taken place over the past year to commence the implementation of Signs of Safety (SoS) as a new way of working with families across Cheshire East. This has included over 500 practitioners and managers from across the partnership being trained in the model. Working closely with North Yorkshire County Council (who were recently rated by Ofsted as Outstanding) as part of the DfE Partners in Practice (PiP) Programme, Cheshire East has benefitted from the advice and guidance from an authority that is successfully using the model to achieve positive results for children, young people and staff. Staff have participated from the outset to help to shape and prepare for Signs of Safety within their services, embracing change. We believe that this is already starting to change the culture across the service and partnership; recruitment and retention of social care staff has significantly improved over the past year. Embedding this model across all areas of our work with children, young people and families is a priority for 2018/19 and beyond.

During 2017 feasibility work has been underway around developing a locality model of working for frontline children's services. This has looked at a range of factors to determine whether it would be more effective and improve services for children, young people and their families based on a number of geographical areas across the borough.

Improving the outcomes for our cared for children and care leavers continues to be a priority. Improving their experiences around

education, health and care services is a priority and a new Corporate Parenting Strategy will be launched later this year. The strategy will set out the 'pledges' made by all corporate parents to our cared for children and care leavers. The Council will shortly also publish its 'local offer' to care leavers, setting out the services they can expect to access.

Absolutely paramount is the ability to ensure we protect both our vulnerable adults and children. Through working with our partners, we continue to focus on issues such as domestic abuse, child exploitation and adult abuse. To ensure we continue to tackle these important issues, we are increasingly working across agencies and partnerships such as Cheshire Fire and Rescue, Police and Crime Commissioner for Cheshire, NHS and housing associations to ensure we take a holistic approach.

We have worked over recent years to shift to Adult Social Care and Health services that reflect the outcomes and aspirations of people using those services. Our ambition is to develop flexible, personalised services that enable people to maintain their independence and, where possible, remain living in their own home.

In line with the Care Act 2014, we will focus on the wellbeing of individuals, supporting choice by giving people the opportunity to have a direct payment and develop their own bespoke package of support. We will stimulate the development of an active and vibrant care market both in the independent sector but also across the voluntary, community and faith sectors.

The recommissioning of Care at Home services (Domiciliary Care), and Accommodation with Care services (Nursing and Residential Care) in Cheshire East has been led by the Council with our health partners. Joint commissioning with our health partners has enabled the Council to develop our local model and will increase opportunities including step up, step down and discharge to assess beds. The recommissioning of Care at Home and Accommodation with Care is underpinned by Care Market Development activities, as

we continue to develop the care market in Cheshire East. We are also currently reviewing our Extra Care provision with a long term ambition to re-design and grow our local model for Extra Care. Additional priority areas for Adults and Older People commissioning will include: Assistive Technology, Community Equipment Services, Advocacy and Direct Payments Support services.

We are committed to developing the Care Provider Market in Cheshire East to improve services and outcomes for adults with complex needs. This includes individuals with Learning Disabilities, Physical Disabilities, Mental Health and Autism, through the development of our Complex Needs Dynamic Purchasing System, which providers bid to be part of, and which enables the Council to commission services which meet the local needs and outcomes of individuals. The Complex Needs Dynamic Purchasing System has been for Young People and Adults aged 16 years plus which will also support transition from Young Peoples to Adult services. This will be supported through the development of three local strategies Learning Disabilities, Mental Health and Autism, which have been developed across the Local Authority and Health partners.

Our commitment to supporting carers who provide care and support to their families in our community continues to grow through the Cheshire East Carers Hub which was commissioned by the Council in partnership with Health. The Carers Hub was commissioned in April this year as a single point of contact for Carers of all ages (Young Carers, Working Age Carers, Parent carers and Older carers), which includes the Information and Advices, the Carers Living Well Fund, Group Support, Training and a 24 hour chat line which is peer led. During the first 3 months the Carers Hub identified over 300 hidden carers across Cheshire East. We are also in the process of re-designing our Respite Care offer, to include a more flexible bed based and community based offer, in response to what carers have told us to include.

The Public Health Team will continue to provide the evidence and data that informs commissioners as to where they need to focus

their efforts to deliver the best outcomes to improve resident's health and wellbeing. There will also be a concerted effort to embed early intervention and prevention in everything that we do across health and the local authority, recognising that empowering individuals to improve their health and wellbeing will be beneficial to both the individual, but also the system as it will, in time, reduce demand. The recommissioning of Public Health Services will ensure effective delivery in the most efficient way.

Our priorities for Public Health commissioning over the next year include: The mobilisation of the new Substance Misuse Services which went live on the 1st November; and recommissioning Sexual Health Services, Lifestyle Services (One You), Children and Young People Early Help Mental Health services (including Emotional Health Schools), Infection Prevention and Control services, and our Healthy Child Programme.

Our Communities Team will focus on the continued implementation of the Connected Communities Strategy, supporting communities to help themselves and creating a sustainable community infrastructure that will help individuals and families to live well.

Following feedback from local organisations, we will aim to build relationships, and to support the development of a thriving Voluntary Community and Faith Sector in Cheshire East through the coproduction of a local strategy. This will be supported through the recently commissioned Early Help Framework, which currently has 56 Providers contracted to respond to bid for Early Intervention and Prevention services, for example Befriending services, and Sensory Impairment services which are currently being commissioned via the Framework.

Proposed changes within Health will inevitably have a significant impact on social care both in children's and adults, but the full impact of these are not yet known. We remain committed to working with our NHS colleagues locally and sub-regionally.

Challenges

- Continuing to manage the increase in numbers of children and young people in care and affordability of residential and external placements.
- Managing the market to ensure that there is a range of services, care and support available to support cared for children and young people in their local area, many of whom have complex needs, including working sub-regionally to broaden the range and effectiveness of our services.
- Strengthening partnerships to deliver integrated, value for money services that ensure the voice of children and young people and better meet their needs.
- Managing young people in transition to adulthood, in particular those with a complex disability who will be transitioning to adult social care during the next three years.
- Meeting the needs of our aging population; by 2027 the number of people in the Borough aged 65+ is estimated to rise to over 127,000 and those aged 85+ estimated to have increased to 18,800.
- Managing the needs of adults with dementia, which has a higher prevalence in Cheshire East than the England average (4.47% of the population aged 65+ are recorded as having dementia).
- Supporting our 'unpaid carers' to have breaks but also to maintain their caring roles.
- Addressing the health and wellbeing, especially mental wellbeing, of our population to ensure they can live full and independent lives.

Opportunities

- Continue to work to embed Signs of Safety as a way of working in Cheshire East to make our services more inclusive to support families to develop their own solutions leading to sustainable outcomes and more child-focused, putting the needs of children and young people first.
- Maximise sub-regional arrangements to improve collaborations, streamline and enhance good practice across all partnerships.
- Commission new children's care hubs, where children and young people's needs can be better met by integrating fostering and residential care more closely so they achieve greater stability of care.
- Implement a locality working model to better support joint working with children and families at the centre.
- In the forthcoming Green Paper on Adult Social Care the Government has indicated that the Green Paper will cover: a sustainable social care system; how people pay for social care including a cap on lifetime social care bills; care market stability and development; and also the integration of health and social care.
- The commissioning of Early Intervention and Prevention services via the Early Help Framework.
- Ensuring a strategic approach to digital innovation, for example through the work to introduce the Personal Care Record, enhancing the Live Well online directory and the Digital Inclusion Strategy.
- Continued roll out of Connected Communities Centres to deliver the right services in the right places at the right time.
- Working with NHS colleagues to further develop joint commissioning for outcomes.
- Develop new ways of working where the service user is in charge of their journey to remain in their own home and they are connected to their communities.

Proposals to vary the Budget under Outcome 5 (Health) are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Independent Living Fund - Attrition Factor Reductions (Revenue Savings) [33] Cheshire East Council receives annual funding from central Government to support individuals previously in receipt of funding from the Independent Living Fund which closed in June 2015. Funding available to the Council reduces annually and although the Council has ring-fenced the money to Adult Social Care the demand for ongoing care and support continues. <i>Impact on External Care Costs Service Budget =</i>	-0.027	-0.027	-0.027
Client Finance and Business Support Review (Revenue Savings) [34] Review of the adult social care client finance and business support function to ensure reduced bureaucracy and prevent duplication across services and review the structure to ensure maximum effectiveness and productivity. This is interdependent with the people directorate management service business case. <i>Impact on Operations – Support to Social Work Service Budget =</i>	-0.100	-0.100	-0.100
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Direct Payments Review (Revenue Savings) [35]</p> <p>Review of direct payment policy and process to ensure that it is up to date, efficient and meets legal requirements.</p> <p style="text-align: right;"><i>Impact on Commissioning – External Care Costs Service Budget =</i></p>	-0.500	-0.500	-0.500
<p>One You Cheshire East (Revenue Savings) [36]</p> <p>Cheshire East Council commissions an integrated lifestyle service for members of the population aiming to improve their long term health through smoking cessation, physical activity, healthy eating, weight management and falls based interventions. This service is currently delivered by a number of providers. The Council will look to reduce the management costs whilst maintaining frontline delivery.</p> <p style="text-align: right;"><i>Impact on Public Health Service Budget =</i></p>	-0.050	-0.100	-0.100
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Community Equipment Service (Revenue Savings) [37] <p>The Community Equipment service is currently commissioned by Cheshire East Council, Eastern Cheshire and South Cheshire Clinical Commissioning Groups. The service aims to improve and maintain a person's health and wellbeing through increased independence, choice, control and quality of life of the individual with the provision of equipment. A review is being undertaken of the Community Equipment service to ensure that it is the most efficient and effective service for the residents of Cheshire East, the outcome of which will inform future commissioning intentions.</p> <p style="text-align: right;"><i>Impact on Commissioning - Other Service Budget =</i></p>	-0.050	-0.100	-0.100
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i></p>			

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Review and reduction of contract values (Children's Services) (Revenue Savings) [38] Across the children's services (social care, education and early intervention) there are a significant amount of external contracts worth circa £21m. A systematic review of all contracts will be undertaken and a negotiation will take place with the providers to ensure outcomes for children and young people remain person focused. <i>Impact on People – Children and Families Service Budget =</i>	-0.500	-0.500	-0.500
Healthwatch Cheshire East (Revenue Savings) [39] The primary purpose of the Healthwatch service is to act as an independent champion and voice for residents in order to help monitor and shape local health and social care services. This is achieved by actively gathering the opinions and experiences of local people in using these services and producing valuable and timely feedback for the NHS and local authority. Negotiations have been initiated between the partnership & the provider to propose 10% reduction to the value of the overall contract. <i>Impact on People – Commissioning Early Intervention & Prevention Budget =</i>	-0.015	-0.015	-0.015
<p style="text-align: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</p>			

Income generation	2019/20	2020/21	2021/22
<i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	£m*	£m*	£m*
<p>Increase Income (Income Generation) [40]</p> <p>The proposal is to conduct a review of individuals who have historically been assessed with a low or no financial contribution towards their care and support services, to support these individuals to access their full welfare benefit entitlement, address any changes in individual circumstances and to ensure consistent application of the Council's charging policies.</p> <p style="text-align: right;"><i>Impact on Client Contributions Service Budget =</i></p>	-0.100	-0.100	-0.100
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services			
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Growth in Demand for Adult Social Care (Revenue Investment) [41]</p> <p>The Adults Social Care budget both here in Cheshire East, and across the country, remains under pressure as a result of a number of factors. These include young people transitioning into adulthood, care fee levels paid to external care providers, the rising demand generally and our older population requiring much more complex care. To ensure the Council is well placed to meet this demand it will invest in services that will deliver high quality support to our most vulnerable residents.</p> <p style="text-align: right;"><i>Impact on External Care Costs Service Budget =</i></p>	+3.500	+8.500	+8.500
<p>New Adult Social Care Winter pressures (Revenue Investment) [NEW]</p> <p>This additional funding is for councils to help alleviate the pressures on Social Care and the NHS through the winter months, ensuring that people can avoid hospital or leave hospital when they are ready into a setting that best meets their needs. This will support the NHS to free up capacity over winter. Cheshire East Council will agree, in consultation with NHS colleagues, the most effective way to spend the money to achieve the purposes of the grant, including tackling delayed discharges of care, based on the challenges faced in the local health and care system, including local market conditions and preventing admissions. This funding is to be reported within the Better Care Fund.</p> <p style="text-align: right;"><i>Impact on External Care Costs Service Budget =</i></p> <p style="text-align: right;"><i>Additional Ringfenced Grant Funding =</i></p>	+1.451 -1.451	0.000 0.000	0.000 0.000

Investment in services <i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Independent Reviewing Officer (IRO) Service (Revenue Investment) [NEW] There is a significant increase on the demands on the Independent Review Officer (IRO) service to meet their statutory responsibilities as a result of a 33% increase in the number of children who are cared for. This additional funding secures a temporary post and an additional post to ensure that expectations are met without compromise to children and young people in our care. <p style="text-align: right;"><i>Impact on Children's Social Care Budget =</i></p>	+0.126	+0.126	+0.126
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i></p>			

Looking after young children <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Growth Bid Cared for Children and Care Leavers (Revenue Investment) [42] <p>There has been a 17% increase in the numbers of cared for children in Cheshire East over the last year, which is a situation being experienced elsewhere, both regionally and nationally. Although we are still below national and local comparators, admissions to care have continued to exceed the number of discharges and the complexity of needs of individuals are increasing due to improved assessments and effective prevention arrangements. This increase in numbers and complexity has resulted in the need for additional placement purchases, including high cost placements, and additional staffing to support children, young people and care leavers.</p> <p><i>Impact on Commissioning – Social Care – Cared for Children Service Budget =</i></p>	+0.700	+1.200	+1.200
Extension of the Fact22 model (Revenue Investment) [43] <p>Additional investment to provide an intensive support offer for families who have experienced repeat care proceedings and/or who have children in need, where alcohol and substance misuse is negatively impacting upon their ability to care safely for their children.</p> <p><i>Impact on Children in Need and Child Protection Service Budget =</i></p>	+0.300	+0.300	+0.300
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p><i>Values are not cumulative</i></p>			

Looking after young children <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
0-19 Healthy Child Programme (Revenue Savings) [44] <p>The 0-19 Healthy Child Programme is a universal programme available to all children and young people. The programme aims to ensure that every child gets the good start they need to lay the foundations of a healthy life. The programme recognises the importance of building on the support in the early years and sustaining this across the life course for school-aged children and young people to improve outcomes and reduce inequalities through universal provision and targeted support. Recommissioning will look to reduce management costs and maintain current frontline provision.</p> <p style="text-align: right;"><i>Impact on Public Health Service Budget =</i></p>	No change	-0.150	-0.150
Review of allowances for children previously cared for (Revenue Savings) [45] <p>To review the existing policies for the financial support provided to Special Guardians, Adopters and those with Child Arrangement/Residence Orders. Review and re-assess suitability for existing arrangements, how these compare to other similar authorities and consider implementing a new policy for any future financial arrangements.</p> <p style="text-align: right;"><i>Impact on Cared for Children and Care Leavers Service Budget =</i></p>	-0.075	-0.150	-0.300
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Looking after young children <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Funding of Social Workers (Revenue Investment) [NEW] To permanently fund nine social workers within the Children’s Social Care Service to ensure caseloads remain appropriate and manageable. This is in keeping with the Council’s commitment as Corporate Parents. <i>Impact on Children’s Social Care Service Budget =</i>	+0.400	+0.400	+0.400
<i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i>			

Reducing subsidy	2019/20	2020/21	2021/22
<i>Ensure limited resources are redirected to the areas with the most critical need.</i>	£m*	£m*	£m*
<p>Reducing the Cost of Leisure Services (Revenue Savings) [46]</p> <p>The Operating Agreement between the Council and Everybody Sport & Recreation requires a minimum of a 3% cash reduction of the annual management fee based on the previous year's agreed figure.</p> <p>The current management fee investment to Everybody Sport & Recreation allows the Trust to operate a concessionary "leisure card" scheme. The current options scheme gives 40% off the full adult peak rate for a range of leisure centre activities. The proposal is to retain the scheme but reduce this 40% to 30% across all categories.</p> <p>Due to increased demand for car park refunds at Everybody leisure facilities in Crewe and Nantwich, there is a need to increase the budget by a further £25,000 to meet this additional usage. This reflects the actual costs for 2017/18, and those projected on current year usage which is anticipated to continue through to the 2019/20 financial year. Discussions will continue with the leisure trust to see if this increase can be addressed as part of the annual management fee setting process.</p> <p style="text-align: right;"><i>Impact on Leisure Service Budget =</i></p>	-0.086	-0.125	-0.163
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Reducing subsidy	2019/20	2020/21	2021/22
<i>Ensure limited resources are redirected to the areas with the most critical need.</i>	£m*	£m*	£m*
Allocated Adult Social Care Grants (Revenue Investment) [47]			
Increase to the Adults service budget in line with the additional grant income for the Local Community Voices, Social Care in Prisons and War Pensions Disregard grants.			
<i>Impact on Care Costs, Client Income and Healthwatch Service Budget =</i>	+0.065	+0.065	+0.065
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Outcome 6 – A responsible, effective and efficient organisation

What this means:	The Council serves the people of Cheshire East through: ensuring quality and best value for local people, striving to get it right first time, and acting with integrity, being open, honest and accountable and delivering on our promises				
What the Council will focus on:	1. Best Use of Assets	2. Effective Processes	3. Engaging Our Staff	4. Enhance Leadership and Governance	5. Strong Financial Management
What this will look like:	Property, Plant, Equipment and Information assets will be appropriate and add value to service delivery.	Strong Governance and appropriate internal controls will be in place.	Staff will be engaged and their welfare and development will be managed well.	External and internal assessment will show how the Council is performing.	Financial control will be effective. Budgets will be well prepared. Financial information will be accurate and appropriate.

Strategic Overview

This outcome requires all departments to maintain compliance whilst increasing productivity through the better use of systems, automated processes and challenging the value for money of all initiatives.

Services most associated with supporting the achievement of Outcome 6, such as Legal, Accountancy, HR and ICT work alongside all Council Directorates and the Group of Cheshire East companies. They are responsible for providing professional expertise and technology that enable front-line services to operate effectively. These services have a vital role in ensuring compliance with the law and local constitutional requirements and supporting elected Members and senior officers when making decisions that are transparent and accountable.

Achievements within Outcome 6 is measured by such things as promoting local democracy; unqualified 'true and fair' opinions from the external auditors; the level of income collection; how the costs of support compare with national comparisons; and achieving the best rate of returns on investments.

During 2019/20 the Council will continue the council-wide Working for a Brighter Future Together Programme.

The Council is also undertaking a review of all the Council's buildings and IT systems, our customer management systems, our commissioning and procurement arrangements and our current framework for taking the commercialisation agenda forward.

A baseline review will also support the development of savings opportunities relating to this programme.

The proposals contained within this section are achievable, but in some cases will also depend on changing behaviours staff and moving arrangements to modern self-service options.

Proposals to vary the Budget under Outcome 6 Services are focused on these areas:

Changing the way we work <i>Managing services in a way that gets more for less. Investing in modern technology to get better quality outputs, eliminating duplication and streamlining processes.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Reduce costs of core processes (Revenue Savings) [48]</p> <p>The implementation of a new Enterprise Resource Platform solution across Transactional Finance / Human Resources, and the associated business process transformation will result in streamlined processes and efficiency savings in future years.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p>	-0.250	-0.250	-0.250
<p>Delivery of the Equality, Diversity and Inclusion Strategy (Revenue Investment) [49]</p> <p>The Council has made significant progress in its implementation of the Equality and Diversity Strategy. A dedicated budget is required to support the ongoing delivery of priority initiatives and training programmes defined in the annual work programme.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	+0.020	+0.020	+0.020
<p>Reversal of Admin Review Efficiencies (Reversal of Revenue Savings) [NEW]</p> <p>In the last year the Council has been proactive in reducing the level of business administration support. Individual initiatives, including MARS and restructuring of teams, have impacted on the level of further savings that can be achieved by the business admin review. As such it is expected that £0.2m of these savings will not be achieved.</p> <p style="text-align: right;"><i>Impact on Corporate Directorate Service Budget =</i></p>	+0.200	+0.200	+0.200
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
ASDV Pension Contribution (Revenue Savings) [50] Management Fees to Council Alternative Service Delivery Vehicles (ASDVs) should be reduced to reflect a reduction in Employer pension contributions. This aligns with the reduction in Local Government Pension Scheme (LGPS) current service contribution rates in the last triennial valuation. Management fees have not previously been adjusted for this matter, in anticipation of the potential impacts of introducing an alternative pension scheme. As the introduction of an alternative pension scheme has been postponed, pending consideration as part of the ASDV Review, it is therefore proposed to reduce operational management fees, to reflect the current lower costs of making pension contributions. The proposal has no impact on service levels or the overall funding of the pension scheme. The proposal will be effected by abating the Corporate allocation for pay/pensions changes for 2018/19. <p style="text-align: right;"><i>Impact on Central Service Budget =</i></p>	-0.152	-0.152	-0.152
<p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</i></p>			

Income generation <i>Charging strategies for each service area to increase income where appropriate based on market rates and considering the price elasticity of demand for services.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Legal Services Income (Revenue Savings) [51]</p> <p>To further increase the department's income generation from third parties in relation to planning related work.</p> <p style="text-align: right;"><i>Impact on Legal Service Budget =</i></p>	-0.030	-0.030	-0.030
<p>Registrations Income (Revenue Savings) [52]</p> <p>The proposed growth in Registration Income is a reasonable and proportionate increase in various fees which apply to the team which administer marriages and other civil ceremonies. Given the extensive scale of the Registration Service business, the achievement of this proposed growth is felt to be achievable.</p> <p style="text-align: right;"><i>Impact on Registrations Service Budget =</i></p>	-0.075	-0.075	-0.075
<p>Income from the recovery of local taxation (Revenue Income Foregone) [53]</p> <p>The budget for income (cost recovery) from the issue of court summonses has been reviewed to reflect the trend of reducing arrears cases, as more tax payers are paying on time, and subsequent reduction in legal action.</p> <p style="text-align: right;"><i>Impact on Revenues Service Budget =</i></p>	+0.050	+0.050	+0.050
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</p>			

Investment in services			
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Corporate Services Restructure (Revenue Investment) [54]</p> <p>The Corporate Directorate is undergoing a review and restructure which will require an increase in its staffing budget to support and enhance both new and existing teams. Some costs within this service area relate to one-off projects, both Capital and Revenue. The overall funding for one-off projects will be reviewed, but in the meantime, growth in this budget will be matched by a draw down of reserves.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p>	+0.280	+0.280	+0.280
<p>Growth in Legal services (Revenue Investment) [55]</p> <p>To address a number of long-standing unfunded establishment posts. It also provides additional capacity to meet demand in child and adult social care and education, as well as building resilience across the service which will reduce dependency on more costly external legal support and enable income generation. Some costs within this service area relate to one-off projects, both Capital and Revenue. The overall funding for one-off projects will be reviewed, but in the meantime, growth in this budget will be matched by a draw down of reserves.</p> <p style="text-align: right;"><i>Impact on Legal Service Budget =</i></p>	+0.250	+0.250	+0.250
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services			
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Growth in HR services (Revenue Investment) [56]</p> <p>Human Resources is undergoing a review and restructure to ensure the appropriate support and capacity is available to services across the Council as we embark upon a number of wide-ranging restructures of services and embark on the Whole Organisation Transformation Programme proposals. This will require a permanent increase for its staffing budget to support and enhance both new and existing teams. Some costs within this service area relate to one-off projects, both Capital and Revenue. The overall funding for one-off projects will be reviewed, but in the meantime, growth in this budget will be matched by a draw down of reserves.</p> <p style="text-align: right;"><i>Impact on HR Service Budget =</i></p>	+0.175	+0.175	+0.175
<p>Local Election Costs 2019 (Revenue Investment) [57]</p> <p>All-out Borough, Town and Parish Council elections will take place on 2nd May 2019 funded by Cheshire East Council. No European or Central Government election or referendum are scheduled to take place on the same day, as has happened in previous years, so costs cannot be shared. To ensure there are sufficient funds in the 2019/20 financial year, the Council will require an additional sum for the Electoral Services budget in the region of up to £450,000. This expenditure relates to a single event and is therefore matched by a draw down of reserves.</p> <p style="text-align: right;"><i>Impact on Elections Service Budget =</i></p>	+0.450	0.000	0.000
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Investment in services	2019/20	2020/21	2021/22
<i>Investment will be put into systems that support key services and into other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i>	£m*	£m*	£m*
<p>Community Governance Review (Revenue Investment) [NEW]</p> <p>The September meeting of the Constitution Committee considered a report on a proposed Community Governance Review (CGR) of town and parish council (T&PC) governance arrangements in the Borough. The review will focus on boundaries, parish size and membership, grouping of parishes, etc. There are 186 T&PC wards which are the subject of the CGR: a major undertaking. Whilst much of this work will take place in the 2019/20 year, some work has already begun, and some costs incurred. Funding is required in order to ensure that this major piece of work can be effectively undertaken.</p> <p style="text-align: right;"><i>Impact on Elections Service Budget =</i></p>			
	+0.037	+0.037	+0.037
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Reducing subsidy	2019/20	2020/21	2021/22
<i>Ensure limited resources are redirected to the areas with the most critical need.</i>	£m*	£m*	£m*
<p>Insurance Contributions (Revenue Savings) [58]</p> <p>The Council is entering in to new contractual arrangements that will allow a reduction in the total cost of administering highways insurance claims. Claims will be handled and paid by the Highways Service provider, unless the claim relates to defects in the Council's policies. This approach will support a reduction in the cost of administration, premiums and claims.</p> <p style="text-align: right;"><i>Impact on Insurance Service Budget =</i></p>	-0.100	-0.100	-0.100
<p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p>			

Section 2 - Financial Stability

Introduction

1. Unprecedented funding pressures and demand for key services is pushing councils to the limit. Councils have played a vital role in supporting local economies and communities through a difficult few years. Local government has sustained disproportionately large reductions in Government funding over this decade, in comparison to the rest of the public sector.
2. Local residents and businesses contribute to sustainable Council services through local taxation, contributions and charges; and Central Government provides grant funding mainly from national taxation. The Council manages these resources to achieve maximum efficiency and diverts as much funding as possible to front line services.
3. The Government's Autumn Statement for 2018 confirmed the previously announced spending period funding available for Local Government with the addition of some extra support for Adults and Children's Social Care for 2019/20 to help combat the increasing demands in these key service areas.

The key areas being covered in this section include:

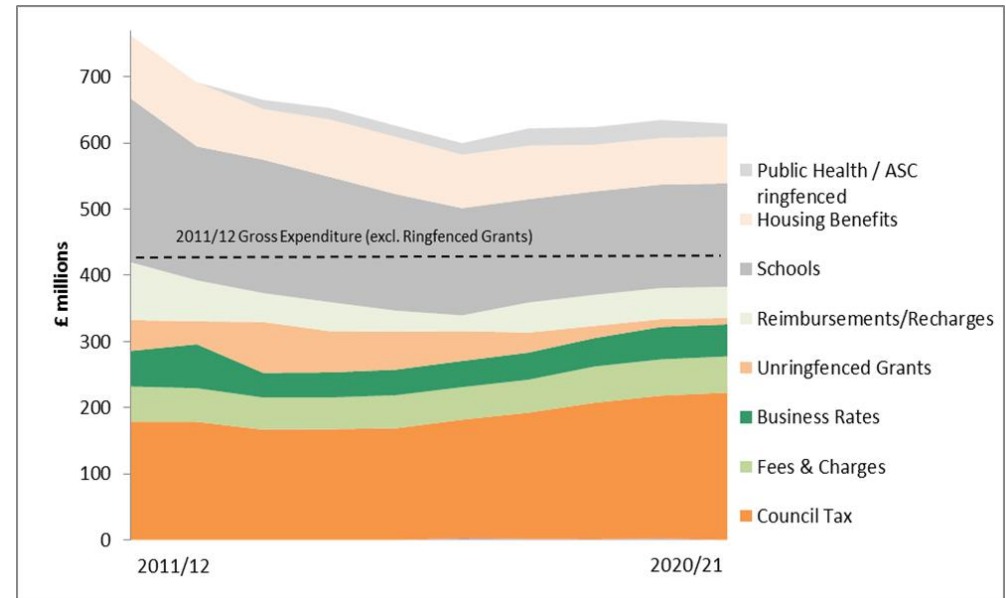
Source of Funding	Paragraphs
Balance of National vs Local Funding	4 to 11
Government Grant Funding of Local Expenditure	12 to 48
Collecting Local Taxes for Local Expenditure	49 to 85
Charges to Local Service Users	86 to 89
Income and expenditure are also influenced by decisions and estimates of the Council in relation to:	
Investment, Borrowing and the Capital Programme	90 to 109
Other Economic Factors	110 to 113
Managing the Reserves Position	114 to 115

Balance of National vs Local Funding

4. Cheshire East Council is becoming more reliant on local funding and less reliant on Central Government grant. The Provisional Local Government Settlement 2016/17 provided a shift in approach, where Government used potential Council Tax income to determine levels of Local Authority spending. This is highlighted by the fact that funding for Council services from Council Tax and Business Rates will have increased to over 95% of the total net funding for 2019/20.
5. The financial stability of the Council, which determines the amount of money available for service expenditure, should be exposed to less risk from further Government funding shortfalls in the medium term. This was strengthened by the submission to Central Government of our 4-Year Efficiency Plan in October 2016. This confirmed our acceptance of the 2016/17 Finance Settlement funding levels which are now guaranteed up to the end of 2019/20. These were reconfirmed in the Provisional Finance Settlement released on 13th December 2018.
6. Financial planning for the Council continues to reflect the potential for year on year increases in demand to fall on local funding sources such as council tax, business rates and fees and charges.
7. **Chart 1** illustrates how the balance between funding sources is changing over time placing emphasis on support from local funding sources.
8. The 2019/20 Budget Report is based on the Provisional Local Government Finance Settlement released on 13th December 2018. The final settlement is expected in early 2019 with a debate in the House of Commons shortly after. Any further

information on funding will be reported to Members as soon as practical and may require management through reserves.

Chart 1: The Council is becoming more reliant on local funding sources



Source: Cheshire East Finance

9. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2018/19 and 2019/20. This shows how Government Grants are reducing and how local funding sources are being increased to fund the increasing demand on service budgets.

Table 2 - Funding available to services	2018/19 £m	2019/20 £m	Change £m	Change %
Council Tax	-206.4	-216.2	9.8	4.7%
Government Grants	-17.7	-14.9	-2.8	-15.8%
Business Rates Retention	-43.0	-48.0	5.0	11.6%
Collection Fund Contribution	-1.0	-2.1	1.1	110.0%
Funding Available to Services	-268.1	-281.2	13.1	4.9%

Sources: Cheshire East Finance

Ministry of Housing, Communities and Local Government

10. The Business Rates Retention funding system and control over Council Tax levels are placing greater responsibility on all councils to determine their own funding levels.
11. In Cheshire East the Council is meeting this challenge in a number of ways and focusing on longer term financial stability through the following actions:
 - **Growing the domestic tax base** - each new home brings additional Council Tax revenue, New Homes Bonus and potentially Community Infrastructure Levy together with additional costs, such as education, waste collection and highways. The Council ensures that any subsidy from its general funding sources is carefully managed to achieve maximum value.
 - **Promoting Economic Growth** - business growth can result in additional income being retained for local investment, subject to certain thresholds. Therefore, the Council is investing heavily in economic growth and infrastructure projects that will unlock development land and support inward investment.

- **Increasing employment opportunities** - through economic growth resulting in fewer people relying on welfare benefits from the Council which releases funding for further investment or for direct provision of front line services.
- **Maintaining strong collection rates and challenge of tax bases** - to ensure fairness to all involved and ensure the Council maximises local income for local use.

This approach is very important and is embedded in the Council's actions.

Government Grant Funding of Local Expenditure

12. The detailed funding settlement from Government impacts on longer term financial planning. Key dates for 2019/20 include:
 - The release of the Autumn Statement on 29th October 2018.
 - The release of the Provisional Settlement on 13th December 2018 confirming the approach to grants, Council Tax and calculation of business rates estimates.
 - Final Settlement announced early February 2019.

These have set out changes to:

- General funding levels – confirming a 100% reduction in Revenue Support Grant.
- Additional funding announcements, payable to local authorities, for the following areas:
 - Adult social care and support
 - Disabled Facilities Grant

- Children's social care
- Housing Revenue Account, Housing Infrastructure Fund, strategic housing deals
- Highways

13. The Council receives grant funding from the Government under several main headings:
- Revenue Support Grant (£0m in 2019/20)
 - Specific Grants (unring-fenced revenue) (£14.9m in 2019/20)
 - Specific Grants (ring-fenced revenue) (£249.7m in 2019/20)
 - Capital Grants (main programme) (£89.1m in 2019/20)

More detail is provided on each of these funding elements below.

Revenue Support Grant (RSG)

14. In addition to retained business rates the Government provides RSG which is not ring-fenced for specific purposes. Historically, RSG and retained business rates were allocated based on a complicated formula that reflected local characteristics such as deprivation, age profiles and road lengths. Links to this complex approach have been dropped in favour of promoting economic growth through named grants. The provisional settlement has confirmed previous indications that RSG will be phased out, and that no payment will be received by Cheshire East in 2019/20.
15. The authority was actually due to have to repay some "negative" RSG but this decision has now been reversed.

16. The reduction in RSG, from £5.4m to nil remains a significant challenge and means that all grants rolled into RSG, including Social Care new burdens, and previous Council Tax Freeze Grants, have also been reduced to nil.

Unring-fenced Specific Grants

17. A number of separately identified but unring-fenced Specific Grants have been retained totalling an estimated £14.9m in 2019/20. The detailed list is shown in **Annex 8** and summarised in **Table 3**. Note that Table 3 shows the original budget for 2018/19 and Annex 8 shows the revised in-year position including grants received after the budget was set.
18. Other than RSG, the list of Specific Grants mainly relates to funding for the New Homes Bonus (NHB) and Social Care Grants. Together they equate to 80% of the total unring-fenced specific grants expected in 2019/20.
19. As part of the Provisional Local Government Finance Settlement announced on 13th December 2018, there were additional funding allocations for 2019/20 of £1.5m to support Adult Social Care Winter pressures and also an additional £2.5m allocation to support social care. This was new monies when compared to the agreed 2016/17 to 2019/20 finance settlement that was locked in as part of the submission to Central Government of our 4-Year Efficiency Plan in October 2016 which guaranteed our settlement values up to the end of 2019/20.

Table 3 - Specific grants and RSG have decreased overall	2018/19 £m	2019/20 £m	Change £m	Overall Change %
Revenue Support Grant	-5.4	0.0	-5.4	
New Homes Bonus	-8.6	-9.3	0.7	
Social Care Grants	-1.1	-2.5	1.4	
Independent Living Fund	-0.9	-0.9	0.0	
Other Grants	-1.7	-2.2	0.5	
Total Specific Grants	-17.7	-14.9	-2.8	-15.8%

Sources: Cheshire East Finance

Ministry for Housing, Communities and Local Government

20. Increasing development in Cheshire East means NHB is expected to exceed recent expectations. The grant continues to be paid over four years instead of the previous six years, and the threshold level before growth is to be paid out has been maintained at 0.4% of the housing stock.

Ring-fenced Specific Grants

Dedicated Schools Grant (DSG)

21. The Government announced the indicative allocations of DSG for 2019/20 on 17th December 2018. DSG is a ring-fenced grant provided to the Council to meet certain educational costs.
22. Following the introduction of several national funding formula (NFF) arrangements DSG is now allocated in funding blocks, namely the Schools Block, Early Years Block, High Needs Block and Central Schools Services Block.

23. The Schools Block allocation to the Council is now based on the schools block NFF. This takes the October 2018 pupil data and provides a basic per pupil amount plus additional funding for issues such as deprivation and low attainment. The NFF also applies a minimum per pupil level of funding of £3,500 Primary and £4,800 Secondary in 2019/20.
24. Pupils who are in Resource Provision have transferred into the schools block (but will continue to receive additional funding from the high needs block).
25. Local authorities can continue to provide funding to schools through a local formula for 2019/20 and 2020/21. The Schools Forum have recommended a local formula for consideration at the February 2019 Cabinet. Subject to Cabinet approval that formula will be used to allocate funding to schools for 2019/20. The per pupil figures in **Table 4** assume that formula is approved.
26. The Early Years Block is mainly comprised of:
- Funding for the universal 15-hour entitlement for all three- and four-year-olds.
 - Funding for the additional 15 hours for three- and four-year-old children of eligible working parents.
 - Funding for the Early Years pupil premium plus a few other areas.
27. The High Needs Block is a single block for local authorities' high needs pupils / students aged 0-24. The block includes place funding for pre-16 and post-16 places in appropriate establishments such as maintained mainstream schools, maintained special schools and pupil referral units. The block

includes top-up funding for pupils and students occupying places in such settings.

28. The high needs block is calculated through the high needs NFF. This is made up of a range of factors and weightings including:
- A basic entitlement
 - An historic spend factor
 - A population factor
 - Measures relating to low attainment and deprivation
 - A funding floor
 - An area cost adjustment
29. The Council has received additional SEN funding of £0.8m for 2018/19 and £0.8m for 2019/20. The 2019/20 DSG figure in **Table 4** includes that amount.
30. The Central Schools Services Block is based on a NFF that includes:
- Historic commitments
 - Ongoing responsibilities
 - An area cost adjustment
31. **Table 4** shows the actual DSG received for 2018/19, the indicative DSG for 2019/20, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).
32. For 2019/20 the Schools Forum have agreed to transfer 0.5% of the Schools Block to High Needs to recognise pressures in that area.

33. Other than that adjustment all the schools block funding is passported directly through to schools.

Table 4 - Dedicated Schools Grant are allocated in four notional blocks from 2019/20	Actual 2018/19 £m	Provisional 2019/20 £m	Change £m	Change %
Total Dedicated Schools Grant	266.0	272.5	6.5	2.4%
Comprising:				
Schools Block	207.7	212.6	4.9	2.4%
Central School Services Block	3.0	3.0	0.0	0.0%
Early Years Block	21.2	21.2	0.0	0.0%
High Needs Block	34.1	35.7	1.6	4.7%
Per Pupil Funding	£ / pupil 2018/19	£ / pupil 2019/20		
Dedicated Schools Grant:				
Schools Block				
Primary	3,903	3,935		
Secondary	4,896	4,934		
Central Schools Block (historic commitments)	30.55	31.21		
Early Years Block 3 and 4 hourly rate	4.30	4.30		
2 Year old hourly rate	5.28	5.28		
Figures quoted are before the Academy recoupment and before any High Needs Deductions.				

Sources: Cheshire East Finance
Education and Skills Funding Agency

Dedicated Schools Grant (DSG) ~ Academy Funding

34. The Department for Education are clear that becoming an academy should not bring about a financial advantage or disadvantage to a school but rather, enable academies to have greater freedom over how they use their budgets.
35. The Schools Block funding receivable for the 74 academies which opened before or during 2018/19 has not been removed from the total DSG award to be received (as reflected in **Table 4**). The funding for these academies of

approximately £127.8m will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 8**). The figures included in this paragraph do not include the two recent academy conversions which converted in December 2018. These were Poynton High School and Lostock Hall Primary School.

Sixth Form Funding

36. Total sixth form funding of £2.8m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2018/19 a balance of £11.8m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2019/20 is not yet known.

Pupil Premium Grant & Pupil Premium Plus

37. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2019/20 are expected to be the same as in 2018/19 at £1,320 for primary-aged pupils and £935 for secondary-aged pupils for every eligible child in both maintained schools and academies. All looked after children, adopted children and children with guardians will attract funding of £2,300 and children whose parents are in the armed forces continue to attract £300 per annum. It is estimated that Cheshire East Council will receive £4.6m in relation to the Pupil Premium for 2019/20.

Physical Education Grant

38. The Council expects to receive £1.2m for 2019/20. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

39. The Council expects to receive £2.3m for 2019/20. This is an estimate for maintained schools. The figure is normally based on a set amount per eligible pupil. The grant is paid directly to local authorities or academies. The Council will comply with the requirement to pass on the grant to maintained schools in full.

School Improvement Monitoring and Brokering Grant

40. This is a grant for local authorities to continue to monitor and broker school improvement provision for low-performing maintained schools and intervene in certain cases. Nationally £50m is being allocated, with £30m allocated for September 2018 to March 2019 and £20m for April 2019 to August 2019. The Council received £160,000 for September 2018 to March 2019 based on 76 maintained schools. This will be adjusted for any further conversions prior to being paid. It is not yet certain if this grant will continue beyond August 2019.

Milk Subsidy Grant

41. The terms and conditions of this grant are under review for 2019/20 in terms of the eligibility criteria. At this stage there are no forecasts available for the MTFS until more is known about the impact.

DSG Reserve Forecasts

42. The Council holds a DSG Reserve created from some additional DSG funding provided several years ago. Over the last two years the pressure on high needs has been gradually reducing the reserve balance. Current forecasts suggest the reserve will become a negative reserve at the end of March 2018 and plans are being taken forward to reduce the spend pressure.

43. The reserve position can be summarised as :

Table 5 - Dedicated Schools Grant Reserve		2018/19
		£
Brought Forward Position		2.3
Forecast Overspend for High Needs		-3.7
Early Years - additional hours		0.1
Additional SEN funding		0.8
Predicted Carry Forward		-0.5

Sources: Cheshire East Finance

44. It is expected that high needs will continue to form a pressure on the reserve in 2019/20 and there may be further pressures from school budget deficits in due course.

Public Health Grant

45. Public Health responsibilities cover a wide range of services including: sexual health services; children's 0-19 services; NHS health check programmes; substance misuse services, infection control and One You services.

46. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2019/20 to ensure expenditure is incurred in line with the public health framework.

47. Provisional allocations for 2019/20 estimate the grant to be £16.0m. This has been prudently reduced by a further 2.6% for 2020/21 taking the grant forecast to £15.6m.

48. In 2020/21 the grant is being considered as one of a number of funding streams that will be rolled into the Business Rates Retention Scheme when it moves to 75% retention by local authorities.

Collecting Local Taxes for Local Expenditure

Business Rate Retention Scheme (BRRS)

49. The Council anticipates collection of approximately £142m (before accounting adjustments) in business rates in 2018/19, based on the Council's NNDR1 return to Central Government on 31st January 2018. Under the BRRS arrangements 50% of this funding is paid to Government with 49% being retained specifically to support Cheshire East Council services. 1% is paid to the Fire Authority. In addition to this reduction a tariff of £23.7m must be paid to Government which is used to top-up funding allocations to other local authorities.

50. Up to and including 2016/17, the Council continued to use the nationally set Business Rates baseline figures, plus levy savings as a result of being in the Greater Manchester Pool, for budget setting purposes. This was slightly below the NNDR 1 level reflecting a prudent approach to business rates growth. Since 2017/18, a growth estimate per annum of £0.5m in retained rates for the authority has also been factored in to take account of the steady rise in business rate growth in recent years.

51. For 2019/20 this approach has been maintained. Therefore, in addition to the forecast £0.75m levy saving (as a result of being in the Pool), a further £0.5m in retained business rate

growth income is being forecast (see **Table 6**). This is in addition to the baseline inflationary increase of £1.0m for 2019/20.

52. Since the baseline funding level for business rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. Up to and including 2018/19 these compensation grants have been set aside in a volatility reserve to help smooth cash flow changes in business rates that can arise when businesses are revalued or move out of the area. Due to more stable forecasts it is now appropriate to recognise compensation grants as a source of base funding. £3.5m has been included in the total retained business rates figure below.

Table 6 - Business Rates Retention	2018/19 £m	2019/20 £m	Change £m	Change %
Business Rate Retention Scheme - Total funding	-43.0			
Baseline Inflation		-1.0		
Growth in retained rates		-0.5		
S31 compensation grants		-3.5		
Business Rate Retention Scheme - Total funding		-48.0	5.0	11.6%

Source: Cheshire East Finance

53. Growth in business rates can increase local funding, but this does take time and recent trends in rateable values have slowly increased. The Council continues to promote inward

investment to the area. **Annex 6** sets out the forecasts for business rate growth over the medium term.

54. During 2018/19, the Council continued to be part of a BRRS Pool with Greater Manchester authorities and Cheshire West and Chester. This allows the authorities included within the pool to be treated as one entity for the purposes of tariff/top up and levy/safety net payments potentially reducing the amounts to be paid over to Central Government.
55. The Impact Assessment at **Annex 3** identifies how changes in business rates could affect local business.

Council Tax

56. Locally collected domestic taxes that are directly retained by the Council will provide approximately 80% of the Council's net funding in 2019/20. The Council therefore takes a very careful approach to managing the domestic taxbase in a way that reflects local growth ambitions and supports sustainable services in the medium term.
57. Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from government grant. In 2019/20, there will be no general government grant support to the revenue budget of Cheshire East Council. The speed of this change has been a major challenge and when increases in demand related to protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase Council Tax levels in line with government expectations.
58. The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in 2017/18, and 2018/19. Local authorities could raise up to 3% in any year

from 2017/18 to 2019/20, but subject to a maximum of 6% over the three year period. Cheshire East applied this increase equally over the first two years therefore no further increase can be applied in 2019/20 to be ringfenced for this purpose.

59. Nationally Children’s Services are under increased financial pressure to sustain effective services to keep children safe and to meet their educational needs. There is a current financial pressure in Cheshire East’s Children and Families Service of circa £2.2m in 2018/19. Permanent investment is needed to maintain effective services.
60. The provisional local government finance settlement announced the referendum limit on base increases was to be maintained at 3% in line with inflation, as such, it is proposed that Council Tax is increased by 2.99% (including 1% ringfenced for Children’s Services pressures) for 2019/20 to give a Band D charge of £1,446.27 for 2019/20.
61. The proposed increase for 2020/21 is currently 1.99% and a further 1.99% for 2021/22 at this time.
62. The calculation of the Council Tax for 2019/20 is shown in **Table 7**.

Table 7 - The calculation of the Cheshire East Council Band D Council Tax		2019/20	
		£m	£m
Total Net Revenue Budget 2019/20			281.2
Specific Grants			-14.9
Revenue Budget recommended to Council on 21 st February 2019			266.3
Less:			
Business Rates Retention Scheme	-18.0% ¹	-48.0	
Revenue Support Grant	0.0% ¹	0.0	-48.0
Surplus on Council Tax	-0.8% ¹		-2.1
Amount to be Raised from Council ¹		81.2% ¹	216.2
No. of Band D Equivalent Properties			149,517.54
Band D Council Tax			£1,446.27

Source: Cheshire East Finance

¹: Percentage of Cheshire East net budget

The impact on each Council Tax Band and the number of dwellings in each band is shown in **Table 8**.

Table 8 – Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	964.18	1,124.88	1,285.57	1,446.27
No of Dwellings	30,646	36,272	34,134	25,966
Band	E	F	G	H
Council Tax £	1,767.66	2,089.06	2,410.45	2,892.54
No of Dwellings	20,207	13,783	12,224	1,827

Source: Cheshire East Finance

Council Tax Base

63. The Council Tax Base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions (for example a Band H property counts as two Band D properties, whereas a Band A property counts as two thirds of a Band D). The level of Council Tax multiplied by the tax base equals the expected income from local taxation.
64. The gross tax base for 2019/20 (before making an allowance for non-collection) is calculated as 151,027.52. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2019/20. This results in a final tax base of **149,517.54** Band D equivalent domestic properties.
65. The tax base for 2019/20 reflects an increase of 1.7% on the 2018/19 equivalent position. This reflects the overall increase in properties in Cheshire East after allowing for the impact of

Council Tax Support. The Council Tax Base was approved by [Council on 13th December 2018](#).

66. Cheshire East has a relatively high Council Tax Base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16% in Cheshire East compared to the England average of 9%).
67. The tax base has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992. From 1st April 2019, the period eligible for exemption is being reduced from eight weeks to six weeks.
68. In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 50% on property that has been empty for two years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables councils to charge a premium on empty properties. The Autumn Budget 2017 increased the premium from 50% to 100% with effect from April 2019. Cheshire East Council will implement this change with effect from 1st April 2019.

The impact of the Council Tax Support Scheme

69. From 1st April 2013 the Council Tax Benefit system was replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants remain unaffected by this change.

70. The impact of Council Tax Support reductions has slowly decreased in Cheshire East, reflecting a positive trend away from a dependence on support from the local authority. The local Council Tax Support Scheme was reviewed and consulted on during 2015 and a revised scheme was implemented from April 2016. The scheme is unchanged for 2019/20.

Collection Fund

71. Receipts from Council Tax payers and businesses are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire Authority, Police and Crime Commissioner, Central Government and local Town and Parish Councils).
72. A predicted surplus in the Collection Fund can be drawn down to support revenue funding for the following annual budget, and vice versa in the case of a deficit. This can happen if actual changes in the taxbase vary from the predicted changes, or if collection rates exceed forecasts.
73. The estimated balance on the Council Tax Collection Fund has been forecast to be a £2.47m surplus at 31st March 2019. £2.1m of this surplus is retained by the Council and is factored in to the 2019/20 budget.
74. The year-end balance on the Business Rates Collection Fund is estimated to be a cumulative deficit position of £1.9m, of which £0.9m will be repayable by Cheshire East. This estimated deficit equates to 1.3% of the net rates forecast to be collected for 2018/19 (£141.7m before accounting adjustments). The Collection Fund Management earmarked reserve will be used to fund the deficit.
75. The fluctuations in the Business Rates Collection Fund will continue to be managed through the earmarked reserve and use of the reserve reflects a risk based approach to future BRRS income streams.

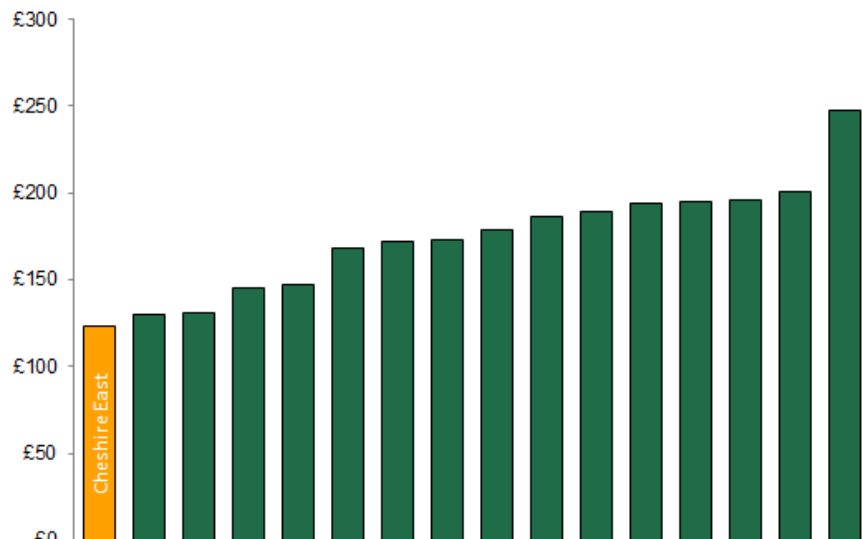
Council Tax on Second Homes

76. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-
- 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.
77. The final figures cannot be calculated until each authority has set its 2019/20 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2019/20 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £254,000.
78. Any further changes to Second Homes discounts are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

Funding Comparisons to similar Councils

79. Comparisons, based on available data, add context to Cheshire East's funding position. For further analysis of the Council's financial position please refer to the Council's [Value for Money](#) document.

Chart 2: Cheshire East Council receives the lowest level of Government Grant per head compared to its Near Neighbours.



Sources: Cheshire East Finance
 CIPFA Council Tax Demands and Precept Statistics 2017/18
 Ministry for Housing, Communities and Local Government

What is the Council doing about it?

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

Responding to Key Consultations

81. 2018/19 has seen several consultations on changes to local government finance, particularly around the Business Rates Retention scheme. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers, Society of Unitary Treasurers and the Local Government Association (Cheshire East Council is a

member of all three) and therefore, in some cases, relied on their collective responses to make any relevant comments. The consultations that have taken place so far in 2018/19 are as follows:

- Rates Retention and Formula Grant
 - 2019/20 Local Government Finance Settlement – Technical Consultation (closed September 2018)
 - 2019/20 Business Rates Retention Pilots Invitation (closed September 2018)
 - 2019/20 Local Government Provisional Finance Settlement: Consultation (closed January 2019)
 - Business Rates Retention Reform - Sharing risk and reward, managing volatility and setting up the reformed system (closed February 2019)
- Health and Social Care
 - Public Health – Call for Evidence (closed April 2018)
 - Contracting arrangements for Integrated Care Providers (ICPs) (closed October 2018)
- Accounting and Audit
 - Consultation on the role of the Chief Financial Officers in Local Enterprise Partnerships (closed May 2018)
 - Local Authority Budget Setting: mitigating the impact of fair value movements on pooled investment funds (closed September 2018)
 - 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom (closed October 2018)
- General
 - CIPFA Index of Resilience (closed August 2018)

Membership of Collective Groups

82. 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 Society of Unitary Treasurers
 - The Sparse Rural Network
 - The F40 Group
83. The Council is also continuing to make use of the Pixel Financial Management Service to assist with financial forecasts and strategy.

Monitoring Developments

84. The Council is monitoring news alerts and public sector journals for any developments with Business Rates and grant funding arrangements. There are various authorities involved in the pilot scheme to trial the 75% business rates retention scheme early. Cheshire East applied to be part of the pilot scheme but was unsuccessful. The results of these pilots will be closely followed.

On-going briefing with Members of Parliament

85. The Council provides an update on key issues to local MPs on a regular basis, or when special updates are required. At certain times these focus on the Budget and funding issues. The Leader of the Council has also written to the Prime Minister as recommended by full Council.

Charges to Local Service Users

86. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.
87. Approximately 9% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
88. The Cheshire East Council pricing structure has over 1,500 different charges. With the overall objective to reduce subsidy in charged for services some price rises may exceed inflation in the medium term. In such cases users are consulted and alternative service options are discussed.
89. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available on request.

Investment, Borrowing and the Capital Programme

90. The capital programme is intentionally aspirational, reflecting the Council's priority to promote local economic wellbeing. To support this ambition the Council actively pursues funding from private sector organisations and Government as well as attempting to maximise receipts from asset sales. Resources will be utilised accordingly to allow flexibility within the overall programme. Major highway infrastructure projects, for

example, may require Council resources before capital receipts and developer contributions can be realised and therefore the funding requirement for future years will be updated as plans and funding streams are secured.

91. The Council applies an agreed Treasury Management Strategy (**Annex 12**) to ensure capital financing is affordable in the medium term. During 2017/18 the Council revised its approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Whilst within the existing policy, this consisted of a change from using the straight line to the annuity method under the Asset Life (Option 3). This will continue to deliver a saving of £2m on the capital financing budget in 2019/20.
92. The capital financing budget for 2019/20 is shown in **Table 9**. This includes repayment of debt and interest payable on the Council's long-term loans. Costs are partly offset by the interest earned on the Council's investments. The Capital Financing budget reflects an increase of £2m in 2019/20 from the 2018/19 budget of £10m. This is for the financial years 2019/20 and 2020/21 and the capital financing budget will return to the level of £14m in future years.

Table 9 - Capital Financing Budget	2019/20 £m
Repayment of Outstanding Debt	10.6
Contribution re: Schools Transforming Learning Communities Schemes	-0.9
Other Revenue Contributions	-1.1
Transfer from revenue reserve	-0.4
Interest on Loans	4.3
Less: Interest Receivable on Cash Balances	-0.5
Net Capital Financing Budget	12.0

Source: Cheshire East Finance

93. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2019/20, comprise of the following elements:
 - **For borrowing incurred prior to April 2008:** Cost is calculated at a 2% annuity rate over a 50 year period.
 - **For borrowing incurred after April 2008:** Cost is calculated on an annuity basis over the anticipated life of the asset. These periods vary from five years to 50 years depending on the type of expenditure funded from the borrowing.
94. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 11**.
95. The Council currently has external borrowing of £123m of which £29m is temporary borrowing with other local authorities. The amount of interest paid on the Council's

portfolio of loans is mainly at fixed rates of interest (c.3.2%). Currently long term interest rates are around 2.5%.

- 96. The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £0.5m.
- 97. The Council sets out the approach to these issues in its Treasury Management Strategy which is set out in **Annex 12** of this report.

Capital Programme Planning

- 98. The 2018/21 capital programme was approved by Council on 22nd February 2018. Updates have been provided via quarterly reports to Cabinet during 2018/19.
- 99. The Third Quarter Review of Performance and the revised profile of spend for 2019/20 onwards forms the base for the 2019-22 programme, which is detailed in **Annex 11**.
- 100. Capital commitments have been reviewed to identify the profile of expenditure. There is recognition that the complexities around planning applications, public consultation and dependencies on third parties for external funding can mean that projects are delayed from one year to the next.
- 101. Spending plans are monitored to ensure a robust quality assurance framework is followed for each project. The governance arrangements safeguard against projects proceeding where costs may escalate beyond budgets. Potential variances from approved budgets may become subject to supplementary approval in accordance with Financial Procedure Rules. Further details on the governance

arrangements for the capital programme are set out in **Annex 11**.

Capital Programme Financing

- 102. The level of resources required to fund capital investment in the medium term is set out in **Table 10** and is based on the level of borrowing that the Council can undertake on a prudential basis, the level of Government grant, the level of capital receipts and external contributions that can be generated over the period.

Table 10 - Capital Programme Summary	2019/20	2020/21	2021/22	Total 2019-22
	£m	£m	£m	£m
Committed Schemes	112.3	105.0	96.5	313.8
New Schemes	36.9	72.3	61.9	171.1
Total Capital Programme	149.2	177.3	158.4	484.9
Financing:				
Prudential Borrowing	48.3	56.9	50.7	155.9
Government Grants	89.4	98.9	61.4	249.7
Capital Receipts	5.5	4.4	4.3	14.2
External Contributions	5.8	17.1	42.0	64.9
Other Revenue Contributions	0.2	0.0	0.0	0.2
Total Sources of Funding	149.2	177.3	158.4	484.9

Source: Cheshire East Finance

- 103. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are

required the preference will be to utilise capital receipts from asset disposals. The forecast for £14.2m capital receipts for the period 2018/21 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

104. The schemes in the Capital Programme, both existing and new proposals, have undergone a prioritisation exercise to ensure they represent value for money, attract external funding or alternatively are affordable within the capital financing budget and do not commit the Council to additional debt repayments that are not affordable in the medium term.
105. Longer term proposals are included in an addendum to the programme for planning purposes. Detailed business cases will be developed for these schemes as precise details become known. Before work can commence, on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:
- Strategic impact of the scheme
 - Expenditure profiles
 - Funding sources or associated return on investment
106. The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Portfolio Holder for Finance & Communication and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process. As detailed in **Table 11**:

Table 11	2019/20	2020/21	2021/22	Total
Capital Programme				2019-22
ADDENDUM	£m	£m	£m	£m
Directorate				
People	0.2	0.0	0.0	0.2
Place	42.1	74.0	40.5	156.6
Corporate	3.1	3.9	0.0	7.0
Total Capital Schemes	45.4	77.9	40.5	163.8

Source: Cheshire East Finance

Borrowing for Capital Expenditure

107. The Council’s capital investment complies 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.
108. The level of Prudential Borrowing required in 2019/20 and in future years is detailed in **Annex 11** Prudential Borrowing Indicators. The revenue consequences have been considered as part of the medium term strategy to ensure they can be afforded in future years.

Government Capital Grants

109. **Annex 9** provides a list of Government Grants that are supporting the Cheshire East capital programme.

Other Economic Factors

110. The Council makes an assessment of its financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions which were published in the Pre-Budget Consultation 2019-22 issued in October 2018, and updated through the year via Finance Briefings with the Portfolio Holder for Finance and Communication. Allowance will be made in the 2019/20 budget for other economic factors, such as pay inflation and pension costs, totalling £7.5m.
111. The Budget Report for 2019/20 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis that this is being mitigated by effective contract management, service efficiency proposals, increased charges or specifically bid for as a separate policy proposal.

Employer Pensions Contributions

112. The Workforce Planning section (**Annex 4**) provides further details on the Pensions provision.
113. The decision was made to pay past service pension deficit contributions for the next three years in one advance payment of £45m in April 2017. The discount available from early payment more than offsets the costs of temporary borrowing where required. The forecast benefit over the three year period is around £2m which will support mitigation of future service costs as appropriate. £0.9m of this saving was taken in 2018/19 with a further £1.0 being taken in 2019/20.

Managing the Reserves Position

114. The Council Reserves Strategy 2019/20 states that the Council will maintain reserves to protect against risk and support investment. The Strategy is updated each year and the latest update is provided in the MTFs 2019-22 Report at **Annex 14**.
115. The Strategy identifies two types of reserves:
- **General Reserves**
Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.
 - **Earmarked Reserves**
Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.
- Further details, such as opening and closing balances and protection against financial risks, are contained within the Strategy.

Summary of Financial Stability

116. **Table 12** summarises the position for 2019/20 to 2021/22.

Summary position for 2019/20 to 2021/22 Table 12	Estimated Net Budget 2019/20 £m	Estimated Net Budget 2020/21 £m	Estimated Net Budget 2021/22 £m
Outcome 1	22.7	23.2	23.7
Outcome 2	12.7	12.8	13.2
Outcome 3	22.4	22.7	22.9
Outcome 4	44.6	44.7	45.9
Outcome 5	134.2	140.9	142.3
Outcome 6	36.3	36.9	37.9
Total Outcomes	272.9	281.2	286.0
<i>CENTRAL BUDGETS:</i>			
Capital Financing	12.0	12.0	14.0
Past Pensions Adjustment	0.2	1.2	1.2
Income from Capital Receipts	-2.0	-1.0	0.0
Contingency	0.0	0.0	0.0
New Homes Bonus Community Fund	1.0	1.0	0.0
Use of (-)/Contribution to (+) Earmarked Reserve	-2.9	-0.9	-0.9
Total Central Budgets	8.3	12.3	14.3
Additional changes to balance future years	0.0	0.0	-11.0
TOTAL: SERVICE + CENTRAL BUDGETS	281.2	293.4	289.2
<i>FUNDED BY:</i>			
Council Tax	-216.2	-222.7	-229.4
Business Rate Retention Scheme	-48.0	-48.4	-48.9
Revenue Support Grant	0.0	0.0	0.0
Specific Grants	-14.9	-11.2	-11.1
Sourced from Collection Fund	-2.1	0.0	0.0
TOTAL: FUNDED BY	-281.2	-282.4	-289.5
Funding Deficit	0.0	11.0	-0.3

117. Service expenditure for 2019/20 is shown as **£281.2m**. This represents an increase of £13.1m (4.9%) on the Budget at the [Three Quarter Year Review](#) position.

118. The Funding Available to Services in 2019/20 is estimated at **£281.2m** to give a balanced position.

119. Proposals were received in a Better Business Cases Five Case Model format, with associated Equality Impact Assessments, and were subject to detailed scrutiny by corporate enabling services through several iterations before being accepted into this budget; these business cases will be developed into the delivery phase.

Forecasting the Medium Term Budget 2019/20 to 2021/22

120. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts and maintaining adequate reserves to protect against risk and provide necessary investment.

121. Work with other organisations, as detailed from paragraph 80 (the “What are we doing about it?” section), will primarily aim to lengthen the planning process. The overall approach to funding is sound, and has been for some time, in that local sources such as Council Tax and Business Rates will fund a greater share of local costs in the future so a pro-growth approach is appropriate.

122. Council expenditure is forecast to increase over the medium term and demand for services will continue to increase.

123. The Medium Term Financial Strategy reflects a balanced position for 2019/20 with a mix of specific policy proposals in each Service.
124. The position for 2020/21 and 2021/22 is still a challenge as per the estimates in this document. This position will continue to be addressed during 2019/20 as changes are bedded in and cost pressures are firmed up as consultation of the Government's approach to local authority funding are analysed and implemented.
125. The Council adopts a standard five measures approach to balancing the budget and each measure is explored in relation to the medium term balancing of the MTFS. The measures are:

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to Government funding and inflation in particular are checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax and Business Rates is explored in relation to emerging Government policy, demographic changes, local service ambitions and growth in the taxbase.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four and Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure outcomes will be achieved in a cost effective and efficient way.

Options related to each of the five measures are set out below:

Measure	Table 13 – Forecasting the Medium Term Budget
Measure One Challenge Financial Assumptions	<ul style="list-style-type: none"> • In December 2018 the Government issued provisional Core Spending Power figures for the final year of the spending review period (2019/20). This confirmed the estimates set out in the 2016/17 Final Settlement released in February 2016 and, due to the submission of our 4-Year Efficiency Plan in October 2016, guarantee the central funding levels for the medium term. From 2020/21 funding levels have been estimated locally. • The overall ambition, within the announcements from Government, is to maintain core spending over the life of the parliament in cash terms. • Core Spending Power includes: <p>Business Rates</p> <ul style="list-style-type: none"> - Business Rate income will rise with inflation (CPI from 2018/19 rather than RPI previously), as controlled by the Government set multiplier. Above inflation increases of £0.5m per annum have been factored in to the Cheshire East medium term financial plans. The increase is prudent due to the current significant risk associated with business rates income. - The Provisional Local Government Finance Settlement in December 2017 announced the Government’s intention to increase the local share of business rates retention to 75% in 2020/21. This will be through incorporating existing grants into business rate retention including the Revenue Support Grant, and potentially the Public Health Grant. The remaining 25% central share will be returned to HM Treasury and recycled back to local government. This may increase the level of business rates retained, but makes no actual difference in the level of core funding for the Council as tariff payments will be adjusted where retained rates exceeds grants rolled in to ensure each local authority is no better or worse off under the new arrangements. However, a greater share of the growth in business rates will be able to be retained after this time.

Measure	Table 13 – Forecasting the Medium Term Budget
Measure One Challenge Financial Assumptions	<p>Revenue Support Grant (RSG)</p> <ul style="list-style-type: none"> - RSG will reduce to nil in 2019/20 for Cheshire East Council. The Government settlement continues to assume authorities can replace an element of lost grant with Council Tax increases. However this is a local discretion and is subject to referendum limits (increased from 2% to a cap of 3% for 2018/19 and 2019/20 before being subject to a local referendum). <p>New Homes Bonus (NHB)</p> <ul style="list-style-type: none"> - Increasing development in Cheshire East means NHB is expected to exceed recent expectations. <p>Specific Grants</p> <ul style="list-style-type: none"> - These remain subject to ad-hoc information releases from Government departments. Where no information is available assumptions are used based on the reductions in general funding levels or past trends.

Measure	Table 13 – Forecasting the Medium Term Budget
Measure Two Review Local Taxation	<p>The Council retains the opportunity to review current funding assumptions:</p> <ul style="list-style-type: none"> • Council Tax will rise in line with Government policy and to support Children and Families (2.99% in total). • Increases for later years will be reviewed annually but current assumptions are for 1.99% and 1.99% increases per annum in 2020/21 and 2021/22 respectively. • The Council will continue to review its tax base in light any further flexibility made available by legislation. The potential for development in the area, backed by the Council's continued support for economic growth, is also likely to increase the domestic and non-domestic tax bases over time. • The tax base has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992. Based on analysis of the locally determined, discretionary reduction period for landlords, it was recommended at the 13th December full Council meeting that it be reduced from eight weeks to six weeks. • In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 50% on property that has been empty for 2 years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties. The Autumn Budget 2017 increased the premium from 50% to 100% with effect from April 2019. On the 13th December Cheshire East Council approved a premium of 100% and implements this change with effect from 1st April 2019. • Impacts from the continuation of the local Council Tax Support (CTS) Scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area. • Increasing employment opportunities – through economic growth, resulting in fewer people relying on welfare benefits from the Council and releasing funding for further improvements.

Measure	Table 13 – Forecasting the Medium Term Budget
	<ul style="list-style-type: none"> • As the potential benefits of investment in local infrastructure are realised local business may engage with the Council to consider the introduction of a Business Rate Supplement to raise funds for specific local purposes. For example, if businesses opted to pay an additional rate of 1p on the rating multiplier they could raise as much over £2m each year, this level of funding could support a 15% increase in the Council’s Capital funding costs for an agreed scheme. • There is potential to work with local businesses to introduce business improvement districts for specific purposes. • Continued high collection rates may result in a surplus that can be released to support investment in improved services in the local area.

Measure	Table 13 – Forecasting the Medium Term Budget
Measure Three Manage Reserves	<ul style="list-style-type: none"> • The Council adopts a rigorous approach to managing in-year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will identify variances to budget. • The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure. • The Reserves Strategy for 2019/20 aims to maintain adequate reserve levels over the medium term, although emerging risks or opportunities may require short-term use of reserves.
Measures Four and Five Manage Cost Drivers and Income	<ul style="list-style-type: none"> • The Council's current proposals for change are contained within Section 1 of the Medium Term Financial Strategy. Although the financial implications focus on 2019/20, many of these programmes will deliver further savings through to 2021/22 as highlighted by further savings figures in the later two years. • Some of the financial areas being reviewed by budget holders and the Finance Team are: <ul style="list-style-type: none"> - Pay Inflation will be assumed at 3.32% for 2019/20 and 2% thereafter. - Reviewing management control and staffing structures. Expenditure on employees' accounts for c.20% of the Council's revenue gross expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses best fit service providers while achieving cost benefits and efficiency. - Ensuring Corporate back office services, which account for c.4% of the Council's net budget, continue to reflect changes that are making the Council a smaller organisation. - Challenging discretionary services to ensure these meet priority needs, are paid for in the most effective way or are instead ceased or transferred to alternative providers. - Review and challenge of all Council contracts to ensure the most cost effective services are commissioned.

Measure	Table 13 – Forecasting the Medium Term Budget
Measures Four and Five Manage Cost Drivers and Income	<ul style="list-style-type: none"> • Maximising development opportunities from the increasing broadband coverage. Increasing commercial development located in Cheshire East would see returns from Business Rate Retention. For example a 1% increase in Business Rates would realise c.£0.4m of additional income per year. • Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services continues to account for c.40% of the Council's budget. This is the largest budget area so managing costs in this area is essential. • Engaging with voluntary, community and faith groups and local town and parish councils to explore ways of transforming service delivery at a local level. There are c.300 such groups already financially engaged with Cheshire East Council and 21% of our population volunteer. The third sector is a powerful economic partner, employing 2.5% of the workforce and generating an income of over £25m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council's Corporate Plan (Hidden Power report: Community and Voluntary Sector). • Carrying out a further Capital Challenge to ensure the benefits of the ambitious programme are realised. • Promoting "Digital Customer Services" approach across the Council where suitable to improve access to services. • Continuing to rationalise the Council's assets to minimise costs associated with utilities and rates and maximise receipts that can support economic growth outcomes. • Making sure that ways of working maximise the technology we have within the organisation and helping staff to take advantage of expertise and development opportunities that can increase productivity.

Annexes to the Medium Term Financial Strategy Report 2019-22

February 2019

Working for a brighter future together

1. Corporate Plan 2017 to 2020



2. Business Planning Process - Engagement

Introduction

- 2.1 Cheshire East Council conducted an engagement process on its Medium Term Financial Plans through a number of stages running from October 2018 to Council in February 2018, and beyond that as proposals are implemented.
- 2.2 The [Pre-Budget Consultation](#), published on the 19th October 2018, included details of the proposals from each service area for the next three years. This report was made available to various stakeholder groups and through a number of forums.
- 2.3 Where consultation with specific stakeholder groups is required in relation to specific proposals, this is being identified as part of the proposal's High Level Business Case. Therefore, some of the major proposals remain "subject to consultation", that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
- 2.4 The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is subject to change. The Council deals with financial risk by factoring into its minimum level of reserves an allowance for negative changes to proposals arising from consultation or delayed implementation.

Background

- 2.5 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 stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 2.6 This analysis helps to inform the consultation process for each Budget and continues to identify additional channels of communication which are used to facilitate consultation with more of our stakeholder groups.

Business Planning Process

- 2.7 The Business Planning Process for 2019-22 followed the standard timescale for consultation and allowed four months for consultation on the [Pre-Budget Consultation](#). The engagement exercise used existing meetings, as well as specific events, to provide a briefing on the Council's Priorities, Outcomes, the Budget Setting Process, and updates on progress for various stakeholder groups. It was based around the proposals that were published in the Council's [Pre-Budget Consultation](#) 2019-22, issued on 19th October 2018 and shared with [Corporate Overview and Scrutiny Committee](#) on 1st November 2018.

2.8 As part of this year’s process an internal campaign was launched during June 2018 to ask staff for ideas to help “Save Us Money”. The ideas put forward as part of this campaign were considered by the relevant Head of Service and Corporate Leadership Team member and taken forward where appropriate to do so.

2.9 The key events are outlined in **Table 1**.

2.10 All the feedback received by the Council, including the use of an online survey, is set out in detail in **Appendix B** to The Council’s Medium Term Financial Strategy 2019-22 Report.

Table 1 – Key Engagement Events

Event	Date	Comments
Corporate Leadership Group Budget Session	2 nd May 2018	Launch process for 2019-22. Confirm potential funding deficit for 2019/20 and the process to manage it. Discuss high level proposals and possible mitigating actions.
Informal Cabinet Budget Session	29 th May 2018	Launch process for 2019-22. Confirm potential funding deficit for 2019/20 and the process to manage it. Discuss high level proposals and possible mitigating actions.
Save Us Money internal staff campaign	1 st to 30 th June	Internal campaign on Centranet and posters displayed across the Council’s buildings to encouraged saving ideas to come forward.
Cabinet	12 th June 2018	Revenue 2017/18 Outturn.
Joint Corporate Leadership Group and Cabinet Members Budget Sessions	30 th July 2018 25 th September 2018	Refine proposals/agree funding strategy
Town and Parish Council Conference	26 th September 2018	Engagement event with local town and parish councils

Event	Date	Comments
Cabinet	9 th October 2018	Received the Mid-Year Review of Performance Report.
South Cheshire Chamber of Commerce Business Event	18 th October 2018	Update on Pre-Budget Consultation (headline items only as session fell before publication date)
Cheshire East Council website	19 th October 2018	Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise.
Team Voice	24 th October 2018	Issued to all staff and Members to headline release of Pre-Budget Consultation .
Corporate Overview and Scrutiny Committee	1st November 2018	Received Pre-Budget Consultation and Mid-Year Review of Performance Report.
Trades Unions	19 th November 2018	Considered Pre-Budget Consultation .
Cabinet	4 th December 2018	Consider the Domestic Tax Base for recommendation to Council.
Schools Forum	6 th December 2018	Considered Pre-Budget Consultation .
Provisional Funding announcements	13 th December 2018	From Central Government
Council	13 th December 2018	Agree the Domestic Tax Base
Pre Budget Consultation	14 th December 2018	Pre Budget Consultation period closes
Third Quarter Performance – Review Sessions	5 th November to 19 th December 2018	Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS.

Event	Date	Comments
Informal Cabinet	18 th December 2018	Review of draft Capital Programme
South Cheshire Chamber of Commerce Business Event	18 th January 2019	Considered Pre-Budget Consultation
North Cheshire Chamber of Commerce Business Event	23 rd January 2019	Considered Pre-Budget Consultation .
Children & Families Overview and Scrutiny Committee	28th January 2019	Considered Pre-Budget Consultation (relevant budget areas)
Environment & Regeneration Overview and Scrutiny Committee	21st January 2019	Considered Pre-Budget Consultation (relevant budget areas)
Corporate Overview and Scrutiny Committee	4th February 2019	Received MTFS Report/Review Final Budget Proposals
Cabinet	5th February 2019	Received the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council
Final Funding announcements	TBC	From Central Government
Council	21st February 2019	Debate and approval of 2019/20 budget

3. Impact Assessment

Household Calculator

- 3.1 The 2019/20 Budget is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous sections in terms of financial stability and allocation to services. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
- 3.2 A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.
- 3.3 **Chart 1** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with Retail Price Index (RPI), as at November 2018, were to be applied.

Chart 1: Without a strategic approach households could face £40 to £143 increases in costs if simple inflation was applied to charges



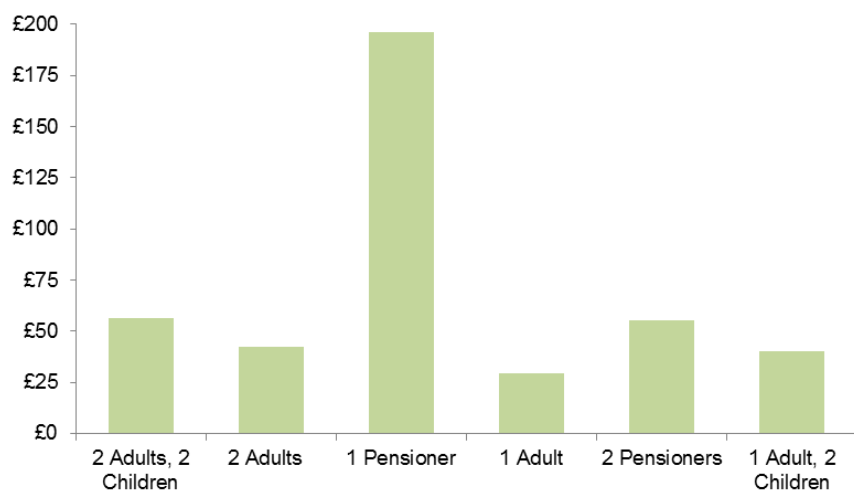
Source: Cheshire East Finance

- 3.4 Every service within the Authority is refining and updating a Charging and Trading Strategy which sets out the rationale for setting/changing fees and charges within that area.
- 3.5 The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to

ensure fairness and that the Council meets any statutory obligations.

3.6 **Chart 2** below illustrates the anticipated annual increases per household when applied to the same variety of services.

Chart 2: Forecast increases in costs are split appropriately across all groups



Source: Cheshire East Finance

3.7 The anticipated average increase per household is £70. This is £16 lower than an average increase of £86 if RPI at 3.2% had been applied across all services. Fees and charges in these typical household examples are forecasted to rise by an average of £34 for 2019/20 and council tax is forecast to rise by 2.99%.

Note:

Typical households are made up as follows:

- 2 Adults with 2 Children living in a Band E property
- 2 Adults no Children living in a Band C property
- 1 Pensioner living in a Band C property
- 1 Adult (not Pensioner) living in a Band B property
- 2 Pensioners living in a Band D property
- 1 Adult with 2 Children living in a Band D property.

Each household average is based on typical use of chargeable services expected for that category such as school meals, libraries and environmental, and leisure services. The large charge shown against the 1 pensioner category relates to a charge for 30 minutes of day care per day.

3.8 Further details on the impact on businesses, communities and the environment are shown in **Table 1** on the following pages.

Table 1: Impact of the 2019/20 Budget Proposals on Businesses

Typical Facts:

- Non Domestic Rates are set by Government
- Supplementary Rates could be set by Cheshire East Council
- Businesses are liable to pay some Fees and Charges (for example licensing)



Working with Businesses

The Council takes a proactive 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.

Cheshire East Council established the Skills and Growth Company as a new ‘arms-length’ company in April 2016, to bring together existing skills and growth services under one structure. Their objective is to ensure the Council can deliver more for less, achieving greater innovation and benefits for businesses and residents. The company supports businesses to maximise growth, funding and investment opportunities; increase the availability and take-up of apprenticeships, support people into work, help to create jobs and stimulate economic growth and innovation.

Over the past three years they have supported businesses to create over 2,000 jobs and secure more than £90m in investment.

The Council has made significant commitments to the regeneration of Crewe town centre, acting as a catalyst for further private sector investment as the town prepares itself as a HS2 station location in 2027. Over the 2019-22 period, £23.7m will be invested through the use of external funding, the Council’s capital budget and the strategic use of its own land and property. By taking a mixed use approach that incorporate leisure, retail, public realm and event space, this will enhance the attractiveness of Crewe to its significantly growing resident base and increase confidence in the development and investment sectors.

The Council remains committed to the revitalisation of Macclesfield town centre. Proposals for a scheme of public realm enhancements for Castle Street have progressed to tender stage, a Shop Front Scheme continues to be run for the Lower Mill Street area, plans are being progressed to see the reuse of the Old Police Station and Butter Market, and a Strategic Regeneration Framework is being developed to guide future town centre regeneration priorities.

Government sets new Business Rates multipliers for 2019/20

- The multiplier for 2019/20 will increase by CPI following the Chancellor’s announcement in



the Autumn Budget on 22nd November 2017. The multiplier has previously increased by RPI and was due to change to CPI in 2020, but the Chancellor has brought this forward by two years. The provisional multipliers have been set as follows:-

- Provisional 2019/20 Standard Multiplier at 50.4p* in the £.
- Provisional Small Business Multiplier 49.1p** in the £.

* Includes supplement to fund small business relief.

** All occupied properties with a rateable value below £51,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

New Transitional Scheme for 2017 rating list

- The transition scheme will continue to help businesses that would face a large increase or decrease in their rates payable following the revaluation in April 2017. Any relief under the transition scheme will be automatically calculated and will appear on rate demands.

Small Business Rate Relief (SBRR)

- The Government announced in the budget in March 2016 that SBRR will permanently double.
- Thresholds for relief for SBRR were amended following the revaluation in 2017. Properties with RV below 12,000 where the ratepayer meets the criteria will receive 100% relief and properties between 12,000 and 15,000 will receive tapered relief.
- Continuation of amended SBRR criteria to allow businesses in receipt of SBRR to keep it for one year when they take on an additional property that would currently cause them to lose SBRR, in order to help small businesses with expansion costs.

Rural Rate Relief

Mandatory relief for rural businesses will continue at 100% for qualifying properties.

Spring Budget Reliefs

In the Spring Budget of 2017 the Chancellor announced new reliefs for businesses affected by the revaluation of 2017. All reliefs are fully funded by the Government. Reliefs eligible in



2019/20 are:

- Supporting Small Business (SSB) – Relief for those ratepayers who have lost SBRR or rural rate relief as a result of the revaluation. This relief limits the increase in rates to £600 pa.
- Discretionary Revaluation Relief – Cheshire East Council will receive £1.3m over four years to grant relief to ratepayers who have faced an increase in rates payable as a result of the revaluation. The relief awarded as shown in the table below:

Amount of discretionary revaluation relief awarded to date (£)				TOTAL £
Year 1 2017/18	Year 2 2018/19	Year 3 2019/20	Year 4 2020/21	
743,495	350,843	-	-	1,094,338

Discretionary revaluation relief will be provided to properties with a RV of up to and including £100,000. The scheme will award all eligible ratepayers relief for the increase in rates due to the revaluation from 2016 to 2017. In most cases the relief will be awarded automatically without the need for application. State aid rules apply. The Council will review the percentage awarded for each new financial year to take account of the funding available from Central Government.

Autumn Budget 2018

The chancellor announced a new relief scheme for retail properties that have a rateable value of below £51,000. Under the scheme, eligible ratepayers will receive a one third discount of their daily chargeable amount. The relief will have effect for 2019/20 and 2020/21, state aid rules apply.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2019/20.



Local Retention of Business Rates

From 1st April 2013 Cheshire East Council retains c.28% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. The Medium Term Financial Strategy (**Annex 6**) sets out the Council's ambition and forecast income from promoting economic development.

Local Discretionary Rate Relief

Cheshire East Council has the discretion to award rate relief to any ratepayer. Applications are considered on an individual basis. Relief would only be awarded where it was in the Council Tax payer's interest to do so.

Other measures to support local businesses with business rates

Continuation of the option to spread business rates bills over 12 months rather than 10 months.

Council Partners and Stakeholders

For Example: Town and Parish Councils, Health, Fire, Police, Schools, Colleges, Universities, Community, Voluntary and Faith Organisations, Housing Providers, Community Partnerships.



Old Saw Mill Connected Communities Centre Open day, professionals are working together in Congleton (above).

Connected Communities top Health and Wellbeing event (below).



The Council seeks pride in working collaboratively with statutory and third sector providers to provide the right level of support to the residents of Cheshire East. We are working with our partners through integrated commissioning processes, to deliver the appropriate level of support to the most vulnerable in society and to empower the residents of Cheshire East through focusing on intervention and prevention services so we can continue to build strong and resilient communities.

The Council will continue to work in partnership with Town and Parish Councils to understand the needs of each community and to ensure we are working as one system at a local level to meet these expectations where appropriate.

The Council is committed to further developing and managing our strategic and operational partnerships to enable best working practices that support the Council's key objectives. Some of the ways we are doing that are as follows:

- Developing our strategic partnerships across Cheshire East to enable integrated commissioning and improve efficiencies and access to local services.
- Bringing local partners together to better share resources and redesigning public sector services across Cheshire East to better meet local needs.
- Focus on one system delivery around intervention and prevention through the Health and Wellbeing strategy 2018-2012 and the Connected Communities Strategy 2016.
- The Connected Communities approach to Health and Wellbeing will enable us to:
 - Engage communities to identify and be involved in addressing local issues
 - To coproduce local services with local people
 - Promote and support community networks on a local footprint to facilitate collaborative working between health, social care and communities
 - Provide the appropriate levels of resource to empower local people to support their local community using an asset based community development approach
 - Develop positive relationships between the Council and the community, voluntary and faith sector, at both a local and strategic level
 - To invest in our communities through the New Homes Bonus, Early Help Community Grants and through integrated commissioning

The Local Environment



Cheshire East Council is committed to continuing to reduce its energy consumption and carbon emissions from its buildings and will continue to develop strategies during 2019/20, and beyond, to reduce the environmental impact of its activities.

The Council has achieved its Carbon Management Plan target of reducing carbon emissions by 25% by March 2016 - a full two years early. The target for reducing energy use in its corporate buildings was increased and by 2016 it had achieved a 43% reduction. The Council has embedded carbon reduction into its service delivery and has developed a 2020 vision that will aim to reduce carbon emissions by a further 20% across all corporate buildings. Improvements are planned undertaking a wide range of carbon reducing projects:

- Energy saving measures and property rationalisation in our own Council buildings to continue to reduce our carbon footprint.
- Macclesfield Leisure and Wilmslow Leisure Centres have undergone a major refurbishment of their heating and ventilation which will provide energy efficiency savings.
- Congleton Leisure Centre is being redeveloped to meet modern standards and will incorporate the latest energy efficient measures.
- The Council is installing a 230kW solar PV array to its Environmental Hub which adds to the existing smaller installations at Crewe Lifestyle Centre and Westfields.
- Reducing carbon emissions from its own vehicles by undertaking a fleet review that will include the trialling, where possible, of alternative refuse collection technologies including new fuel technology such as electric and hybrid variants and vehicles that can run on compressed natural gas.
- The Highway service carbon reduction programme set a target of a 27% reduction in carbon from street lighting by March 2016 supported by the Council's £5.2m capital investment in street lighting. The target was exceeded with 31% savings achieved from two completed initiatives:
 - a Borough wide replacement of traffic signal lamps with LEDs. Carbon reduction delivered - 6%.
 - the conversion of traditional street lights to LED on the Borough's inter urban

	<p>routes. Carbon reduction delivered - 25%.</p> <ul style="list-style-type: none">• The strategy continues to make good progress with a three year programme (2016 – 2019) to convert 26,000 street lights to LED in residential areas. Year 1 and 2 are complete with the final year commencing March 2018. Overall target is to deliver a further reduction in carbon of 27%.• Reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy.
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Equality and Diversity



The Council recognises that promoting equality and diversity will improve public services for everyone. Cheshire East wants to be an area of equal opportunity, where everyone has a fair chance and people from all backgrounds take part in community life. The aim, therefore, is to make equality an integral part of the way the Council works by putting it at the centre of everything it does.

It is important to consider all individuals when carrying out day-to-day work. To ensure this, services provide equality analysis for everything carried out as a way of considering the effect on different groups protected from discrimination by the Equality Act 2010.

The Equality Impact Assessment (EIA) process helps to consider if there are any unintended consequences for each of the 'protected characteristics' of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, religion or belief, sex and sexual orientation.

An EIA is carried out on:

- new functions, policies, procedures and services as they are developed
- significantly altered functions, policies, procedures and services
- Overtime, on existing functions and policies.

For all of the budget proposals an EIA has been carried out where appropriate. For some of the proposals presented it is recognised that these are still very much at a concept stage, therefore for these an initial screening has been carried out with the expectation that a full and detailed EIA will be completed in due course.

4. Workforce Strategy

Working for a Brighter Future – Together

- 4.1 We are living and working in a world where residents and communities have high expectations of both business and public services.
- 4.2 Providing high quality services is increasingly challenging for public services where there is a need to respond to both increasing demand on services and increasing financial challenges.
- 4.3 As the climate within which our people operate is more difficult, it is the priority to support them to meet the needs of residents by improving the deal for our employees. Following a period of in-depth engagement activity with all our people, the new Vision, Employee Deal, Values and Behaviours were launched in July 2018.
- 4.4 Between 2018 and 2020 a programme of work to embed the new approach will run ensuring that our employees are valued and have the skills and support to provide the high quality services required.

People Plan 2018-20

- 4.5 Putting the right people in the right places at the right times is at the heart of the Council's success. To deliver the Council's ambitious plans within the context of the Vision and Employee

Deal, three priority areas come together to form the Council's People Plan:

- **Our Culture – establishing and enabling our workplace vision**
- **Our organisational development and delivery**
- **Our employee experience**

Workforce, Pay and Pensions

- 4.6 A review of Local Living Wage was undertaken in the light of the National Joint Council (NJC) 2 year pay deal for 2018 and 2019. As the pay deal has taken into account the government's ongoing commitment to increase the National Living Wage by bottom loading the lower national scale points with higher pay increases, it is no longer necessary for the Council to support a Local Living Wage. From the 1st April 2019 the lowest paid employee will receive £9.00 per hour which exceeds the National Living Wage and will going forward be increased accordingly above this level.
- 4.7 The current NJC pay deal for 2018/20 saw a 2 year agreement reached for all staff to receive a minimum annual 2% pay increase from 1st April 2018 and 1st April 2019 with a bottom loading of the scale points such that lower grades receive pay awards of up to 8%. This ensures Councils are National Minimum Wage proof going forward with a bottom rate of £9.00 per hour on new scale point 1 and keep in line with Government planned increases and targets. The other JNC national awards for Chief Officers and Chief Executives

saw a similar 2% increase across the board for a 2 year period.

- 4.8 There is also a requirement to assimilate NJC staff onto the new national pay structure by 1st April 2019 which will start at spinal point 1 and progress up to spinal point 43. This process will be achieved through trade union consultation and agreement.
- 4.9 The Council has now commenced a review of its existing local pay structures in order to comply with the terms of the national agreement and agree a new pay structure aligned with the national agreement which will be signed off with the regional Trade Unions and implemented on 1st April 2019.
- 4.10 Through the Finance Act (2017), the payment of an apprenticeship levy became a statutory requirement in April 2017 and both the levy and apprenticeship new starts target are ongoing annually. The Council's liability remains at 0.5% of the pay bill which is forecast to be approximately £0.7m per year.
- 4.11 Based on current headcount, the 2.3% of the workforce to be made up of apprentices is estimated to be 180 apprenticeship new starts for the Council each year, including ASDVs and maintained schools. Increasing the number of new apprentices to the organisation will increase salary costs as will releasing existing staff to undertake the off the job training required for an apprenticeship.
- 4.12 A valuation of the Cheshire Pension Fund was undertaken to determine the employer contribution rates for the Local Government Pension Scheme which came into effect from 1st April 2017. Forecasts on the increasing contribution rates of +1.5% will contribute to increased employee costs in 2019/20.

4.13 Headcount and Full Time Equivalents (FTEs) have reduced steadily since Cheshire East Council was formed, following Local Government Reorganisation in 2009

Date	Headcount	% change from previous year	FTE	% change from previous year
30-Apr-09	6,522	n/a	4,891.5	n/a
30-Apr-10	6,155	-5.63	4,582.8	-6.31
30-Apr-11	5,860	-4.79	4,385.4	-4.31
30-Apr-12	5,449	-7.01	4,080.2	-6.96
30-Apr-13	5,103	-6.35	3,880.7	-4.89
30-Apr-14	4,403	-13.72	3,232.7	-16.70
30-Apr-15	3,812	-13.42	2,883.5	-10.80
30-Apr-16	3,763	-1.29	2,891.7	0.28
30-Apr-17	3,623	-3.72	2,835.3	-1.95
30-Apr-18	3,587	-0.99	2,824.5	-0.38
30-Sep-18	3,580	-0.20*	2,771.0	-1.89*

*Year to date change

Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non essential staff travel and supplies are minimised</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
Pay and Pensions Allocation (Revenue Investment) [59]			
Increases in employee related costs over the medium term. Items covered by this proposal include spinal point incremental increases for eligible staff, annual nationally negotiated pay awards, remodeling of pay structures in line with NJC agreement, sleep in payments, holiday payments and annual employer pension contribution increases of 1.5%. An element of the increases will be offset by vacancy provisions therefore an overall increase of 2% on pay budgets has been provided for in each year.			
PEOPLE	+3.284	+5.309	+7.335
PLACE	+2.915	+4.918	+6.921
CORPORATE	+1.275	+2.166	+3.058
<i>Impact on Cross Service Budgets =</i>	+7.474	+12.393	+17.314
*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19 . Values are not cumulative			

Workforce <i>Increasing productivity through workforce planning whilst meeting our statutory obligations regarding pay inflation and ensuring non essential staff travel and supplies are minimised.</i>	2019/20 £m*	2020/21 £m*	2021/22 £m*
<p>Mutually Agreed Resignation Scheme 2018/19 (Reversal of Revenue Savings) [60]</p> <p>A MARS scheme was offered to employees for the first time in 2018/19, allowing staff to voluntarily leave their posts with a one-off payment dependent upon their length of service. This resulted in staff reductions and budget savings, but not at the level forecast in the 2018/19 Budget. Despite the overall reduction in budget the initial analysis of potential savings, based on similar schemes run in other organisations, suggested take-up could have created savings of up to £1.5m. As this target was not achieved, as reported to the Staffing Committee, £1m is being reinstated as budget growth within the base budget for 2019/20.</p> <p style="text-align: right;"><i>Impact on Cross Service Budgets =</i></p>	+1.000	+1.000	+1.000
<p>Mutually Agreed Resignation Scheme 2019/20 (Revenue Savings) [61]</p> <p>Due to the achievement of overall savings in 2018/19 the MARS scheme, allowing staff to voluntarily leave their posts with a one-off payment dependent upon their length of service, is being re-run. Reflecting on the level of take-up in 2018/19 the scheme for 2019/20 is forecasting a lower level of savings as part of the Medium Term Financial Strategy.</p> <p style="text-align: right;"><i>Impact on Cross Service Budgets =</i></p>	-0.300	-0.300	-0.300
<p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</p>			

5. Risk Management

- 5.1 The Council continues to implement and embed an effective risk management framework and appropriate risk appetite to ensure that it is better placed to manage its performance; achieve its corporate objectives; and provide an enhanced level of service and outcomes to the community. Risk management is a key principle of effective corporate governance, and operating within the framework ensures that there is a mechanism in place to support effective decision making and appropriate risk responses.
- 5.2 Cheshire East recognises that in pursuit of its objectives and outcomes that it may choose to accept an increased degree of risk. Where the council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 5.3 In this constantly evolving environment, with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, demographic and social changes, it is possible for managers and decision makers to miss risks that may arise suddenly or unexpectedly. The Council uses its risk management framework to help protect against this and the Corporate Leadership Team and Cabinet regularly review the Council's corporate risks and give assurance on the effectiveness of risk management through the Council's Audit and Governance Committee.
- 5.4 The highest rated risks on the Council's corporate risk register are around shifting costs for both the Council and its key partners and suppliers, and increased demand, which places additional strain on the Council's capacity, resources and its financial resilience.
- 5.5 At a strategic level, the Corporate Leadership Team and Cabinet are included as part of the process to review existing and dying risks and to identify new and emerging risks. Operationally risk management is integrated into service planning and decision making to ensure that:
- Risks are recognised and responded to appropriately throughout business management and decision making lifecycles.
 - Risk activity is focused on the delivery of key organisational objectives.
 - Risk registers are critically examined and refreshed throughout the year.
- 5.6 A risk around financial resilience is included as a corporate risk and general reserves are focused on the Council's potential exposure to risk. In addition, where a particular area has been identified as specific risk or investment opportunity, then an amount will be earmarked for that specific purpose.
- 5.7 A £1m contingency budget was included in the revenue budget from 2018/19. Robust budget change proposals backed up by formal business cases, along with the management of budget risk through an appropriate reserves strategy have meant that the previous revenue contingency budget can now be removed as per the table overleaf.

	2019/20 £m*	2020/21 £m*	2021/22 £m*
Removal of Contingency Revenue Budget [65]			
Robust budget change proposals backed up by formal business cases, along with the management of budget risk through an appropriate reserves strategy have meant that the previous revenue contingency budget can now be removed.			
<i>Impact on Central Budget =</i>	-1.000	-1.000	-1.000
<p>* Values represent a +/- variation to the Cheshire East Council approved budget for 2018/19. Values are not cumulative</p>			

6. Business Rates – Forecasting over the medium term

- 6.1 The Government introduced the Business Rates Retention Scheme on 1st April 2013. There has been much uncertainty around the scheme as a result of appeals to the local list. This has resulted in the need to create and build upon a specific earmarked reserve and provision for appeals to protect against large fluctuations in any given year. This Annex provides an illustration of how the scheme has worked over time and what changes are likely over the medium term including estimates of future income.
- 6.2 The basic concept is that a baseline position is established and an element of growth over and above that can be retained. Central Government set the baseline over which growth is measured but the Council can budget on locally set figures. This can be informed by the NNDR1 form which contains estimates that must be provided to Government at the end of January each year.
- 6.3 As part of the last three budget cycles, growth estimates above baseline were calculated and the taxbase has been monitored to assess the robustness of those estimates. This has proved to be reasonably accurate so far for 2019/20 and beyond, the methodology is continuing to be used to estimate growth and this income has been included in the funding assumptions contained within this document. The methodology has been set out below.
- 6.4 For 2018/19 the NNDR1 return is forecasting retained rates above the funding baseline (of £40.9m) for Cheshire East to be £2.1m giving a contribution to the revenue budget of £43.0m. This budget above the baseline is accounting for the growth projections plus levy savings that were forecast as part of the 2018-21 Medium Term Financial Strategy report.
- 6.5 A Non Domestic taxbase for 2019/20 was formally reported to Cabinet and Council in December 2018 which included current hereditaments valued at 2017 levels following the national revaluation in April 2017. Work has been carried out to estimate new business growth in the area and this was included in the calculation for the taxbase. More information on the Business Rates taxbase for 2019/20 and the background on the Business Rates Retention Scheme is available in the report that was approved at [Council](#) on 13th December 2018.
- 6.6 The use of the Collection Fund Management Earmarked Reserve, to hold differences between the NNDR1 and the outturn position, continues to provide an element of protection against future risks.

Available Data

- 6.7 The Council has gathered information from several sources to judge likely levels of economic growth including:
- Information from the business engagement team.
 - Data from the Council's planning system.
 - Data from the team working to generate capital receipts.
 - Data from the Revenues collection service in terms of appeals and expected growth.

- Data from the valuation office.
- Financial Strategy & Reporting knowledge of the BRRS calculations.

Method

- 6.8 This available data has been reviewed to generate broad estimates of the potential increase in Rateable Value (RV) over the medium term.
- 6.9 An allowance has been made for the average impact of timing delays, on appeals, on other RV nearby (displacement) and likely loss of RV where appropriate.
- 6.10 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.
- 6.11 This model also takes account of any impact of pooling.

Results

- 6.12 **Table 1** sets out the results.
- 6.13 Retained rates income forecast from growth in the taxbase for 2019/20 is forecast to be £2.25m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.9m as per **Table 1**.

- 6.14 The mix of data sources and balance of results provides a good indication that this methodology is creating a reliable baseline for future estimates in this area. Therefore, the prudent estimate of £0.5m growth per annum in the medium term budget continues to be factored in.

Table 1 - Estimated Increased Net Business Rates Income (incremental)		
Business Type	2019/20 £m	2020/21 £m
Manufacturing	1.43	0.47
Offices	0.78	0.13
Other	0.09	0.00
Leisure	0.05	0.00
Retail	-0.10	2.89
Total Net Growth	2.25	3.49
Total Retention for Cheshire East	0.90	1.39

Source: Cheshire East Finance

7. The Budget Setting Process

Set Parameters	Gather Evidence	Consult and Refine	Approve																																																																																				
Apr to May 2018	June to Sept 2018	Oct 2018 to Jan 2019	Feb 2019																																																																																				
<p>Assumptions reported to Cabinet / Council in Feb 2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #2e7d32; color: white;">Revenue Budget 2019/20</th> <th style="background-color: #2e7d32; color: white;">£m</th> </tr> </thead> <tbody> <tr> <td>Cost of services</td> <td style="text-align: right;">268.0</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Local Taxation</td> <td style="text-align: right;">-254.5</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Government Funding</td> <td style="text-align: right;">-12.5</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Council Tax Collection Fund</td> <td style="text-align: right;">-1.0</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.0</td> <td></td> </tr> </tbody> </table>	Revenue Budget 2019/20		£m	Cost of services	268.0	➔	Local Taxation	-254.5	➔	Government Funding	-12.5	➔	Council Tax Collection Fund	-1.0	➔	Total	0.0		<p>Develop Pre Budget Consultation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #2e7d32; color: white;">Review Assumptions</th> <th style="background-color: #2e7d32; color: white;">£m</th> </tr> </thead> <tbody> <tr> <td>Additional net growth pressures forecast</td> <td style="text-align: right;">6.3</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Council Tax Increase from 1.99% to 2.99%</td> <td style="text-align: right;">-2.1</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Further Local Tax Base Increases</td> <td style="text-align: right;">-5.0</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Business Rates S31 compensation grants</td> <td style="text-align: right;">-3.6</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Other Central Budget and Grant Changes</td> <td style="text-align: right;">5.4</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Council Tax Collection Fund</td> <td style="text-align: right;">-1.0</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.0</td> <td></td> </tr> </tbody> </table>	Review Assumptions		£m	Additional net growth pressures forecast	6.3	➔	Council Tax Increase from 1.99% to 2.99%	-2.1	➔	Further Local Tax Base Increases	-5.0	➔	Business Rates S31 compensation grants	-3.6	➔	Other Central Budget and Grant Changes	5.4	➔	Council Tax Collection Fund	-1.0	➔	Total	0.0		<p>Changes Post Pre Budget Consultation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #2e7d32; color: white;">Confirm Proposals</th> <th style="background-color: #2e7d32; color: white;">£m</th> </tr> </thead> <tbody> <tr> <td>Proposed budget changes following consultation period</td> <td style="text-align: right;">2.1</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Funding estimates refined following Prov Settlement -</td> <td></td> <td></td> </tr> <tr> <td>Social Care Support Grant</td> <td style="text-align: right;">-2.5</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>New Homes Bonus</td> <td style="text-align: right;">-0.5</td> <td></td> </tr> <tr> <td>Business Rates growth forecast</td> <td style="text-align: right;">1.0</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Council Tax Collection Fund</td> <td style="text-align: right;">-0.1</td> <td style="text-align: center;">➔</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.0</td> <td></td> </tr> </tbody> </table>	Confirm Proposals		£m	Proposed budget changes following consultation period	2.1	➔	Funding estimates refined following Prov Settlement -			Social Care Support Grant	-2.5	➔	New Homes Bonus	-0.5		Business Rates growth forecast	1.0	➔	Council Tax Collection Fund	-0.1	➔	Total	0.0		<p>Medium Term Financial Strategy</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #2e7d32; color: white;">Budget Report</th> <th style="background-color: #2e7d32; color: white;">£m</th> </tr> </thead> <tbody> <tr> <td>Cost of services</td> <td style="text-align: right;">281.2</td> <td></td> </tr> <tr> <td>Local Taxation</td> <td style="text-align: right;">-264.2</td> <td></td> </tr> <tr> <td>Government Funding</td> <td style="text-align: right;">-14.9</td> <td></td> </tr> <tr> <td>Council Tax Collection Fund</td> <td style="text-align: right;">-2.1</td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.0</td> <td></td> </tr> </tbody> </table>	Budget Report		£m	Cost of services	281.2		Local Taxation	-264.2		Government Funding	-14.9		Council Tax Collection Fund	-2.1		Total	0.0	
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8. Revenue Grant Funding

Corporate Grants Register 2019-22	Revised Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
SPECIFIC USE (Held within Services)				
People				
Schools				
Dedicated Schools Grant	265,997	272,559	272,559	272,559
Less Academy Recoupment	127,831	134,223	140,934	147,980
Dedicated Schools Grant (Cheshire East)	138,166	138,336	131,625	124,579
Pupil Premium Grant (maintained schools only)	4,739	4,628	4,628	4,628
Sixth Forms Grant (maintained schools only)	4,083	2,749	2,749	2,749
Universal Infant Free School Meals	2,290	2,266	2,266	2,266
Physical Education Sports Grant	1,252	1,228	1,228	1,228
School Improvement Monitoring and Brokering Grant	274	274	274	274
Strategic School Improvement Grant	615	0	0	0
Milk Subsidy	32	0	0	0
Total Schools	151,451	149,481	142,770	135,724
Children and Families	1,842	1,732	1,360	1,360
Adult Social Care	11,695	12,675	4,187	4,152
Public Health	16,400	15,967	15,552	15,552
Total People	181,388	179,855	163,869	156,788

Corporate Grants Register 2019-22	Revised Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Place				
Growth and Regeneration	547	652	0	0
Planning and Sustainable Development	283	220	0	0
Directorate	787	787	787	787
Customer Operations	68,211	68,211	68,211	68,211
Total Place	69,828	69,870	68,998	68,998
TOTAL SPECIFIC USE	251,216	249,725	232,867	225,786
GENERAL PURPOSE (Held Corporately)				
Central Funding				
Revenue Support Grant	5,416	0	0	0
PEOPLE - Children and Families				
Troubled Families (including Coordinator)	372	195	0	0
Staying Put Implementation Grant	115	0	0	0
Extended Rights to Free Transport	165	0	0	0
Extended Personal Adviser Duty Implementation	14	0	0	0
Extension of the role of Virtual School Heads	38	0	0	0
PEOPLE - Adult Social Care and Independent Living				
Social Care Support Grant	0	2,478	0	0
Independent Living Fund	888	861	818	818
Local Reform and Community Voices	204	207	207	207
Social Care in Prisons	73	73	73	73
War Pension Scheme Disregard	59	60	60	60
Adult Social Care Support Grant	907	0	0	0
Controlling Migration Fund	75	0	0	0

Corporate Grants Register 2019-22	Revised Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
PLACE				
Lead Local Flood Authorities	15	16	0	0
Neighbourhood Planning Grant for Local Planning Authorities	60	0	0	0
Local Enterprise Partnership (LEP): MHCLG Additional Funding	200	0	0	0
Homelessness Reduction Act - new burdens	37	47	0	0
CORPORATE - Customer Operations				
Housing and Council Tax Benefit Administration	1,083	1,027	1,027	1,027
NNDR Administration Grant	566	571	571	571
Universal Support Grant 2017/18	-9	0	0	0
Universal Support Grant 2018/19	63	0	0	0
CORPORATE - Chief Operating Officer				
New Homes Bonus	8,563	9,327	8,397	8,282
Additional Growth Pilot	138	0	0	0
Transition to Individual Electoral Registration 2018/19	133	0	0	0
CENTRAL ITEMS				
Business Rates 2018/19 Tax Loss Compensation Payment:	7,180	0	0	0
TOTAL GENERAL PURPOSE	26,355	14,862	11,153	11,038
TOTAL GRANT FUNDING	277,571	264,587	244,020	236,824

9. Capital Grant Funding

	Prior Years Grant Received £000	Expected Receipt 2019/20 £000	Application of Grants in 2019/20 £000	Expected Receipt 2020/21 £000	Application of Grants in 2020/21 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
SPECIFIC PURPOSE (Held Corporately)							
PEOPLE							
Education and 14-19 Skills							
School Condition Grant 2018/19	4,902	0	2,965		2,452		621
School Condition Grant 2019/20	0	1,000	485	0	0		515
School Condition Grant 2020/21	0			1,892	1,290	0	602
School Condition Grant 2021/22	0		20			1,560	1,560
Devolved Formula Capital 2016/17	376		376	0	0		
Devolved Formula Capital 2017/18	282		5	0	277	0	0
Devolved Formula Capital 2018/19	469	0	0	0	235	0	234
Devolved Formula Capital 2019/20	0	0	0	0	0	400	400
Basic Need Grant 2016/17					9	0	0
Basic Need Grant 2017/18	2,684	0	7,086	0	9	0	0
Basic Need Grant 2018/19	8,208	0	65		8,143		
Basic Need Grant 2020/21	0	0	0	8,921	3,274	0	5,647
TOTAL PEOPLE	16,921	1,000	11,002	10,813	15,689	1,960	9,579

	Prior Years Grant Received £000	Expected Receipt 2019/20 £000	Application of Grants in 2019/20 £000	Expected Receipt 2020/21 £000	Application of Grants in 2020/21 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
SPECIFIC PURPOSE (Held Corporately)							
PLACE							
Growth and Regeneration							
Disabled Facilities Grant 2017/18	1,936						
Disabled Facilities Grant 2018/19	2,118		586				
Disabled Facilities Grant 2019/20		1,753	1,166		585		
Disabled Facilities Grant 2020/21				1,751	1,164		584
Disabled Facilities Grant 2021/22						1,750	1,750
Crewe Town Centre Regeneration / Local Growth Fund	794	3,839	3,839	5,368	5,368		
Premises Capital (FM)	5,016						
Private Sector Assistance	1,263						
Rural and Green Infrastructure							
Accessibility – Walking & Cycling	1,626		72				
PROW CMM A6 MARR	100		90				
Client Commissioning							
Connecting Cheshire Digital 2020 - Super Fast Broadband	32	420	420	1,683	1,683	4,155	4,155
North Cheshire Garden Village	577	5,192	5,192	11,948	11,948	3,983	3,983
South Macclesfield Development Area	450	6,000	6,000	3,550	3,550		

	Prior Years Grant Received £000	Expected Receipt 2019/20 £000	Application of Grants in 2019/20 £000	Expected Receipt 2020/21 £000	Application of Grants in 2020/21 £000	Expected Receipt Future Years £000	Application of Grants in Future Years £000
SPECIFIC PURPOSE (Held Corporately)							
PLACE							
Infrastructure and Highways							
Congleton Relief Road / Local Growth Fund	14,400	23,810	27,403	9,197	9,197		
Flower Pot Junction, Macclesfield - Phase 1	1,237	1,513	2,250	750	750		
Incentive Fund 2018/19 / Department for Transport		1,751	1,751				
Incentive Fund 2019/20 / Department for Transport				1,751	1,751		
Incentive Fund 2020/21 / Department for Transport						1,751	1,751
Integrated Transport Block 2018/19 / Department for Transport		1,803	1,803				
Integrated Transport Block 2019/20 / Department for Transport				1,803	1,803		
Integrated Transport Block 2020/21 / Department for Transport						1,803	1,803
Macclesfield Movement Strategy / Local Growth Fund	50	40	63				
Maintenance Block 2018/19 / Department for Transport		8,409	8,409				
Maintenance Block 2019/20 / Department for Transport				8,409	8,409		
Maintenance Block 2020/21 / Department for Transport						8,409	8,409
Mid Cheshire Towns Study	20	20	20				
Middlewich East Bypass		7,892	7,892	21,699	21,699	17,190	17,190
North West Crewe Package	2,303	6,480	8,783	6,768	6,768		
Poynton Relief Road / Local Growth Fund	3,328	559	559	7,261	7,261	12,205	12,205
Safer Road Fund / Department for Transport		938	938	313	313		
Sustainable Travel Access Programme	130	889	889	981	981		
Sydney Road Bridge / Local Growth Fund	5,876						
TOTAL PLACE	41,256	71,307	78,124	83,232	83,230	51,246	51,830
TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING	58,177	72,307	89,126	94,045	98,919	53,206	61,409

10. Financial Summary Tables (Revenue)

The 2018/19 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2018/19 financial year to date. There may be differences from the budget position at the [Third Quarter](#) Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

Service	Current Net Budget 2018/19 at Three Quarter Review £m	Less Temporary Specific Grants Allocations £m	Less Other Temporary In Year Budget Adjustments £m	Permenant Base Budget Carried Forward to 2019/20 £m
SERVICE DIRECTORATES				
Directorate	600			600
Children's Social Care	35,949	-129	-77	35,743
Education and 14-19 Skills	11,715	-72	-231	11,412
Prevention and Support	9,201	-177	-532	8,492
Adult Social Care - Operations	24,005		-193	23,812
Adult Social Care - Commissioning	80,278	-65	-847	79,366
Public Health and Communities	2,615	-75	-32	2,508
People	164,363	-518	-1,912	161,933
Directorate	204		-16	188
Planning and Sustainable Development	3,255	-60	-243	2,952
Infrastructure and Highways (incl Car Parking)	12,377			12,377
Growth and Regeneration	17,306	-200	-90	17,016
Rural and Cultural Economy	2,967			2,967
Customer Services	8,355	-63	30	8,322
Client Commissioning - Leisure	2,019			2,019
Client Commissioning - Envioronmental	28,466			28,466
Place	74,949	-323	-319	74,307

Service	Current Net Budget 2018/19 at Three Quarter Review £m	Less Temporary Specific Grants Allocations £m	Less Other Temporary In Year Budget Adjustments £m	Permenant Base Budget Carried Forward to 2019/20 £m
SERVICE DIRECTORATES				
Directorate - Former Professional Services	1,379			1,379
Directorate - Business Manager	1,146		-291	855
Directorate - Unallocated	-951			-951
Legal & Democratic Services	5,972	-133	-115	5,724
Human Resources	2,297		25	2,322
Finance & Performance	6,187			6,187
ICT	5,745			5,745
Communications	603			603
Corporate	22,378	-133	-381	21,864
Total Services Net Budget	261,690	-974	-2,612	258,104
CENTRAL BUDGETS				
Capital Financing	10,000			10,000
Transfer to Earmarked Reserves	-1,213		907	-306
Corporate Contributions / Central Budgets	-737		1,000	263
Total Central Budgets	8,050	0	1,907	9,957
TOTAL NET BUDGET	269,740	-974	-705	268,061

Cheshire East Council Revenue Budget Summary

REVENUE

Service Area	2019/20 Budget			2020/21 Budget			2021/22 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Budget including Policy Proposals									
People	401,232	-230,288	170,944	399,990	-222,126	177,864	394,539	-215,080	179,459
Place	176,926	-99,601	77,325	177,977	-99,761	78,216	180,292	-99,776	80,516
Corporate	53,336	-28,692	24,644	54,228	-29,142	25,086	55,120	-29,142	25,978
Total Cost of Service	631,494	-358,581	272,913	632,195	-351,029	281,166	629,951	-343,998	285,953
Central Items	14,783	-6,519	8,264	15,783	-3,569	12,214	16,783	-2,569	14,214
Previous Year Budget Deficit						0		-11,042	-11,042
Total Cost of Service	646,277	-365,100	281,177	647,978	-354,598	293,380	646,734	-357,609	289,125
Policy Proposals included above									
People	8,612	399	9,011	-1,242	8,162	6,920	-5,451	7,046	1,595
Place	3,205	-187	3,018	1,051	-160	891	2,315	-15	2,300
Corporate	2,985	-205	2,780	892	-450	442	892		892
Central Items	900	-2,593	-1,693	1,000	2,950	3,950	1,000	1,000	2,000
Financial Impact of Policy Proposals	15,702	-2,586	13,116	1,701	10,502	12,203	-1,244	8,031	6,787

People Directorate Summary

REVENUE

Service Area	2019/20 Budget			2020/21 Budget			2021/22 Budget		
	Budget including Policy Proposals								
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Adult Social Care Commissioning	116,108	-33,833	82,275	119,469	-32,382	87,087	119,531	-32,382	87,149
Adult Social Care Operations	30,865	-5,638	25,227	31,681	-5,638	26,043	32,497	-5,638	26,859
Children's Social Care	40,724	-2,874	37,850	41,609	-2,874	38,735	41,919	-2,874	39,045
Directorate	451	-299	152	488	-299	189	525	-299	226
Education and 14-19 Skills	18,205	-5,879	12,326	18,161	-5,879	12,282	18,117	-5,879	12,238
Prevention and Support	25,684	-15,138	10,546	26,056	-15,138	10,918	26,428	-15,138	11,290
Public Health and Communities	19,714	-17,146	2,568	19,756	-17,146	2,610	19,798	-17,146	2,652
Schools Grant Funded Expenditure	149,481	-149,481	0	142,770	-142,770	0	135,724	-135,724	0
Total Cost of Service	401,232	-230,288	170,944	399,990	-222,126	177,864	394,539	-215,080	179,459
	Policy Proposals included above								
Adult Social Care Commissioning	4,460	-1,551	2,909	3,361	1,451	4,812	62		62
Adult Social Care Operations	1,415		1,415	816		816	816		816
Children's Social Care	2,107		2,107	885		885	310		310
Directorate	-448		-448	37		37	37		37
Education and 14-19 Skills	914		914	-44		-44	-44		-44
Prevention and Support	2,074	-20	2,054	372		372	372		372
Public Health and Communities	60		60	42		42	42		42
Schools Grant Funded Expenditure	-1,970	1,970	0	-6,711	6,711	0	-7,046	7,046	0
Financial Impact of Policy Proposals	8,612	399	9,011	-1,242	8,162	6,920	-5,451	7,046	1,595

Note: Appendix 8 shows a breakdown of Schools Grant Funding

People Directorate - Adult Social Care Commissioning

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Client Contributions	5		-22,862	-22,862		-22,862	-22,862		-22,862	-22,862
Early Intervention and Prevention	5	678		678	678		678	678		678
External Care Costs	5	102,689	-1,451	101,238	106,088		106,088	106,088		106,088
Other	5	11,159	-9,520	1,639	11,059	-9,520	1,539	11,059	-9,520	1,539
Staffing Team	5	1,496		1,496	1,496		1,496	1,496		1,496
Pay & Pensions		86		86	148		148	210		210
Total Cost of Service		116,108	-33,833	82,275	119,469	-32,382	87,087	119,531	-32,382	87,149
Policy Proposals included above										
Policy Proposals										
Independent Living Fund - Attrition Factor Reductions	5	-27		-27			0			0
Direct Payments Review	5	-500		-500			0			0
One You Cheshire East	5	-50		-50	-50		-50			0
Community Equipment Service	5	-50		-50	-50		-50			0
Healthwatch Cheshire East	5	-15		-15			0			0
Increase Income	5		-100	-100			0			0
Growth in Demand for Adult Social Care (merged)	5	3,500		3,500	5,000		5,000			0
0-19 Healthy Child Programme	5			0	-150		-150			0
Allocated Adult Social Care Grants	5	65		65			0			0
Adult Social Care Winter Pressures Expenditure	5	1,451		1,451	-1,451		-1,451			0
Adult Social Care Winter Pressures Grant Funding	5		-1,451	-1,451		1,451	1,451			0
Pay & Pensions		86		86	62		62	62		62
Financial Impact of Policy Proposals		4,460	-1,551	2,909	3,361	1,451	4,812	62	0	62

People Directorate - Adult Social Care Operations

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Care4CE	5	15,988	-4,620	11,368	15,988	-4,620	11,368	15,988	-4,620	11,368
Other	5	93		93	93		93	93		93
Staffing Teams	5	11,735	-1,018	10,717	11,735	-1,018	10,717	11,735	-1,018	10,717
Support To Social Work	5	1,534		1,534	1,534		1,534	1,534		1,534
Pay & Pensions		1,515		1,515	2,331		2,331	3,147		3,147
Total Cost of Service		30,865	-5,638	25,227	31,681	-5,638	26,043	32,497	-5,638	26,859
		Policy Proposals included above								
Policy Proposals										
Client Finance and Business Support Review	5	-100		-100			0			0
Pay & Pensions		1,515		1,515	816		816	816		816
Financial Impact of Policy Proposals		1,415	0	1,415	816	0	816	816	0	816

People Directorate - Children's Social Care

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children's Commissioning	5	1,779		1,779	1,779		1,779	1,779		1,779
Head of Service	5	51	-110	-59	51	-110	-59	51	-110	-59
Safeguarding including Domestic Abuse	5	2,254	-320	1,934	2,254	-320	1,934	2,254	-320	1,934
Social Care - Cared for Children	5	29,768	-2,444	27,324	30,193	-2,444	27,749	30,043	-2,444	27,599
Social Care - Child Protection / Children in Need	5	6,216		6,216	6,216		6,216	6,216		6,216
Pay & Pensions		656		656	1,116		1,116	1,576		1,576
Total Cost of Service		40,724	-2,874	37,850	41,609	-2,874	38,735	41,919	-2,874	39,045
		Policy Proposals included above								
Policy Proposals										
Growth Bid Cared for Children and Care Leavers	5	700		700	500		500			0
Extension of the Fact22 model	5	300		300			0			0
Review of allowances for children previously cared for	5	-75		-75	-75		-75	-150		-150
Funding of Social Workers	5	400		400			0			0
Independent Reviewing Officers	5	126		126			0			0
Pay & Pensions		656		656	460		460	460		460
Financial Impact of Policy Proposals		2,107	0	2,107	885	0	885	310	0	310

People Directorate - Directorate

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Business Support Corporate Savings Directorate	3,5	-193	-299	-193	-193	-299	-193	-193	-299	-193
Pay & Pensions		52		52	89		89	126		126
Total Cost of Service		451	-299	152	488	-299	189	525	-299	226
		Policy Proposals included above								
Policy Proposals										
Review and reduction of contract values - to be allocated across Children and Families	5	-500		-500			0			0
Pay & Pensions		52		52	37		37	37		37
Financial Impact of Policy Proposals		-448	0	-448	37	0	37	37	0	37

People Directorate - Education and 14-19 Skills

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Client Commissioning - Transport	3	8,835		8,835	8,555		8,555	8,275		8,275
Education Infrastructure and Outcomes	3	250		250	250		250	250		250
Education Participation and Pupil Support	3	5,858	-5,319	539	5,858	-5,319	539	5,858	-5,319	539
Head of Service and Legacy Pension Costs	3	2,709	-560	2,149	2,709	-560	2,149	2,709	-560	2,149
Skills and Lifelong Learning	3	160		160	160		160	160		160
Pay & Pensions		393		393	629		629	865		865
Total Cost of Service		18,205	-5,879	12,326	18,161	-5,879	12,282	18,117	-5,879	12,238
Policy Proposals included above										
Policy Proposals										
Children & Families Transport Policy Review	3	271		271	-280		-280	-280		-280
Provide School Meals Subsidy	3	210		210			0			0
Extension of Traded Service Opportunities with Schools	3	40		40			0			0
Pay & Pensions		393		393	236		236	236		236
Financial Impact of Policy Proposals		914	0	914	-44	0	-44	-44	0	-44

People Directorate - Prevention and Support

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children's Development and Partnerships	3	809	-197	612	809	-197	612	809	-197	612
Early Intervention and Prevention	3	8,498	-1,595	6,903	8,498	-1,595	6,903	8,498	-1,595	6,903
SEND / Education Psychologists	3	15,520	-13,346	2,174	15,520	-13,346	2,174	15,520	-13,346	2,174
Youth Engagement Service	3	335		335	335		335	335		335
Pay & Pensions		522		522	894		894	1,266		1,266
Total Cost of Service		25,684	-15,138	10,546	26,056	-15,138	10,918	26,428	-15,138	11,290
		Policy Proposals included above								
Policy Proposals										
Early Years Team Income	3		-20	-20			0			0
People Directorate Business Management Service	3	345		345			0			0
Realignment of Children's Services funding streams	3	707		707			0			0
Provide Additional Capacity for SEND Service	3	500		500			0			0
Pay & Pensions		522		522	372		372	372		372
Financial Impact of Policy Proposals		2,074	-20	2,054	372	0	372	372	0	372

People Directorate - Public Health and Communities

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Partnerships and Communities	1	2,963	-455	2,508	2,963	-455	2,508	2,963	-455	2,508
Public Health	1	16,691	-16,691	0	16,691	-16,691	0	16,691	-16,691	0
Pay & Pensions		60		60	102		102	144		144
Total Cost of Service		19,714	-17,146	2,568	19,756	-17,146	2,610	19,798	-17,146	2,652
		Policy Proposals included above								
Policy Proposals										
Pay & Pensions		60		60	42		42	42		42
Financial Impact of Policy Proposals		60	0	60	42	0	42	42	0	42

Place Directorate Summary

REVENUE

Service Area	2019/20 Budget			2020/21 Budget			2021/22 Budget		
	Budget including Policy Proposals								
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Client Commissioning: Environmental	33,364	-2,808	30,556	33,244	-2,713	30,531	34,059	-2,728	31,331
Client Commissioning: Leisure	2,402		2,402	2,700		2,700	2,999		2,999
Customer Services	77,687	-68,855	8,832	77,999	-68,855	9,144	78,311	-68,855	9,456
Directorate	-38		-38	-21		-21	-4		-4
Growth and Regeneration	22,896	-5,409	17,487	23,125	-5,659	17,466	23,391	-5,659	17,732
Infrastructure and Highways	22,889	-10,528	12,361	22,937	-10,528	12,409	23,076	-10,528	12,548
Planning and Sustainable Development	9,549	-6,975	2,574	9,651	-6,975	2,676	9,953	-6,975	2,978
Rural and Cultural Economy	8,177	-5,026	3,151	8,342	-5,031	3,311	8,507	-5,031	3,476
Total Cost of Service	176,926	-99,601	77,325	177,977	-99,761	78,216	180,292	-99,776	80,516
	Policy Proposals included above								
Client Commissioning: Environmental	2,037	53	2,090	-120	95	-25	815	-15	800
Client Commissioning: Leisure	383		383	298		298	299		299
Customer Services	460	50	510	312		312	312		312
Directorate	-226		-226	17		17	17		17
Growth and Regeneration	721	-250	471	229	-250	-21	266		266
Infrastructure and Highways	-16		-16	48		48	139		139
Planning and Sustainable Development	-378		-378	102		102	302		302
Rural and Cultural Economy	224	-40	184	165	-5	160	165		165
Financial Impact of Policy Proposals	3,205	-187	3,018	1,051	-160	891	2,315	-15	2,300

Place Directorate - Client Commissioning: Environmental

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Environmental (including Bereavement)	4	32,655	-2,808	29,847	32,070	-2,713	29,357	32,420	-2,728	29,692
Pay & Pensions		709		709	1,174		1,174	1,639		1,639
Total Cost of Service		33,364	-2,808	30,556	33,244	-2,713	30,531	34,059	-2,728	31,331
Policy Proposals included above										
Policy Proposals										
Markets Income	4	-66	153	87	-125	95	-30		-15	-15
Bereavement Services Increased Income	4	55	-100	-45			0			0
Environmental Services Base Budget	4	324		324	-15		-15			0
Ansa income generation and efficiencies	4	45		45	-625		-625			0
Housing Growth, Waste Contract Inflation and Tonnage Growth	4	403		403	350		350	350		350
Food Waste Recycling (Composting Plant)	4	220		220	-70		-70			0
Household waste recycling centre efficiencies	4	347		347	-100		-100			0
Pay & Pensions		709		709	465		465	465		465
Financial Impact of Policy Proposals		2,037	53	2,090	-120	95	-25	815	-15	800

Place Directorate - Client Commissioning: Leisure

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Leisure	5	1,933		1,933	1,894		1,894	1,856		1,856
Pay & Pensions		469		469	806		806	1,143		1,143
Total Cost of Service		2,402	0	2,402	2,700	0	2,700	2,999	0	2,999
		Policy Proposals included above								
Policy Proposals										
Reducing the cost of leisure services	5	-86		-86	-39		-39	-38		-38
Pay & Pensions		469		469	337		337	337		337
Financial Impact of Policy Proposals		383	0	383	298	0	298	299	0	299

Place Directorate - Customer Services

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Benefits Administration	6	2,321	-151	2,170	2,331	-151	2,180	2,331	-151	2,180
Benefit Payments	6	67,144	-67,216	-72	67,134	-67,216	-82	67,134	-67,216	-82
Customer Services	6	2,051	-24	2,027	2,051	-24	2,027	2,051	-24	2,027
Customer Services Management	6	138		138	138		138	138		138
Digital Savings	6	-856		-856	-856		-856	-856		-856
Emergency Planning	6	142		142	142		142	142		142
Library Services	6	3,768	-355	3,413	3,768	-355	3,413	3,768	-355	3,413
Online Services	6	317	-54	263	317	-54	263	317	-54	263
Revenues	6	1,545	-1,055	490	1,545	-1,055	490	1,545	-1,055	490
Service Development and Systems	6	667		667	667		667	667		667
Pay & Pensions		450		450	762		762	1,074		1,074
Total Cost of Service		77,687	-68,855	8,832	77,999	-68,855	9,144	78,311	-68,855	9,456
Policy Proposals included above										
Policy Proposals										
Withdrawal of temporary reduction in funding for Universal Information and Advice service	1	10		10			0			0
Income from the recovery of local taxation Pay & Pensions	6		50	50	312		312	312		312
Financial Impact of Policy Proposals		460	50	510	312	0	312	312	0	312

Place Directorate - Directorate

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	2	-62		-62	-62		-62	-62		-62
Pay & Pensions		24		24	41		41	58		58
Total Cost of Service		-38	0	-38	-21	0	-21	-4	0	-4
		Policy Proposals included above								
Policy Proposals										
Contract and Commissioning savings	2	-250		-250			0			0
Pay & Pensions		24		24	17		17	17		17
Financial Impact of Policy Proposals		-226	0	-226	17	0	17	17	0	17

Place Directorate - Growth and Regeneration

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Assets	2	2,394	-2,236	158	2,314	-2,486	-172	2,314	-2,486	-172
Client Commissioning - Skills and Growth	2	1,144		1,144	1,144		1,144	1,144		1,144
Constellation Partnership	2	40		40	40		40	40		40
Facilities Management	2	14,388	-1,520	12,868	14,478	-1,520	12,958	14,478	-1,520	12,958
Farms	2	337	-709	-372	337	-709	-372	337	-709	-372
Regeneration	2	567	-95	472	567	-95	472	567	-95	472
Strategic Housing	5	3,640	-849	2,791	3,593	-849	2,744	3,593	-849	2,744
Pay & Pensions		386		386	652		652	918		918
Total Cost of Service		22,896	-5,409	17,487	23,125	-5,659	17,466	23,391	-5,659	17,732
Policy Proposals included above										
Policy Proposals										
Investment Portfolio	2		-250	-250		-250	-250			0
Business Rate Growth for Council Facilities	2	90		90	90		90			0
Management of Risks Relating to Land	2	90		90	-80		-80			0
Energy Cost Increases	2	145		145			0			0
Homelessness Reduction Act - new burdens	2	10		10	-47		-47			0
Pay & Pensions		386		386	266		266	266		266
Financial Impact of Policy Proposals		721	-250	471	229	-250	-21	266	0	266

Place Directorate - Infrastructure and Highways

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Car Parking	4	1,805	-5,930	-4,125	1,805	-5,930	-4,125	1,805	-5,930	-4,125
Client Commissioning - Transport	2	4,581		4,581	4,490		4,490	4,490		4,490
Highways	4	14,141	-3,470	10,671	14,141	-3,470	10,671	14,141	-3,470	10,671
HS2	2	703		703	703		703	703		703
Strategic Infrastructure	2	1,458	-1,128	330	1,458	-1,128	330	1,458	-1,128	330
Pay & Pensions		201		201	340		340	479		479
Total Cost of Service		22,889	-10,528	12,361	22,937	-10,528	12,409	23,076	-10,528	12,548
Policy Proposals included above										
Policy Proposals										
Community Transport	2	-109		-109	-91		-91			0
Street Lighting improvements	4	-50		-50			0			0
Highways Procurement	4	-100		-100			0			0
Lead Local Authority Flood Grant Funding	4	1		1			0			0
Parking Strategy - Pay & Display Machines - maintenance saving	4	41		41			0			0
Pay & Pensions		201		201	139		139	139		139
Financial Impact of Policy Proposals		-16	0	-16	48	0	48	139	0	139

Place Directorate - Planning and Sustainable Development

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Building Control	4		-1,756	-1,756		-1,756	-1,756		-1,756	-1,756
Client Commissioning: Civance	4	1,789		1,789	1,789		1,789	1,789		1,789
Development Management	4	3,105	-3,700	-595	3,105	-3,700	-595	3,105	-3,700	-595
Director of Planning and Sustainable Development	4	321		321	321		321	321		321
Neighbourhood Planning	4	430	-400	30	430	-400	30	430	-400	30
Regulatory Services and Health	4	2,578	-1,119	1,459	2,578	-1,119	1,459	2,578	-1,119	1,459
Spatial Planning	4	904		904	704		704	704		704
Pay & Pensions		422		422	724		724	1,026		1,026
Total Cost of Service		9,549	-6,975	2,574	9,651	-6,975	2,676	9,953	-6,975	2,978
		Policy Proposals included above								
Policy Proposals										
Planning Reserve	4	-800		-800	-200		-200			0
Pay & Pensions		422		422	302		302	302		302
Financial Impact of Policy Proposals		-378	0	-378	102	0	102	302	0	302

Place Directorate - Rural and Cultural Economy

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Countryside	2	1,051	-205	846	1,051	-205	846	1,051	-205	846
Cultural Economy	2	885		885	885		885	885		885
Head of Rural and Cultural Economy	2	124		124	124		124	124		124
Public Rights of Way	2	576	-181	395	576	-181	395	576	-181	395
Tatton Park	2	4,533	-4,093	440	4,533	-4,093	440	4,533	-4,093	440
Visitor Economy	2	754	-547	207	754	-552	202	754	-552	202
Pay & Pensions		254		254	419		419	584		584
Total Cost of Service		8,177	-5,026	3,151	8,342	-5,031	3,311	8,507	-5,031	3,476
Policy Proposals included above										
Policy Proposals										
Macclesfield Silk Heritage Trust	2	20		20			0			0
Cheshire East Reflects	2	-50		-50			0			0
Increase Public Rights of Way Fees and Charges	2		-23	-23			0			0
Visitor Economy	2		-17	-17		-5	-5			0
Pay & Pensions		254		254	165		165	165		165
Financial Impact of Policy Proposals		224	-40	184	165	-5	160	165	0	165

Corporate Directorate Summary

REVENUE

Service Area	2019/20 Budget			2020/21 Budget			2021/22 Budget		
	Budget including Policy Proposals								
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Communications	682	-51	631	701	-51	650	720	-51	669
Directorate - Business Manager	1,195	-61	1,134	1,237	-61	1,176	1,279	-61	1,218
Directorate - Former Professional Services	1,831	-611	1,220	1,896	-611	1,285	1,961	-611	1,350
Directorate - Unallocated	-129		-129	-133		-133	-137		-137
Finance and Performance	10,190	-3,793	6,397	10,413	-3,793	6,620	10,636	-3,793	6,843
Human Resources	3,504	-910	2,594	3,574	-910	2,664	3,644	-910	2,734
ICT Services	27,421	-21,289	6,132	27,685	-21,289	6,396	27,949	-21,289	6,660
Legal Services	8,642	-1,977	6,665	8,855	-2,427	6,428	9,068	-2,427	6,641
Total Cost of Service	53,336	-28,692	24,644	54,228	-29,142	25,086	55,120	-29,142	25,978
	Policy Proposals included above								
Communications	28		28	19		19	19		19
Directorate - Business Manager	279		279	42		42	42		42
Directorate - Former Professional Services	-159		-159	65		65	65		65
Directorate - Unallocated	822		822	-4		-4	-4		-4
Finance and Performance	310	-100	210	223		223	223		223
Human Resources	272		272	70		70	70		70
ICT Services	387		387	264		264	264		264
Legal Services	1,046	-105	941	213	-450	-237	213		213
Financial Impact of Policy Proposals	2,985	-205	2,780	892	-450	442	892	0	892

Corporate Directorate - Communications

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Communications	6	588	-51	537	588	-51	537	588	-51	537
Corporate Campaigns	6	66		66	66		66	66		66
Pay & Pensions	6	28		28	47		47	66		66
Total Cost of Service		682	-51	631	701	-51	650	720	-51	669
		Policy Proposals included above								
Policy Proposals										
Pay & Pensions	6	28		28	19		19	19		19
Financial Impact of Policy Proposals		28	0	28	19	0	19	19	0	19

Corporate Directorate - Business Manager

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget including Policy Proposals										
Admin Review (Cross Cutter)	1,4,6	-91		-91	-91		-91	-91		-91
Chief Executive Office	6	567		567	567		567	567		567
Equality and Diversity	6	20		20	20		20	20		20
Executive Director - Corporate	6	73	-2	71	73	-2	71	73	-2	71
Executive Support Team	6	567	-59	508	567	-59	508	567	-59	508
Pay & Pensions		59		59	101		101	143		143
Total Cost of Service		1,195	-61	1,134	1,237	-61	1,176	1,279	-61	1,218
Policy Proposals included above										
Policy Proposals										
Delivery of the Equality, Diversity and Inclusion Strategy	6	20	0	20	0	0	0	0	0	0
Reversal of Admin Review Efficiencies	6	200	0	200	0	0	0	0	0	0
Pay & Pensions		59	0	59	42	0	42	42	0	42
Financial Impact of Policy Proposals		279	0	279	42	0	42	42	0	42

Corporate Directorate - Former Professional Services

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Business Solutions	6	470	-13	457	535	-13	522	600	-13	587
Oracle System Review (cross cutter)	6	-500		-500	-500		-500	-500		-500
Professional Services and Commercial Services Manager	6	120		120	120		120	120		120
Transactional Shared Services	6	1,741	-598	1,143	1,741	-598	1,143	1,741	-598	1,143
Total Cost of Service		1,831	-611	1,220	1,896	-611	1,285	1,961	-611	1,350
		Policy Proposals included above								
Policy Proposals										
Reduce costs of core processes (Oracle system review)	6	-250		-250			0			0
Pay & Pensions		91		91	65		65	65		65
Financial Impact of Policy Proposals		-159	0	-159	65	0	65	65	0	65

Corporate Directorate - Unallocated

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
ASDV Pension Contribution	6	-152		-152	-152		-152		-152	
Corporate Services Restructure	6	280		280	280		280		280	
ESG	6			0			0		0	
Mutually Agreed Resignation Scheme (MARS)	6	-251		-251	-251		-251		-251	
Pay & Pensions		-6		-6	-10		-10		-14	
Total Cost of Service		-129	0	-129	-133	0	-133	-137	0	-137
Policy Proposals included above										
Policy Proposals										
Service Area to be determined:										
Mutually Agreed Resignation Scheme (MARS) 2018 shortfall	6	1,000		1,000			0		0	
Mutually Agreed Resignation Scheme (MARS) 2019 offer	6	-300		-300			0		0	
Corporate Services Restructure	6	280		280			0		0	
ASDV Pension Contribution	6	-152		-152			0		0	
Pay & Pensions		-6		-6	-4		-4	-4	-4	
Financial Impact of Policy Proposals		822	0	822	-4	0	-4	-4	0	-4

Corporate Directorate - Finance and Performance

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure	Income	Net	Budget including Policy Proposals			Expenditure	Income	Net
					£000	£000	£000			
Audit, Counter Fraud, Risk	6	678	-139	539	678	-139	539	678	-139	539
Business Intelligence - People	6	801	-444	357	801	-444	357	801	-444	357
Business Intelligence - Place and Corporate	6	311	-6	305	311	-6	305	311	-6	305
Finance Partnering and Strategy	6	2,342	-248	2,094	2,342	-248	2,094	2,342	-248	2,094
Head of Finance and Performance	6	117		117	117		117	117		117
Insurance	6	2,578	-1,158	1,420	2,578	-1,158	1,420	2,578	-1,158	1,420
Procurement	6	657	-201	456	657	-201	456	657	-201	456
Project Management Office	6	1,237	-700	537	1,237	-700	537	1,237	-700	537
Projects and Commercial Finance	6	1,159	-897	262	1,159	-897	262	1,159	-897	262
Pay & Pensions	6	310		310	533		533	756		756
Total Cost of Service		10,190	-3,793	6,397	10,413	-3,793	6,620	10,636	-3,793	6,843
Policy Proposals included above										
Policy Proposals										
Insurance Contribution	6		-100	-100			0			0
Pay & Pensions		310		310	223		223	223		223
Financial Impact of Policy Proposals		310	-100	210	223	0	223	223	0	223

Corporate Directorate - Human Resources

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Head of Human Resources	6	284		284	284		284	284		284
Health and Safety inc. Occ Health	6	520	-364	156	520	-364	156	520	-364	156
HR Delivery Non-Schools	6	715	-16	699	715	-16	699	715	-16	699
HR Delivery Schools	6	360	-440	-80	360	-440	-80	360	-440	-80
Organisational Development	6	319		319	319		319	319		319
Policy	6	200		200	200		200	200		200
Workforce Development	6	1,009	-90	919	1,009	-90	919	1,009	-90	919
Pay & Pensions	6	97		97	167		167	237		237
Total Cost of Service		3,504	-910	2,594	3,574	-910	2,664	3,644	-910	2,734
		Policy Proposals included above								
Policy Proposals										
Growth in HR Services	6	175		175			0			0
Pay & Pensions		97		97	70		70	70		70
Financial Impact of Policy Proposals		272	0	272	70	0	70	70	0	70

Corporate Directorate - ICT Services

REVENUE

		2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Budget including Policy Proposals								
Service Area	Outcome Reference	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
ICT Service Delivery	6	18,059	-17,888	171	18,059	-17,888	171	18,059	-17,888	171
ICT Strategy	6	8,975	-3,401	5,574	8,975	-3,401	5,574	8,975	-3,401	5,574
Pay & Pensions		387		387	651		651	915		915
Total Cost of Service		27,421	-21,289	6,132	27,685	-21,289	6,396	27,949	-21,289	6,660
		Policy Proposals included above								
Policy Proposals										
Pay & Pensions		387		387	264		264	264		264
Financial Impact of Policy Proposals		387	0	387	264	0	264	264	0	264

Corporate Directorate - Legal Services

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Legal:										
Compliance	6	412		412	412		412	412		412
Legal Services	6	3,055	-577	2,478	3,055	-577	2,478	3,055	-577	2,478
Monitoring Officer	6	-40		-40	-40		-40	-40		-40
Democratic:										
Business Support and Civic Office	6	248	-10	238	248	-10	238	248	-10	238
Coroners	6	567		567	567		567	567		567
Democratic Services	6	750	-50	700	750	-50	700	750	-50	700
Elections Service	6	996		996	996	-450	546	996	-450	546
Members Services	6	1,425		1,425	1,425		1,425	1,425		1,425
Registrations Service	6	920	-1,340	-420	920	-1,340	-420	920	-1,340	-420
Pay & Pensions		309		309	522		522	735		735
Total Cost of Service		8,642	-1,977	6,665	8,855	-2,427	6,428	9,068	-2,427	6,641
Policy Proposals included above										
Policy Proposals										
Growth in Legal Services	6	250		250			0			0
Legal Services Income	6	0	-30	-30			0			0
Community Governance Review	6	37		37			0			0
Local Election Costs 2019	6	450		450		-450	-450			0
Registration Income	6	0	-75	-75			0			0
Pay & Pensions	6	309		309	213		213	213		213
Financial Impact of Policy Proposals		1,046	-105	941	213	-450	-237	213	0	213

Central Items

REVENUE

Service Area	Outcome Reference	2019/20 Budget			2020/21 Budget			2021/22 Budget		
		Expenditure £000	Income £000	Net £000	Budget including Policy Proposals			Expenditure £000	Income £000	Net £000
					Expenditure £000	Income £000	Net £000			
Capital Financing	6	13,620	-1,620	12,000	13,620	-1,620	12,000	15,620	-1,620	14,000
Past Service Pensions	6	163		163	1,163		1,163	1,163		1,163
Income from Capital Receipts	6		-2,000	-2,000		-1,000	-1,000			0
Community Budget	6	1,000		1,000	1,000		1,000			0
Transfers to/from Reserves	6		-2,899	-2,899		-949	-949		-949	-949
Total Cost of Service		14,783	-6,519	8,264	15,783	-3,569	12,214	16,783	-2,569	14,214
Policy Proposals included above										
Policy Proposals										
Minimum Revenue Provision revision from Straight Line to Annuity Method	6	2,000		2,000			0	2,000		2,000
Past Service Pension Income	6	-100		-100	1,000		1,000			0
Capital Receipts Income	6			0		1,000	1,000		1,000	1,000
Removal of Contingency Revenue Budget	6	-1,000		-1,000			0			0
Community Budgets funded from New Homes Bonus	6			0			0	-1,000		-1,000
Change in planned contribution to/from reserves	6		-2,593	-2,593		1,950	1,950			0
Financial Impact of Policy Proposals		900	-2,593	-1,693	1,000	2,950	3,950	1,000	1,000	2,000

11. Capital Strategy

Contents

Executive Summary	- 161 -
Comment from the Acting Section 151 Officer	- 162 -
1. Introduction	- 163 -
2. Prioritisation of Capital Expenditure	- 165 -
3. Financial Controls	- 169 -
4. Investment & Risk Strategy	- 175 -
5. Governance	- 175 -
Background Papers	- 178 -

Annexes:

A. Capital Programme	- 179 -
B. Revenue Contributions from Services	- 196 -
C. Flexible use of Capital Receipts	- 198 -
D. Prudential Indicators	- 199 -
E. Minimum Revenue Provision	- 203 -

Executive Summary

11.1 Cheshire East Council's financial strategy includes a programme of capital investment aimed at two fundamental objectives:

- **Boosting local economic prosperity** through the delivery of projects such as building roads, creating new infrastructure, supporting education and supporting regeneration.
- **Maximising value for money from Council assets** by creating and maintaining Council owned assets that help services achieve outcomes or financial returns.

11.2 The Council will stop receiving many revenue government grants by 2020 which means that Council services will need to be self reliant and only funded from Council Tax payments, Business Rates and direct charges for services. Achieving self reliance will be supported by creating economic growth, or other financial returns from assets in a way that can be sustained.

Five Principles

11.3 Five Principles underpin the Capital Strategy for Cheshire East Council:

1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan outcomes
2. The financial implications of capital projects are aligned with the Medium Term Financial Strategy

3. Capital projects will be focused on delivering the best return on investment
4. Decisions in relation to the programme will follow a clear framework
5. There will be a corporate approach to generating and applying capital resources

11.4 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered. The plans are driven by the Corporate Plan and the Local Plan Strategy, adopted by Council in July 2017. All capital schemes should contribute to the achievement of the corporate objectives.

F Jordan

Frank Jordan
Executive Director – Place

Comment from the Acting Section 151 Officer

11.5 The Capital Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies will be reviewed each year and will support my opinion in determining the robustness of the Council's financial plans.

11.6 In particular the capital strategy:

- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for additional capital resources
- sets out the approach to funding capital expenditure
- takes account of significant revenue implications

11.7 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium term
- confirming the flexible use of capital receipts in the medium term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

11.8 The Strategy also incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

A Thompson

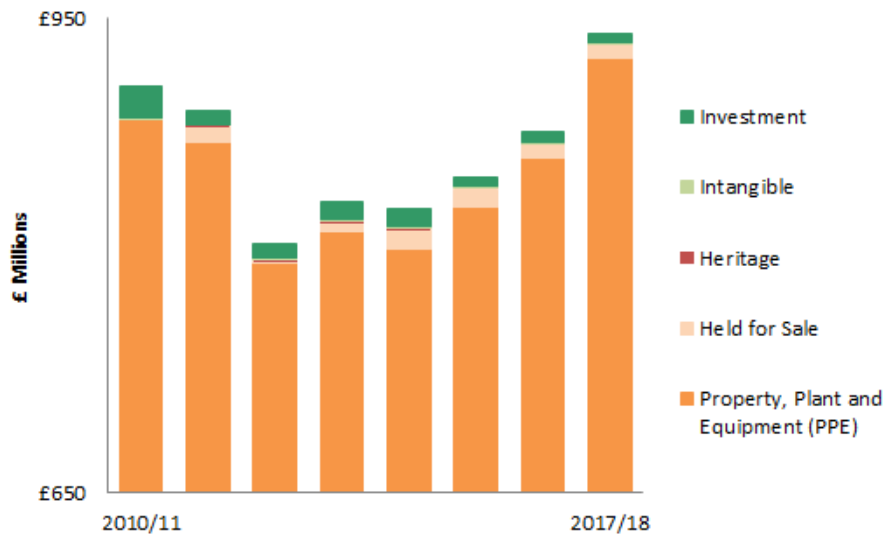
Alex Thompson CPFA

Head of Finance and Performance
(Acting Section 151 Officer)

1. Introduction

11.9 As a public sector organisation, with assets in excess of £900m, Cheshire East Council maintains a robust capital strategy that is clearly related to the corporate objectives; linked with infrastructure and asset planning; and includes a consistent approach to funding capital investment.

Property, Plant and Equipment is the most significant category of assets for the Council



11.10 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.

11.11 The programme is approved in line with the Council’s Constitution and covers a minimum period of three years. It is reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

11.12 The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure

“An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets.”

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners’ Guide to Capital Finance in Local Government* (CIPFA, 2016).

11.13 The accounting treatment of capital will be in accordance with International Accounting Standard 16 *Property, Plant and Equipment*.

11.14 Capital investment will be subject to due process, and assurance will be provided that ensures plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans).

- 11.15 Non capital expenditure will normally fall outside the scope of the framework and be charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.
- 11.16 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised, and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process, clarity about the information that must be supplied with each project proposal and clear criteria, related to the organisation's corporate objectives, for prioritising projects.
- 11.17 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on their revenue budgets. The same principle applies to the use of leases, public-private partnerships and outsourcing arrangements to procure public assets.
- 11.18 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for corporate monitoring, control and scrutiny.

Capital Strategy Principles

- 11.19 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

The 5 Principles of the Capital Strategy

1. Capital expenditure is priority based and is aligned with the Council's priorities.
2. The financial implications of capital projects are aligned with the Medium Term Financial Strategy and the Asset Management Plan.
3. Capital projects will be focused on delivering the best return on investment. This will be demonstrated through:
 - infrastructure which will generate local economic growth
 - investment in new service delivery models that provide reductions in revenue expenditure
 - improvements in the Council's asset base that generate a financial return or provide cost effective avoidance of future expenditure.
 - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council's financial interest in the asset
 - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis.
 - The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment.
 - Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4. Decisions in relation to the programme will follow a clear framework with an appropriate gateway reviews and robust management of risk relating to capital projects.
5. There will be a corporate approach to generating and applying capital resources.

11.20 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

2. Prioritisation of Capital Expenditure

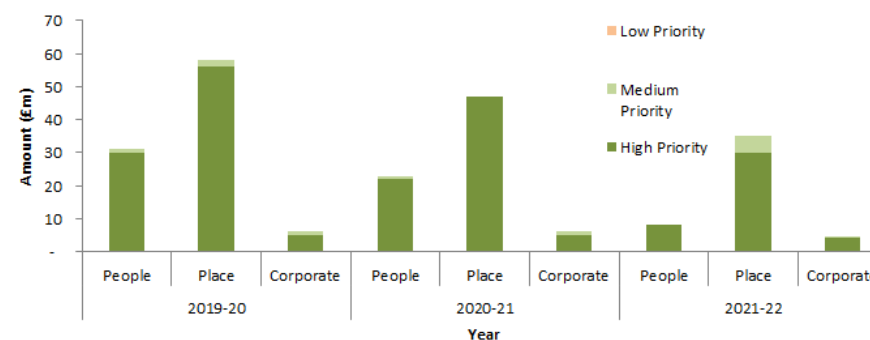
11.21 Capital Projects will be submitted for approval to the Council's Capital Programme based on how they will meet the needs of the Council as expressed in the Corporate Plan and how they adhere to the Principles of the Capital Strategy.

11.22 Capital ambitions in most Councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. Cheshire East Council will manage this issue by making decisions, about which projects will be included in the approved capital programme, by prioritising projects on a variety of factors.

11.23 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.

11.24 The Council agrees a rolling three year programme each year consistent with the Capital Strategy and the resources available. The current three year capital programme includes investment plans of £0.4 billion. 65% of the funding is planned to come from government grants or contributions from other external partners. In addition, 3% will come from the Council's work to maximise the value of asset sales to support development in the local area.

Capital Spend by Directorate and Priority Category



11.25 The budget process has also identified £140m of new projects which will require business cases to be developed prior to being submitted for approval to be added to the Capital Programme.

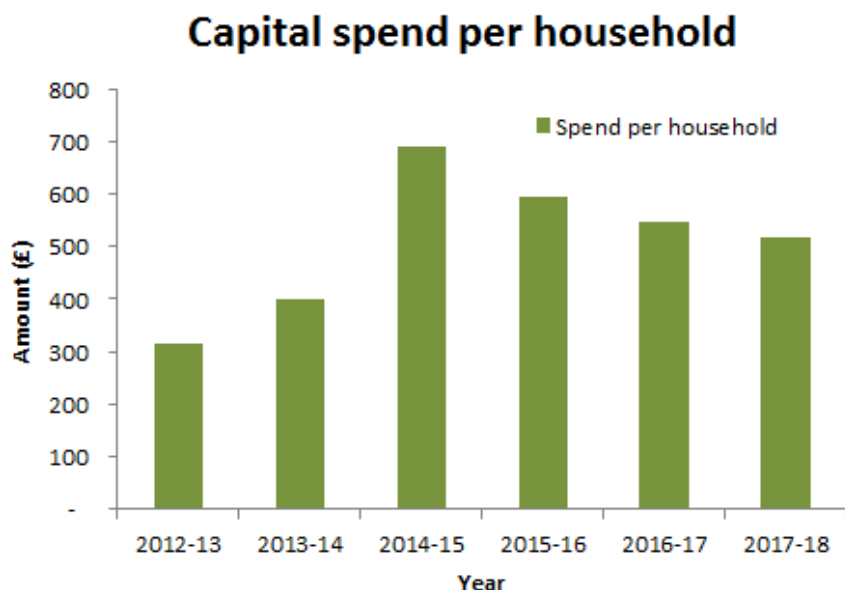
11.26 The starting point for the Capital Strategy is the Council's Corporate Plan and identification of the aims for capital investment that will help to achieve these outcomes.

1. Our local communities are strong and supportive
2. Cheshire East has a strong and resilient economy
3. People have the life skills and education they need in order to thrive
4. Cheshire East is a green and sustainable place
5. People live well and for longer
6. Cheshire East Council is a responsible, effective and efficient organisation

11.27 The capital programme includes investment in private sector housing, education and children's social care, transport

infrastructure, major regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these outcomes.

11.28 The capital programme also provides opportunities for the construction industry to bid for schemes that provide employment opportunities for the duration of these contracts.



11.29 The top priority for the Council is to increase the borough's economic and social wellbeing in a way that is cohesive and sustainable. The Local Plan was adopted by full Council in July 2017 and is vital in driving and supporting the development of jobs and the infrastructure and housing that is needed to support that employment. The Local Plan covers a range of matters including:

- How many new homes will be required and where they should be located;
- Providing new transport infrastructure including roads, cycle routes and footpaths; and
- How town centres and community facilities in the Borough could be improved.

11.30 The Local Plan Strategy informs the Infrastructure Delivery Plan which sets out what future infrastructure is required and how it will be provided. The full documents are available on the Council's website. [Local Plan](#)

11.31 In addition to the Local Plan the National Infrastructure Plan, sets out the Government's long term plan to make sure that it can deliver the investment required to meet the UK's infrastructure needs to 2020 and beyond. The Government will fund a pipeline of specific projects; specifically for Cheshire East these include:

- Investment in roads
- Building High Speed 2
- Extending superfast broadband investment

11.32 The Council has adopted the Five Case Business Model, which was developed by HM Treasury and the Welsh Government specifically for public sector business case development. The business cases for major projects include full option appraisal and links to core strategy to ensure they are delivering on key Council objectives.

11.33 The Five Case Business Model includes:

- Strategic Case

- Economic Case
- Commercial Case
- Financial Case
- Management Case

Assessing all these areas within the business case will ensure that all aspects of a potential scheme are analysed and the impact on all stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will impact on the overall strategy, the local economy, officers and resources of the Council.

- 11.34 The ‘full’ model is appropriate for major infrastructure projects but not for all proposals; equally, the ‘light touch’ version is insufficiently detailed for many of our key major change projects. We have therefore taken the ‘best of both’ to construct an iterative, scalable version that is not a ‘one size fits all’ but sufficiently flexible for our need. The Section 151 Officer will determine the level of training required by business case authors.
- 11.35 The Annexes to the Business Case will provide supporting information, including benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.
- 11.36 High Level Business Cases are submitted as part of the Business Planning process and the Section 151 Officer will analyse these in accordance with the 5 Principles of the Capital Strategy and then grade each project as High, Medium or Low Priority in accordance with the following table:

Priority	Description
High	Vital repairs and maintenance of existing assets
	Investment in infrastructure that meets the strategic priorities of the Local Plan and attracts government infrastructure investment
	An agreed service provision that is defined within the MTFS
	Projects required to meet compliance and legislative needs
Medium	Fully funded by external sources
	Self-funding projects with high level financial returns
	Cost effective repairs and maintenance of existing assets
Low	Projects with positive financial returns
	Part funded projects of strategic importance to outcomes
	Cosmetic repairs and maintenance
	Unfunded projects without financial returns

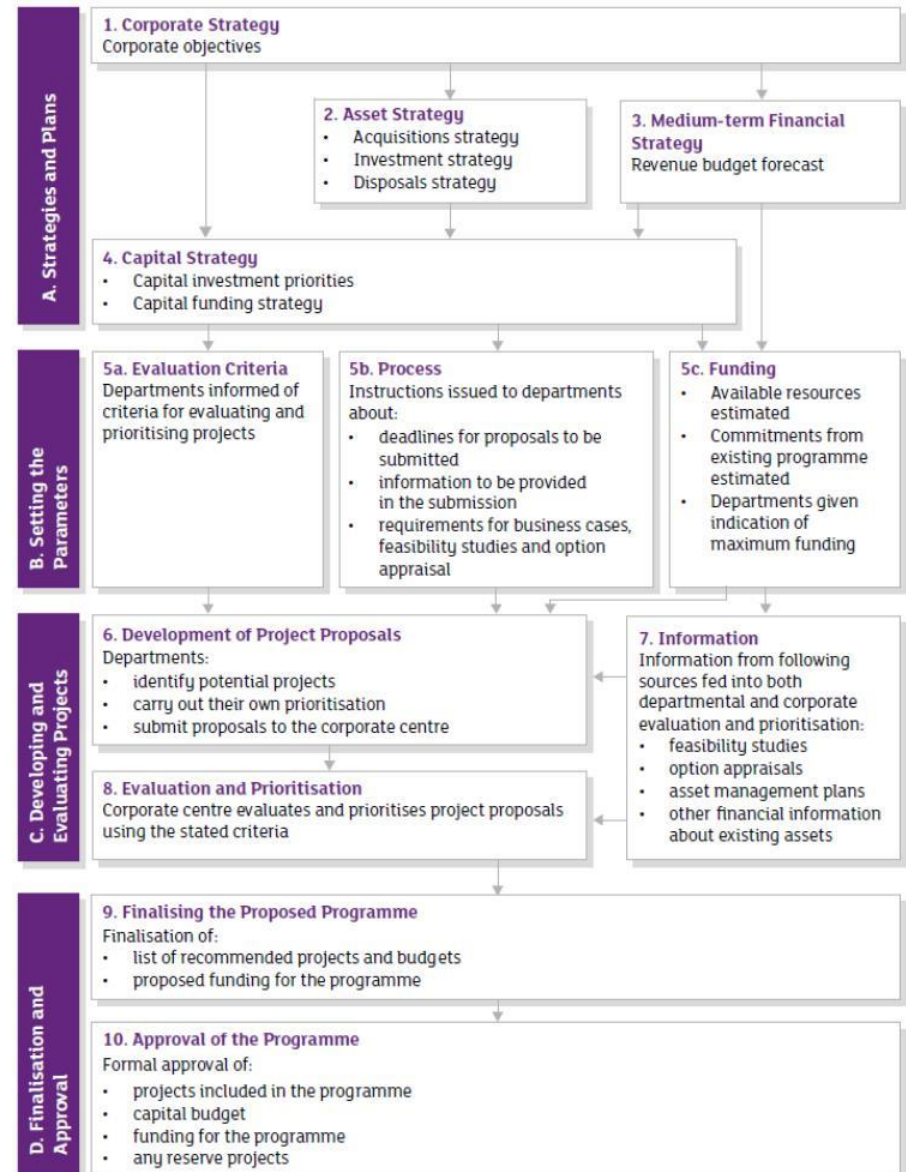
- 11.37 High Priority projects are most likely to be recommended for approval within the capital programme. Medium Priority projects will only be recommended if funding is available within the financial parameters of the MTFS, however they are likely to be recommended for inclusion on the programme addendum (see para. 11.39). Low priority projects are unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.
- 11.38 Annex A provides the current Capital Programme for the Council with a clear indication of the priority status of each project.

11.39 The capital programme is presented in two separate parts; the main programme includes capital schemes in progress and new schemes with approval to commence spend in April 2019. The addendum includes proposals which are included for planning purposes but are awaiting more detailed business cases to be developed.

11.40 Before work can commence on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:

- Strategic impact of the scheme
- Expenditure profiles
- Funding sources or associated return on investment

11.41 The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Portfolio Holder for Finance & Communication and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process.



3. Financial Controls

Setting Financial Parameters

- 11.42 The Medium Term Financial Strategy (MTFS) provides the overall basis for budget forecasts and annual budget planning both in terms of revenue and capital expenditure. This describes the activities to be carried out over the next three years to achieve the corporate priorities and objectives and the revenue and capital resources which will be needed to deliver those improvements.
- 11.43 As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB). The flexible use of capital receipts will also be considered and these values set the parameters of affordability for projects within the Capital Programme.
- 11.44 The Financial Parameters will be reviewed by the Portfolio Holder for Finance, and proposals will be put forward as part of the Council's pre-budget consultation. In considering the value of the Financial Parameters the Portfolio Holder will consider, forecast outturn data and emerging issues.
- 11.45 The Section 151 Officer will invite bids for Capital Expenditure on an annual basis, and present a full capital programme to Council at each Budget Council meeting prior to the start of each financial year. Bids will be presented as High Level Business Cases by Executive Directors following consultation with elected members. The Section 151 Officer will determine the prioritisation of bids (see Section 2) and the financial implications on the MTFS to assess whether bids are affordable within the Financial Parameters of the Capital

Strategy and will then report their findings to members for appropriate information and/or approval in line with the Financial Procedure Rules.

- 11.46 The Council's strategic management of the capital programme will allow new schemes to be added to the programme, and/or schemes to be transferred from the addendum to the main programme. These will be reported to Cabinet on a quarterly basis through the Financial and Performance Update reports.
- 11.47 If the value of the CFB is likely to vary from the strategy in any year the Portfolio Holder will consider options to top-up or draw down temporarily from the Financing Earmarked Reserve and will report this approach to members.
- 11.48 Current forecasts are that the CFB will continue at 4% to 5% of the Net Revenue budget in the medium term.
- 11.49 **Table 1**, provides the Financial Parameters for the period 2019/20 to 2021/22, followed by the strategy behind each element of the calculation.

Table 1: Financial Parameters for 2019/20 to 2021/22

Parameter	Value (£m)			Notes
	2019/20	2020/21	2021/22	
Repayment of Borrowing				
Minimum Revenue Provision*	10.6	12.1	13.7	
External Loan Interest	4.3	4.3	4.3	
Investment Income	(0.5)	(0.4)	(0.4)	
Contributions from Services Revenue Budgets	(2.0)	(2.2)	(2.4)	See Annex B
Total Capital Financing Costs	12.4	13.8	15.2	
Use of Financing EMR	(0.4)	(1.8)	(1.2)	
Actual CFB in MTFS	12.0	12.0	14.0	
*Capital Receipts targets	5.5	4.4	4.3	
Flexible use of Capital Receipts	2.0	1.0	0	

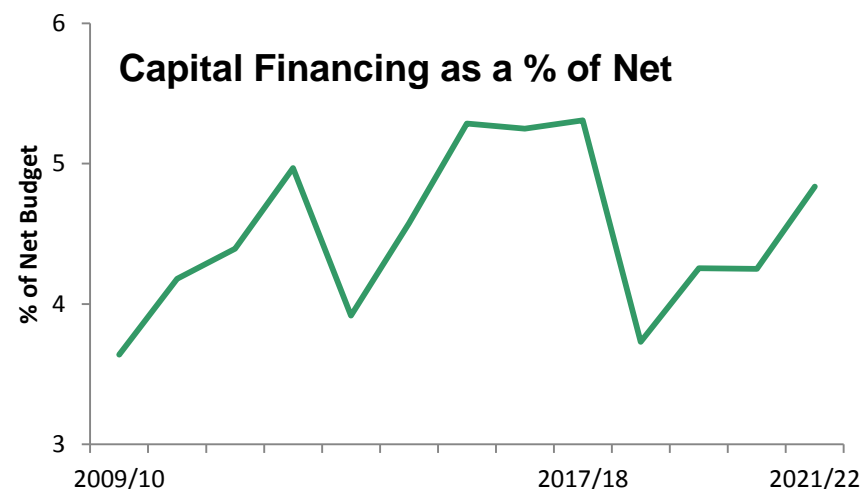
* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

11.50 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the

Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.

11.51 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue costs of repaying debt is spread over the life of the asset, similar to depreciation.



11.52 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in Annex D. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

11.53 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in Annex 12 of this report.

11.54 *The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short-term interest rates are currently much lower than long-term rates this is likely to be more cost effective.*

Investment Income

11.55 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.

11.56 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.

11.57 *The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.*

Contributions from Services

11.58 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy.

11.59 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.

11.60 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

11.61 *The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget as shown in Annex B to the Capital Strategy.*

Use of Financing Earmarked Reserve

11.62 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

11.63 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.

11.64 *The Council's current strategy is to draw-down up to £3.4m from the Financing Earmarked Reserve for the period 2019/20 to 2021/22.*

Capital Receipts from Asset Disposals

11.65 The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings. This estate is managed by the Asset Management Service who identify property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed of.

11.66 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.

11.67 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.

11.68 The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable

business is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been a significant source of finance in previous financial years. £62m during the period 2009-2018

11.69 In considering the 2019/20 capital programme, a prudent approach has been taken and there has been no assumption of any significant additional capital receipts. A small amount of additional capital receipts has been anticipated in 2019/20 and 2020/21. The Council anticipates using up to £2m of capital receipts in 2019/20 to support transformational projects, the detail of which is yet to be determined.

11.70 *The Council's current strategy is to realise net receipts of £14.2m for the period 2019/20 to 2021/22 and that these receipts will support two financial aims:*

1. *Reduce the overall Capital Financing Budget.*
2. *Support Transformation costs of £3m (see below)*

Flexible use of Capital Receipts

11.71 Following the 2015 Spending Review, in March 2016 MHCLG published statutory guidance on the flexible use of capital receipts for a three year period covering 2016/17 to 2018/19. This guidance allows Local Authorities to use capital receipts to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners. As part of 2018/19 Provisional Local Government Finance Settlement, the Secretary of State announced an extension of this flexibility for a further three years to 2022 and updated the previous direction accordingly. This was confirmed in the Final Settlement notification received on 6 February 2018.

11.72 *The Council's strategy is to utilise up to £3m of capital receipts to support Transformation Projects over the period 2019/20 to 2020/21.*

Government Grants

11.73 Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.

11.74 Overall Government funding has reduced in recent years but the Council still receives government grants including:

- DfT Local Transport Plan
- Local Growth Fund
- Housing Infrastructure Fund
- Disabled Facilities Grants
- DfE Devolved Formula Capital; Schools Condition and Basic Needs Allocations

11.75 *The Council's strategy is to ring fence capital grants to the service that they are allocated to.*

Developer Contributions

11.76 Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development

and to help facilitate the infrastructure needed to support sustainable development.

11.77 Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design, capital costs and ongoing revenue such as the maintenance of services and facilities.

11.78 *The Council's strategy is to forward fund anticipated Section 106 contributions for major infrastructure schemes.*

Community Infrastructure Levy (CIL)

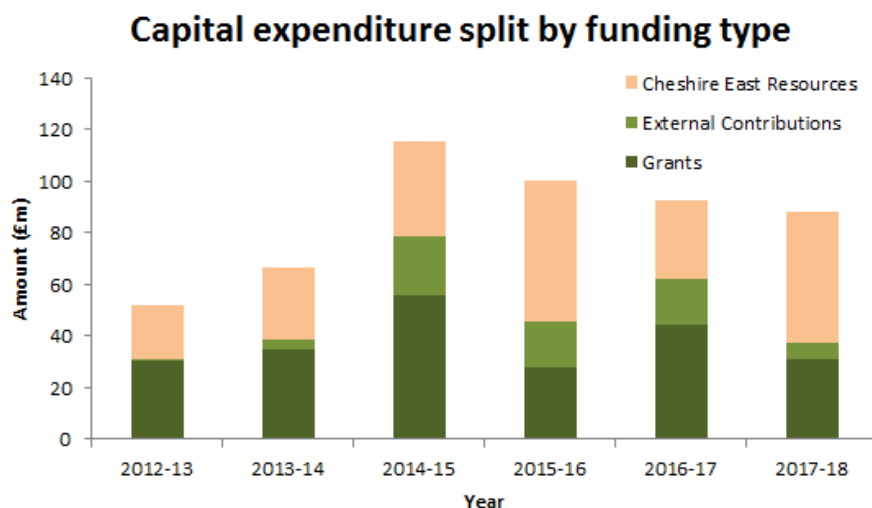
11.79 The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. When adopted, a CIL levy allows the Council to raise contributions from new development to help pay for infrastructure that is needed to support planned growth. CIL contributions can be used to supplement other funding streams and can wholly or partly fund a variety of strategic infrastructure projects ranging from transport, green infrastructure, flood defenses, education and health, subject to pooling restrictions.

11.80 Where a CIL charging schedule is in place, it largely replaces Section 106 obligations in delivering strategic infrastructure. However, S106 would still be used for affordable housing and site development-related infrastructure requirements that are deemed necessary to make a development acceptable. Some developments would pay both Section 106 and CIL, but they would fund different types of infrastructure. Contributions may also be sought for Section 278 of the Highways Act where modifications are required to the highways network.

Funding Capital Expenditure

11.81 The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This ensures that the affordability of the capital programme reflects the organisation's long-term objectives rather than short-term expedience.

11.82 *The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.*



11.83 The Council has a good track record of producing business cases that are supported by government and then backed by subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

11.84 Main forecasted income sources are:

- Government Grants (£250m / 52%)
- Other external contributions (£65m / 13%)
- Receipts from Council Assets (£14m / 3%)

11.85 Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium Term Financial Strategy.

11.86 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, e.g. to determine the level of borrowing and the use made of capital receipts in a particular period
- there is usually significant discretion over when particular capital projects take place capital budgets, unlike revenue budgets, can usually be carried forward from one year to another
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

11.87 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

- 11.88 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target alternative funding sources before committing to contributions from the funding parameters set within the MTFs. All high level business cases will therefore contain reference to benefits realisation.
- 11.89 All high level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

4. Investment & Risk Strategy

- 11.90 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. However, less dependence and more self reliance will tend to reduce the exposure to risk.
- 11.91 A risk management framework in place and the core of this framework is set out in the Corporate Risk Management Strategy and Corporate Risk Register. In addition to the corporate register, each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.
- 11.92 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked

reserves provides protection for Council Tax Payers against year on year fluctuations in expenditure.

- 11.93 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore essential and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.
- 11.94 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.
- 11.95 Cheshire East's strong tax base and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

5. Governance

- 11.96 It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:
- The Capital Strategy, including the overall Capital Programme to be presented annually as part of the Medium Term Financial Strategy at full Council.
 - Updates to the capital programme will be reported to Cabinet on a quarterly basis.

- All schemes are subject to approval in accordance with the Finance Procedure Rules.
- Portfolio holders are assigned projects in line with their responsibilities.
- A senior officer group exists known as the Assets Board which meets monthly and is chaired by the Executive Director for Place. The Board will play a key role in the development and implementation of the capital strategy and review performance of the capital programme on a quarterly basis.
- The board provides the strategic oversight of the Council's land and property assets including recommendations and reports on acquisition, disposal, development and management strategies.
- The Assets Board will delegate responsibility for the detailed tasks to a sub-group ~ Capital Programme Board. The board's membership includes project managers from each directorate supported by the enabling services

Capital Programme Board – Terms of Reference

- The detailed appraisal of projects, taking into consideration the Council's priorities and annual aims and objectives.
- To provide a forum for establishing and providing robust challenge of the business cases and debate around the capital programme.
- Undertake gateway reviews and risk management reviews of major capital projects.
- Undertake a detailed annual review of the capital programme.

- Review the capital programme on an on-going basis and to ensure it is achieving the agreed outcomes.
- Receive post project completion reports to assess benefit realization and lessons learnt.

11.97 The Capital Programme Board will assess all submissions for capital expenditure with the exception of schemes fully funded by external resources (e.g. specific grant, developer contributions); these will be approved in accordance with Finance Procedure Rules (paragraph 2.45, Supplementary Capital Estimates and paragraphs 3.31 to 3.34, Capital Block Provisions).

11.98 The Capital Programme Board provides monthly updates and makes recommendations to the Assets Board who will refer decisions to the appropriate decision maker, whether this is a Portfolio Holder under delegated responsibility, Cabinet or Council.

Knowledge and Skills

11.99 The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

11.100 The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. He is a professionally qualified accountant and follows an ongoing CPD programme.

11.101 The Council's major projects are supported by a Programme Management Office. Project teams are formed from all the professional disciplines from across the Council and when required external professional advice is taken.

Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium Term Financial Strategy
- Quarterly Review of Performance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template
- Strategy Workshop

Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (CIPFA, 2018)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2016)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2017)

Annex A: Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years £000	Budget 2019/20 £000	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2019-22 £000
Committed Schemes - In Progress					
People	23,466	12,801	5,551	3,932	22,284
Place	244,950	77,849	81,961	77,342	237,152
Corporate	29,768	21,650	17,517	15,198	54,364
Total Committed Schemes - In Progress	298,184	112,300	105,028	96,472	313,801

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years £000	Budget 2019/20 £000	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2019-22 £000
New Schemes					
People	0	4,395	13,361	6,045	23,800
Place	20	32,503	58,935	55,877	147,315
Corporate	0	0	0	0	0
Total New Schemes	20	36,897	72,295	61,922	171,115
Total	298,204	149,197	177,324	158,394	484,915

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years £000	Budget 2019/20 £000	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2019-22 £000
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	136,698	89,355	98,918	61,408	249,681
External Contributions	45,587	5,812	17,147	41,953	64,912
Revenue Contributions	549	235	0	0	235
Capital Receipts	30,302	5,500	4,400	4,300	14,200
Prudential Borrowing (See note 2)	85,067	48,295	56,858	50,733	155,886
Total	298,204	149,197	177,324	158,394	484,915

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next three years 2019-22 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years £000	Budget 2019/20 £000	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2019-22 £000
Addendum					
People	0	234	0	0	234
Place	0	42,123	73,965	40,508	156,596
Corporate	0	3,095	3,891	0	6,986
Total Addendum	0	45,452	77,856	40,508	163,816
Total	0	45,452	77,856	40,508	163,816

The addendum includes projects that have been added to the programme owing to their strategic importance to the Council. However detailed business cases are not yet in place as the precise details are not yet known. Work is currently being progressed for these projects, however they will only be commenced once a detailed business case has been completed and approved, the business case will also need to demonstrate the strategic impact of the scheme, an expenditure profile and funding sources or associated return on investment to enable the project to be delivered. At the stage where the business cases are sufficiently developed and they are deemed to be affordable the Portfolio Holder for Finance and Communications and the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process.

CAPITAL PROGRAMME 2019/22 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast External	Funding Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
<u>Childrens Social Care</u>										
Foster Carer Capacity Scheme	Medium	329	230	77	0	306	0	0	306	0
<u>Children and Families</u>										
Adelaide Academy	High	19	149	0	0	149	149	0	0	0
Alsager High School	High	968	1,374	458	0	1,832	1,832	0	0	0
Brine Leas High School (Basic Need)	High	500	525	175	0	700	700	0	0	0
Cranberry Primary School	High	1,140	60	0	0	60	60	0	0	0
DFC Grant	High	4,801	376	512	634	1,522	1,522	0	0	0
Disley Primary School (Basic Needs)	High	859	20	0	0	20	20	0	0	0
Elworth Church of England Primary School	High	50	1,088	363	0	1,450	348	1,102	0	0
Future Years Basic Needs Block Allocation	High	0	0	0	949	949	949	0	0	0
Healthy Pupils Capital Fund	High	236	68	0	0	68	48	0	20	0
Malbank High School (Basic Need)	High	300	900	300	0	1,200	1,200	0	0	0
Monks Copenhall Primary School - Basic Needs	High	2,723	15	0	0	15	15	0	0	0
Nantwich Planning Area (Primary Schools - 105 Places)	High	0	900	300	0	1,200	1,101	99	0	0
Nantwich Planning Area (Secondary Schools - 300 Places)	High	0	0	563	188	750	750	0	0	0
Pupil Referral Unit - New Site	High	2,100	906	302	0	1,209	1,143	66	0	0
St Johns Church of England Primary School	High	0	470	0	0	470	100	370	0	0

CAPITAL PROGRAMME 2019/22 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding External	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
Sandbach Planning Area (Secondary Schools - 300 Places)	High	600	2,138	500	0	2,638	2,138	500	0	0
Schools Condition Capital Grant	High	2,723	2,539	1,805	2,162	6,505	6,490	0	15	0
Shavington Academy Trust	High	2,467	130	0	0	130	130	0	0	0
Special Provision Fund Capital Grant	High	230	289	198	0	487	473	14	0	0
The Quinta Primary School	High	620	30	0	0	30	30	0	0	0
To Expand 'in borough' SEN placement Capacity - Springfield Special School	High	750	250	0	0	250	0	10	240	0
Weaver Primary School	High	743	15	0	0	15	15	0	0	0
Wilmslow High School - Condition Works	High	462	20	0	0	20	20	0	0	0
Prevention and Support										
Early Years Sufficiency Capital Fund	High	847	310	0	0	310	310	0	0	0
Total Committed Schemes - In Progress		23,466	12,801	5,551	3,932	22,284	19,542	2,161	581	0

CAPITAL PROGRAMME 2019/22 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
		£000	£000	£000	£000	£000	£000	External	Borrowing / Revenue Contribution	£000
								£000	£000	
New Schemes										
Congleton Primary Planning Area (105 Places)	High	0	0	1,600	0	1,600	1,515	85	0	0
Holmes Chapel Secondary Planning Area (150 Places)	High	0	0	1,500	0	1,500	1,500	0	0	0
Macclesfield Secondary Planning Area (300 Places)	High	0	0	3,450	0	3,450	3,270	180	0	0
Middlewich High School - Mainstream Element (120 Places)	High	0	563	703	234	1,500	1,073	427	0	0
Wilmslow High School - Basic Need (300 Places)	High	0	750	3,188	5,063	9,000	8,348	652	0	0
Wilmslow Primary Planning Area (105 Places)	High	0	0	1,050	350	1,400	1,250	150	0	0
To Expand 'in borough' SEN placement Capacity Phase 1 - Adelaide Special School	High	0	128	43	0	170	0	0	170	0
To Expand 'in borough' SEN placement Capacity Phase 1 - Middlewich High School	High	0	375	125	0	500	0	0	500	0
To Expand 'in borough' SEN placement Capacity Phase 1 - Monks Coppenhall Primary School	High	0	100	0	0	100	0	0	100	0
To Expand 'in borough' SEN placement Capacity Phase 1 - Park Lane Special School	High	0	1,187	396	0	1,582	0	0	1,582	0
To Expand 'in borough' SEN placement Capacity Phase 1 - Puss Bank Primary School	High	0	338	113	0	450	0	0	450	0
To Expand 'in borough' SEN placement Capacity Phase 2	High	0	956	1,194	398	2,548	0	0	2,548	0
Total New Schemes		0	4,395	13,361	6,045	23,800	16,956	1,494	5,350	0
Total		23,466	17,195	18,912	9,977	46,084	36,498	3,655	5,931	0

CAPITAL PROGRAMME 2019/22 - 2021/22

	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
	£000	£000	£000	£000	£000	£000	External £000	Borrowing / Revenue Contribution £000	£000
Addendum Schemes									
Childcare Sufficiency Capital Programme	0	234	0	0	234	0	0	234	0
Total Addendum Schemes	0	234	0	0	234	0	0	234	0

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
		£000	£000	£000	£000	£000	£000	External £000	Borrowing / Revenue Contribution £000	£000
Committed Schemes - In Progress										
<u>Infrastructure & Highways</u>										
A500 Dualling scheme	Medium	4,364	136	0	0	136	0	136	0	0
A51/A500 Corridor Nantwich - Option Development	Medium	195	55	0	0	55	0	0	55	0
A54/A533 Leadsmyth Street, Middlewich	High	62	501	0	0	501	0	501	0	0
A556 Knutsford to Bowdon	High	204	150	150	0	300	0	300	0	0
A6 MARR CMM - Disley	High	2,305	264	0	0	264	0	0	264	0
Alderley Edge Bypass Scheme Implementation	High	60,142	970	0	0	970	0	0	970	0
Congleton Link Road	High	17,202	27,592	15,720	30,229	73,541	36,600	20,800	16,141	0
Crewe Green Link Road Phase 2	High	24,520	1,165	62	0	1,227	0	653	574	0
Crewe Green Roundabout	High	6,970	531	0	0	531	0	531	0	0
Digital Solutions - Parking	High	124	17	0	0	17	0	0	17	0
Flower Pot Junction, Macclesfield - Phase 1	High	500	2,250	2,063	688	5,000	3,000	0	2,000	0
Highways Investment Network	High	12,179	3,632	0	0	3,632	0	0	3,632	0
Macclesfield Movement Strategy - Option Development	High	237	130	133	0	263	63	0	200	0
Mid Cheshire Towns Study	High	20	20	0	0	20	20	0	0	0
Poynton Relief Road	High	6,898	1,249	15,184	27,326	43,759	20,025	7,700	14,710	1,324
Road Network and Linked Key Infrastructure	High	8	250	0	0	250	0	0	250	0
Highways Section 106 & 278 Schemes	High	4,264	30	0	0	30	0	30	0	0
Sustainable Travel Access Programme	High	130	889	1,111	565	2,565	1,870	195	500	0
Sydney Road Bridge	High	9,667	625	209	0	834	0	834	0	0

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast External Funding	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress										
<u>Growth and Regeneration</u>										
Crewe Town Centre Regeneration	High	7,909	3,839	14,917	4,973	23,728	9,206	0	14,522	0
Disabled Facilities Grants	High	9,628	1,753	1,751	584	4,087	4,087	0	0	0
Farms Strategy	High	1,651	577	577	576	1,730	0	0	0	1,730
Investment in Heritage Assets	High	642	73	73	72	218	0	0	218	0
Macclesfield Town centre - Leisure Development	High	80	108	0	0	108	0	0	108	0
Macclesfield Town centre - Public Realm	High	187	946	315	0	1,261	0	0	1,261	0
Private Sector Assistance	High	1,767	224	0	0	224	0	0	224	0
Sustainable Towns	High	1,370	225	75	0	300	0	0	300	0
Premises Capital (FM)	High	19,466	2,250	750	0	3,000	0	0	3,000	0
Minor Works	High	3,072	375	125	0	500	0	0	500	0
<u>Rural and Green Infrastructure</u>										
Accessibility – Walking & Cycling	High	1,557	72	0	0	72	72	0	0	0
Countryside Vehicle Replacement	High	489	26	103	0	129	0	0	129	0
PROW CMM A6 MARR	High	10	90	0	0	90	90	0	0	0
Rural & Green Section 106 Schemes	High	303	54	0	0	54	0	54	0	0
Tatton Park Investment Phase 2 - Stable Yard	High	1,047	1,121	374	0	1,494	0	0	1,494	0

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
		£000	£000	£000	£000	£000	£000	External £000	Borrowing / Revenue Contribution £000	£000
Committed Schemes - In Progress										
<u>Customer Operations</u>										
Next Generation - Self Service	High	326	30	0	0	30	0	0	30	0
<u>Client Commissioning</u>										
Alsager Leisure Centre Gym conversion	High	118	3	0	0	3	0	3	0	0
Congleton Leisure Centre	High	937	4,328	2,651	884	7,863	0	0	7,863	0
Connecting Cheshire	High	28,929	0	595	0	595	0	48	547	0
Connecting Cheshire Phase 2	High	5,865	39	0	331	370	0	331	39	0
Connecting Cheshire Digital 2020	High	772	420	1,800	4,258	6,478	6,258	0	220	0
Household Bin Replacement	High	1,311	50	50	0	100	0	0	100	0
North Cheshire Garden Village	High	2,489	5,192	11,948	3,983	21,123	21,123	0	0	0
Organic Waste Plant	High	2,100	7,800	2,600	0	10,400	0	0	10,400	0
Park Development Fund	High	428	250	0	0	250	0	0	250	0
Playing Fields Fund	High	50	50	0	0	50	0	0	50	0
South Macclesfield Development Area	High	2,455	7,500	8,625	2,875	19,000	9,550	0	6,157	3,293
Total Committed Schemes - In Progress		244,950	77,849	81,961	77,342	237,152	111,965	32,116	86,725	6,347

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast External Funding	Borrowing / Revenue Contribution	Capital Receipts
		£000	£000	£000	£000	£000	£000	£000	£000	£000
New Schemes										
Infrastructure & Highways										
Integrated Transport Block - LTP	High	0	1,803	1,803	1,803	5,409	5,409	0	0	0
Maintenance Block - LTP	High	0	8,409	8,409	8,409	25,227	25,227	0	0	0
Incentive Fund - LTP	High	0	1,751	1,751	1,751	5,253	5,253	0	0	0
Infrastructure Delivery Plan:-	High	0	0	0	0	0	0	0	0	0
Middlewich Southern Link OBC	High	0	0	1,875	625	2,500	0	2,500	0	0
B5077 Crewe Road/B5078 Sandbach Road North junction improvements	High	0	0	300	100	400	0	400	0	0
Improvements to the A5020 Weston Gate Roundabout	High	0	0	1,875	625	2,500	0	2,500	0	0
A537 Adams Hill junction improvements	High	0	0	300	0	300	0	300	0	0
Brook Street/Hollow Lane junction improvements	High	0	0	400	100	500	0	500	0	0
Burford junction improvements, to include complementary improvements on surrounding network	High	0	0	1,875	625	2,500	0	2,500	0	0
Alvaston roundabout junction improvements	High	0	0	1,200	400	1,600	0	1,600	0	0
Peacock roundabout junction improvements	High	0	0	563	188	750	0	750	0	0
A534 Old Mill Road/The Hill junction and Old Mill Road/Middlewich Road junction improvements	High	20	250	930	0	1,180	0	1,180	0	0
A34/A538 West junction improvements	High	0	501	1,125	375	2,001	0	2,001	0	0
HS2 Crewe Hub	High		632	0	0	632	0	0	632	0
Middlewich East Bypass	High	0	7,892	21,699	24,822	54,412	46,780	7,270	362	0
North West Crewe Package	High	0	8,783	10,978	9,430	29,190	15,550	7,640	4,270	1,730
Safer Roads Schemes (A536 & A537)	High	0	938	313	0	1,250	1,250	0	0	0

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
		£000	£000	£000	£000	£000	£000	External £000	Borrowing / Revenue Contribution £000	£000
New Schemes										
<u>Growth and Regeneration</u>										
Disabled Facilities Grants	High	0	0	0	1,750	1,750	1,750	0	0	0
Fire Remedial Works	High	0	100	100	0	200	0	0	200	0
Strategic Site Development	High	0	500	500	500	1,500	0	0	1,500	0
Malkins Bank - Phase 2	High	0	495	165	0	660	0	0	660	0
Minor Works	High	0	0	375	625	1,000	0	0	1,000	0
Premises Capital (FM)	High	0	0	2,250	3,750	6,000	0	0	6,000	0
Septic Tanks	High	0	450	150	0	600	0	0	600	0
Total New Schemes		20	32,503	58,935	55,877	147,315	101,219	29,142	15,224	1,730
Total		244,970	110,352	140,895	133,219	384,467	213,184	61,257	101,949	8,077

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding External	Borrowing / Revenue Contribution	Capital Receipts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Infrastructure & Highways									
A500 Dualling Scheme	0	1,907	30,575	21,508	53,990	42,600	6,315	5,075	0
A51 Shropshire Union Canal Embankment Work	0	800	2,700	0	3,500	0	0	3,500	0
HS2 Crewe Hub	0	8,413	0	0	8,413	5,413	3,000	0	0
Replacement LED units in illuminated signs and bollards	0	1,500	1,000	1,000	3,500	0	0	3,500	0
Winter Service Facility	0	1,400	0	0	1,400	0	600	800	0
Replacement Route Planning System	0	195	0	0	195	0	0	195	0
Transport Studies to Support Growth:-									
Middlewich Southern Link Road	0	50	0	0	50	0	0	50	0
Clive Green Lane Upgrade	0	40	0	0	40	0	0	40	0
A51/A500 Corridor	0	80	0	0	80	0	0	80	0
Rail Studies	0	55	0	0	55	0	0	55	0
Total Infrastructure & Highways	0	14,440	34,275	22,508	71,223	48,013	9,915	13,295	0

CAPITAL PROGRAMME 2019/20 - 2021/22

Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding			Capital Receipts
							External	Borrowing / Revenue Contribution		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<u>Growth and Regeneration</u>										
Astbury Marsh Caravan Site	0	200	0	0	200	0	0	0	0	
Demolition of Crewe Library (linked to Archives Project)	0	1,200	0	0	1,200	0	0	1,200	0	
Gypsy and Traveller Sites	0	0	1,501	0	1,501	0	0	1,501	0	
Housing Development Fund	0	1,024	0	0	1,024	0	0	0	1,024	
Housing Site Development	0	3,030	540	0	3,570	0	0	3,570	0	
Macclesfield Town Centre Regeneration Phased Public Realm Enhancement Programme	0	200	2,300	2,500	5,000	0	0	5,000	0	
Multi Site Solar PV Scheme	0	684	0	0	684	0	0	684	0	
Premises Capital (West Park Museum)	0	900	0	0	900	0	0	900	0	
Strategic Acquisitions (Commercial Properties)	0	12,100	10,000	10,000	32,100	0	0	32,100	0	
Total Growth & Regeneration	0	19,338	14,341	12,500	46,179	0	0	45,155	1,024	
<u>Planning & Sustainable Development</u>										
Replacement Planning & Regulatory Services ICT Systems	0	922	0	0	922	0	0	922	0	
Total Planning & Sustainable Development	0	922	0	0	922	0	0	922	0	
<u>Rural & Green</u>										
Tatton Park Investment Phase 2	0	400	589	0	989	0	0	989	0	
Archives	0	0	18,760	0	18,760	4,900	6,930	6,930	0	
Total Rural & Green	0	400	19,349	0	19,749	4,900	6,930	7,919	0	

CAPITAL PROGRAMME 2019/20 - 2021/22

Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
	£000	£000	£000	£000	£000		External	Borrowing / Revenue Contribution	
						£000	£000	£000	£000
<u>Client Commissioning</u>									
Congleton Household Waste Recycling Centre Development	0	2,000	2,000	0	4,000	0	0	4,000	0
Everybody Sport & Leisure Investment Programme	0	5,000	4,000	5,500	14,500	0	0	14,500	0
Cemeteries System Upgrade	0	23	0	0	23	0	0	23	0
Total Client Commissioning	0	7,023	6,000	5,500	18,523	0	0	18,523	0
Total	0	42,123	73,965	40,508	156,596	52,913	16,845	85,814	1,024

CAPITAL PROGRAMME 2019/20 - 2021/22

	Priority	Prior Years	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding		Capital Receipts
		£000	£000	£000	£000	£000	£000	External	Borrowing / Revenue Contribution	£000
Committed Schemes - In Progress										
<u>ICT Services</u>										
Adults Social Care & Public Health (Care Act Phase 2) System replacement	High	2,753	1,831	1,299	433	3,562	0	0	3,562	0
Core Financials, HR Services	High	6,571	600	351	117	1,068	0	0	1,068	0
ICT Infrastructure Investment Programme	High	9,717	4,200	1,836	1,612	7,648	0	0	1,525	4,823
Information Assurance and Data Management	High	8,407	1,270	424	0	1,693	0	0	1,693	1,300
Vendor Management	High	193	250	108	36	393	0	0	393	0
<u>Finance & Performance</u>										
Strategic Investments	Medium	2,127	13,500	13,500	13,000	40,000	0	0	40,000	0
Total		29,768	21,650	17,517	15,198	54,364	0	0	48,241	6,123

CAPITAL PROGRAMME 2019/20 - 2021/22

	Prior Years	Budget 2019/20	Budget 2019/20	Budget 2021/22	Budget 2019-22	Grants	Forecast Funding External	Borrowing / Revenue Contributio n	Capital Receipts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
ICT Services									
Core Financials, HR Services	0	300	433	0	733	0	0	733	0
Information Assurance and Data Management - Phase 2	0	750	0	0	750	0	0	750	0
Information Assurance and Data Management - Phase 3	0	0	1,750	1,750	3,500	0	0	3,500	0
Information Management Delivery Model	0	350	250	0	600	0	0	600	0
Vendor Management	0	0	420	0	420	0	0	420	0
Corporate Procurement									
Digital Strategy	0	700	0	0	700	0	0	700	0
Elections Systems Replacement	0	0	30	0	30	0	0	30	0
People ICT Systems Procurement	0	804	693	0	1,497	0	0	1,497	0
Place ICT System Procurement	0	191	315	0	506	0	0	506	0
	0	0	0	0	0	0	0	0	0
Total	0	3,095	3,891	0	8,736	0	0	8,736	0

Annex B: Revenue Contributions from Services

	2019/20 £000	2020/21 £000	2021/22 £000
A: Direct Revenue Contributions			
Schools Transforming Learning Communities Schemes	895	895	895
Street Lighting	1,000	1,200	1,200
Leisure Schemes - (Investment in Leisure Facilities by Everybody Sport & Leisure)	124	127	348

B: Revenue Savings arising from capital investment included in the MTFS

Create a new Investment Portfolio (Revenue Savings) (7)

Growth & Regeneration - Strategic Acquisitions

Tatton Investment Phase 2 - Stableyard (Revenue Savings) (3)

Rural & Cultural Economy - Tatton Vision

Street Lighting Improvements (Revenue Savings) (21)

Infrastructure & Highways - LED Street Lighting Upgrade

Reducing the Cost of Leisure Services (46)

Client Commissioning Leisure Services - Congleton & Macclefield Leisure Centre Developments

C: Capitalisation of salaries

Staff time spent on a capital project, can be charged to the scheme providing it meets the criteria of being directly attributable in creating or enhancing the asset.

The fundamental test is whether the employees' activities has contributed to bringing an asset to a location and into a condition so that it can be demonstrated that the life of the asset has been extended, increased in market value or extended the operational use of the asset.

Time spent on option appraisal activities can only be capitalised once an option has been chosen and only the costs associated with that option can be capitalised. Reviewing and monitoring of a capital scheme can not be included as time charged to a project.

Where staff time is intended to be capitalised estimates have been included within the revenue budgets contained within this report.

Further details will be provided throughout 2019/20 and updated through the quarterly reporting process.

Annex C: Flexible use of capital receipts

- 11.102 The guidance on the flexible use of capital receipts issued under section 15(1) of the **Local Government Act 2003**, states that authorities may treat expenditure which is incurred in the design of projects that will generate on-going revenue savings in public services or that will transform service delivery to reduce costs or manage demand in future years for public service partners as capital expenditure.
- 11.103 It recommends that each authority should prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent.
- 11.104 The guidance by the Secretary of State states that:
- The Direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform and can only use capital receipts from the disposals received in the years in which the flexibility is offered (for qualifying projects). The Direction also confirms that local authorities are not permitted to use their existing stock of capital receipts to finance the revenue costs of reform.
- 11.105 The Council has reviewed the Flexible Use of Capital Receipts guidance and identified potential expenditure that meets the eligibility criteria laid out in the guidance document, in that they are forecast to generate on-going revenue savings through reducing costs of service delivery.
- 11.106 Further details of actual expenditure will be provided as part of the Financial Outturn and Review of Performance report at the end of each financial year.
- 11.107 The forecast use of flexible capital receipts for 2019/20 to 2021/22 is included within Section 3 of the Capital Strategy (Financial Controls), paragraph 11.49, Table 1.

Annex D: Prudential Indicators revisions to: 2018/19 and 2019/20 – 2021/22, and future years

Background

11.108 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.

Estimates of Capital Expenditure

11.109 In 2019/20, the Council is planning capital expenditure of £149.2 as summarised below:

Capital Expenditure	2018/19 Forecast	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Future years
	£m	£m	£m	£m	£m
Total	120.7	149.2	177.3	105.8	52.6

Source: Cheshire East Finance

Capital Financing

11.110 All capital expenditure must be financed either from external sources (government grants and other contributions). The Council's own resources (revenue reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of capital expenditure is as follows:

Capital Financing	2018/19 Forecast	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Future years
	£m	£m	£m	£m	£m
Capital receipts	3.9	5.5	4.4	4.3	0.0
Government Grants	53.4	89.4	98.9	61.4	0.0
External Contributions	12.6	5.8	17.1	8.6	33.4
Revenue Contributions	0.5	0.3	0.0	0.0	0.0
Total Financing	70.4	101.0	120.4	74.3	33.4
Prudential Borrowing	50.3	48.2	56.9	31.5	19.2
Total Funding	50.3	48.2	56.9	31.5	19.2
Total Financing and Funding	120.7	149.2	177.3	105.8	52.6

Source: Cheshire East Finance

Replacement of debt finance

11.111 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets may be used to replace debt finance. Planned MRP repayments are as follows:

Replacement of debt finance	2018/19 Forecast	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m
Total	8.7	10.6	12.2	13.7

11.112 The Council's full MRP Statement is available in Annex E.

Estimates of Capital Financing Requirement

11.113 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £37m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2018/19 Forecast £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Total	347	384	428	463

Source: Cheshire East Finance

Asset disposals

11.114 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £14.2m of capital receipts in the coming financial years as follows.

Capital Receipts	2018/19 Forecast £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Asset Sales	3.9	5.5	4.4	4.3
Loans Repaid	0.2	0.2	0.2	0.2
Total	4.1	5.7	4.6	4.5

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

11.115 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.8%) and long-term fixed rate loans where the future cost is known but higher (currently 2 – 3%).

11.116 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities, leases are show below, compared with the capital financing requirement.

Gross Debt and the Capital Financing Requirement	2018/19 Forecast £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Borrowing	167	170	176	178
Finance Leases	2	1	1	1
PFI Liabilities	22	22	21	20
Total Debt	191	193	198	199
Capital Financing Req.	347	384	428	463

Source: Cheshire East Finance

11.117 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. As can be seen from the above table, the Council expects to comply with this in the medium term.

Liability Benchmark

11.118 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year end. This benchmark is currently £255m and is forecast to rise to £343m over the next three years.

Borrowing and the Liability Benchmark	2018/19 Forecast £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Outstanding Debt	134	107	102	99
Liability Benchmark	213	255	308	343

Source: Cheshire East Finance

11.119 The table shows that the Council expects to remain borrowed below its liability benchmark.

Affordable borrowing limit

11.120 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	2018/19 limit £m	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m
Authorised Limit for Borrowing	360	395	440	475
Authorised Limit for Other Long-Term Liabilities	24	23	22	21
Authorised Limit for External Debt	384	418	462	496
Operational Boundary for Borrowing	350	385	430	465
Operational Boundary for Other Long-Term Liabilities	24	23	22	21
Operational Boundary for External Debt	374	408	452	486

Source: Cheshire East Finance

Investment Strategy

11.121 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

11.122 The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more

widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	31/03/19 Forecast £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Short term	0	0	0	0
Long term	10	10	10	10
Total Investments	10	10	10	10

Source: Cheshire East Finance

- 11.123 Further details on treasury investments are in pages of the Treasury Management Strategy, Annex E.
- 11.124 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance and Performance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.
- 11.125 Further details on investments for service purposes and commercial activities are in the Investment Strategy, Annex 13.

Revenue budget implications

- 11.126 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an investment income receivable. The net annual charge is known as financing

costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Ratio of Financing Costs to Net Revenue Stream	2018/19 Forecast	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Financing Costs (£m)	10.0	12.0	12.0	14.0
Proportion of net revenue stream %	3.73	4.25	4.25	4.84

Source: Cheshire East Finance

- 11.127 Further details on the revenue implications of capital expenditure are on paragraphs 90-97 of the 2019-22 Medium Term Financial Strategy (**Appendix C**).
- 11.128 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable. The longer term revenue implications have been considered and built into the revenue budget forecasts post the period of the current Medium Term Financial Strategy.

Annex E: Minimum Revenue Provision

- 11.129 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry for Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.
- 11.130 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed 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.
- 11.131 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.
- For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50 year period.
 - For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (*Option 3 in England and Wales*)
 - For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
 - For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.
- 11.132 Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

12. Treasury Management Strategy

Contents

1. Background	- 205 -
2. External Content	- 205 -
3. Local Context	- 207 -
4. Borrowing Strategy	- 208 -
5. Investment Strategy	- 210 -
6. Treasury Management Indicators	- 217 -
7. Other Items	- 218 -
8. Financial Implications	- 218 -

Annexes:

A. Economic & Interest Rate Forecast	- 219 -
B. Existing Investment & Debt Portfolio Position	- 221 -

1. Background

- 12.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management
- 12.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 12.3 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 13**).

2. External Context

- 12.4 **Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.
- 12.5 UK Consumer Price Inflation (CPI) for October was up 2.4% year on year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.
- 12.6 Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.
- 12.7 Whilst US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Expectations are now fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.
- 12.8 **Credit outlook:** The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct

lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non-ring-fenced counterparts.

- 12.9 The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.
- 12.10 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.
- 12.11 **Interest rate forecast:** Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rates will

be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

- 12.12 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.
- 12.13 Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.
- 12.14 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Annex A**.
- 12.15 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1.75%, which takes into account strategic fund investments, and that new borrowing in the form of short term loans will be borrowed at an average of 0.90%.

3. Local Context

12.16 As at 11th January 2019 the Authority currently has borrowings of £123m and investments of £43m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31/03/18 Actual £m	31/03/19 Estimate £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
General Fund CFR	330	371	407	451	484
Less: Other long-term liabilities *	(26)	(24)	(23)	(23)	(21)
Loans CFR	304	347	384	428	463
Less: External borrowing **	(170)	(110)	(84)	(80)	(78)
Internal (over) borrowing	134	237	300	348	385
Less: Usable reserves	(97)	(77)	(72)	(67)	(67)
Less: Working capital	(67)	(67)	(67)	(63)	(63)
Investments (or New borrowing)	30	(93)	(161)	(218)	(255)

* finance leases and PFI liabilities that form part of the Authority's debt

** shows only loans to which the Authority is committed and excludes optional refinancing

12.17 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

12.18 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £116m over the forecast period.

12.19 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.

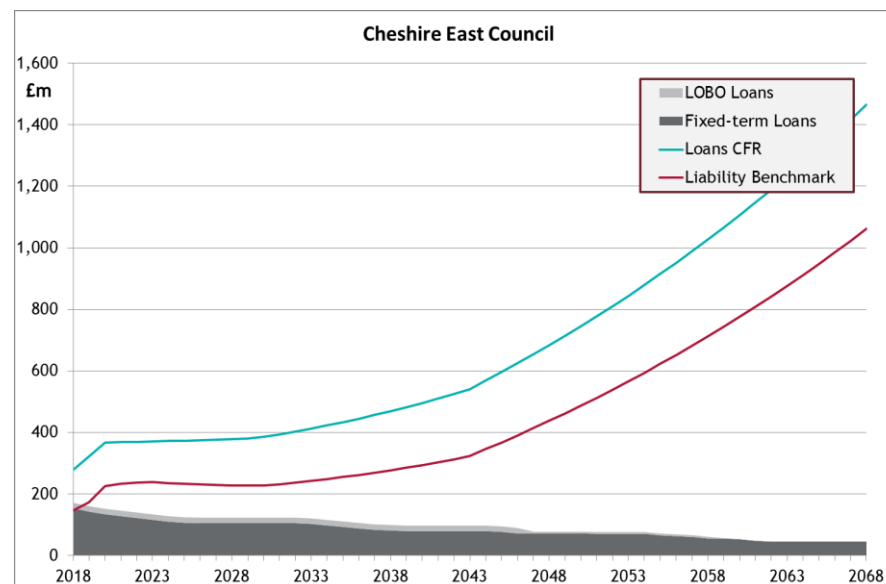
12.20 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/18 Actual £m	31/03/19 Estimate £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Loans CFR	304	347	384	428	463
Less: Usable reserves	(97)	(77)	(72)	(67)	(67)
Less: Working capital	(67)	(67)	(67)	(63)	(63)
Plus: Minimum investments	10	10	10	10	10
Liability Benchmark	150	213	255	308	343

12.21 Following on from the medium-term forecasts in table 2 above the long-term liability benchmark assumes capital expenditure funded by borrowing of £13.6m a year, minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in **Chart 1**.

Chart 1: Liability Benchmark Chart



4. Borrowing Strategy

12.22 The Authority currently holds loans of £123m, a decrease of £47m since 31st March 2018 but this will increase to a higher level, currently forecast as £167m at 31st March 2019. PWLB debt is reducing by £6m per year whilst cash flow shortfalls caused by internal borrowing and prepayment of the pension fund deficit is being funded through cheaper short term borrowing. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

- 12.23 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 12.24 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to use both internal resources and to borrow short-term loans instead.
- 12.25 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 12.26 Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 12.27 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.
- 12.28 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board and any successor body
 - UK local authorities
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Cheshire Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
 - European Investment Bank
 - Salix Finance Ltd energy efficiency loans
- 12.29 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative

- sale and leaseback

- 12.30 The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 12.31 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.
- 12.32 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2019/20, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

- 12.33 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 12.34 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk.

5. Investment Strategy

- 12.35 Although reduced from previous years, the Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £10m and £45m. Levels of around £20m are expected to be maintained in the forthcoming year.
- 12.36 The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

- 12.37 If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 12.38 Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to continue to diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for any longer-term investment. The Authority has some investments in higher yielding asset classes with the remaining surplus cash invested for liquidity purposes in short-term unsecured bank deposits, money market funds and with other Local Authorities.
- 12.39 Under the new IFRS9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 12.40 The Authority may invest its surplus funds with any of the counterparties in table 3 below, subject to the cash limits (per counterparty) and time limits shown.

Table 3: Approved Investment Counterparties and Limits

Credit Rating	Banks * Unsecured	Banks * Secured	Government	Corporates	Registered Providers
UK Government	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£6m 5 years	£12m 20 years	£12m 50 years	£6m 20 years	£6m 20 years
AA+	£6m 5 years	£12m 10 years	£12m 25 years	£6m 10 years	£6m 10 years
AA	£6m 4 years	£12m 5 years	£12m 15 years	£6m 5 years	£6m 10 years
AA-	£6m 3 years	£12m 4 years	£12m 10 years	£6m 4 years	£6m 10 years
A+	£6m 2 years	£12m 3 years	£6m 5 years	£6m 3 years	£6m 5 years
A	£6m 13 months	£12m 2 years	£6m 5 years	£6m 2 years	£6m 5 years
A-	£6m 6 months	£12m 13 months	£6m 5 years	£6m 13 months	£6m 5 years
None	£1m 6 months	n/a	£12m 25 years	£100,000 5 years	£6m 5 years
Pooled funds and real estate investment trusts		£12m per fund			

* Banks includes Building Societies

- 12.41 **Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 12.42 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 12.43 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 12.44 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 12.45 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £100,000 per company as part of a diversified pool in order to spread the risk widely.
- 12.46 **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving government support if needed.
- 12.47 **Pooled Funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 12.48 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes

other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

- 12.49 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 12.50 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 12.51 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and;
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

- 12.52 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 12.53 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 12.54 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the

maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

- 12.55 **Investment Limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £77m on 31st March 2019. In order that no more than 8% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. The limits on fund managers, investments in brokers' nominee accounts and Real Estate Investment Trusts (REIT's) are higher as the investment is diversified over a greater range of counterparties within those funds. These funds are generally held to generate higher on-going returns but with a long term view on the value of the fund which may fluctuate significantly; e.g. REIT's underlying value will reflect the property market movements in whichever sector or geographic region in which that REIT operates. For foreign countries and other sectors with a total limit, the individual organisation limits still apply. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

Type of Counterparty	Cash Limit
Any single organisation, except the UK Central Government	£12m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£12m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country
Registered Providers and Registered Social Landlords	£25m in total
Unsecured investments with Building Societies	£12m in total
Loans to unrated corporates	£12m in total
Money Market Funds	£12m in each (£50m in total)
Real Estate Investment Trusts	£25m in total

12.56 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

12.59 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

6. Treasury Management Indicators

12.57 The Authority measures and manages its exposures to treasury management risks using the following indicators.

12.58 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£410,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council is expected to remain a net borrower in 2019/20 so a fall in rates would lead to savings rather than incurring additional cost.

Refinancing rate risk indicator	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as short term funding is currently considerably cheaper than alternatives. This will be kept under review as it does increase the risk of higher financing costs in the future.

- 12.60 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£25m	£15m	£10m

7. Other Items

- 12.61 The CIPFA code requires the Authority to include the following in its treasury management strategy.
- 12.62 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 12.63 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to.

Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

- 12.64 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 12.65 **Markets In Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

8. Financial Implications

- 12.66 Anticipated investment income in 2019/20 is £455,000, based on an average investment portfolio of £26m at an interest rate of 1.75%. The budget for debt interest paid in 2019/20 is £4.3m, based on an average debt portfolio of £134m at an average interest rate of 3.20%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Annex A: Economic & Interest Rate Forecast

Underlying assumptions:

- In November 2018 the Monetary Policy Committee(MPC) kept Bank Rate at 0.75%.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialize.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to

reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.13
Downside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.85
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.90	0.95	1.10	1.30	1.40	1.40	1.40	1.35	1.35	1.35	1.35	1.35	1.35	1.27
Downside risk	0.20	0.45	0.60	0.80	0.90	0.90	0.90	0.85	0.85	0.85	0.85	0.85	0.85	0.76
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.70	1.60	1.50	1.40	1.35	1.35	1.35	1.35	1.35	1.40
Downside risk	0.35	0.50	0.60	0.80	0.90	0.90	0.90	0.85	0.85	0.85	0.85	0.85	0.85	0.77
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.15	1.25	1.35	1.50	1.50	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.33
Downside risk	0.50	0.60	0.65	0.80	0.80	0.70	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.66
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.50	1.65	1.70	1.80	1.80	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.55	0.70	0.70	0.80	0.80	0.75	0.75	0.70	0.70	0.70	0.70	0.70	0.70	0.71
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	2.00	2.10	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.18
Downside risk	0.60	0.70	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.73
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.37
Arlingclose Central Case	1.90	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Downside risk	0.60	0.70	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.73

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Annex B: Existing Investment & Debt Portfolio Position

	11/01/19 Actual Portfolio £m	11/01/19 Average Rate %
External Borrowing:		
PWLB - Fixed Rate	74	4.10%
Local Authorities	29	0.71%
LOBO Loans	17	4.63%
Other	3	-
Total External Borrowing	123	3.15%
Other Long Term Liabilities:		
PFI	23	-
Finance Leases	2	-
Total Gross External Debt	148	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	19	0.73%
Fixed Term Deposits	13	0.83%
<i>Managed externally</i>		
Fund Managers	3	0.60%
Property Funds	8	4.56%
Total Investments	43	1.43%
Net Debt	105	-

13. Investment Strategy

Contents

1. Purpose	- 223 –
2. Treasury Management Investments	- 224 –
3. Service Investments: Loans	- 224 –
4. Service Investments: Shares	- 226 –
5. Commercial Investments: Property	- 227 –
6. Commercial Investments: Loans	- 229 –
7. Loan Commitments and Financial Guarantees	- 229 –
8. Proportionality	- 229 –
9. Borrowing in Advance of Need	- 230 –
10. Capacity, Skills and Culture	- 230 –
11. Investment Indicators	- 231 –
12. Glossary of Terms	- 233 –

1. Purpose

- 13.1 The purpose of this document is to set out the Council's Investment Strategy for 2019/20.
- 13.2 The definition of an **investment** covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 13.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.
- 13.4 Consequently, this Investment Strategy is part of a suite of related documents, and focuses predominantly on matters not covered by Capital Strategy and Treasury Management Strategy.

Introduction

- 13.5 On 2 February 2018 the Ministry of Housing, Communities & Local Government (MHCLG) published updated statutory guidance on capital finance, in respect of local government investments and the minimum revenue provision. The MHCLG guidance may be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

- 13.6 The guidance was issued to reflect concerns raised by MHCLG and Treasury Select Committees over changes in patterns of local authority behaviour. Some local authorities are investing in non-financial assets, with the primary aim of generating profit. Others are entering into very long term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects that are in line with their wider role for regeneration and place making.
- 13.7 There is ongoing concern that some local authorities are exposing themselves to too much financial risk through their borrowing and investment decisions without fully understanding the implications of their actions. The requirement to produce this annual Investment Strategy, to be approved by Full Council, is an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
- 13.8 The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and

- to earn investment income (known as **commercial investments** where this is the main purpose).

13.9 This investment strategy is a new report for 2019/20, meeting the requirements of the statutory guidance issued by MHCLG in February 2018, and focuses on the second and third of these categories.

2. Treasury Management Investments

13.10 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £10m and £45m during the 2019/20 financial year.

13.11 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

13.12 **Further details:** Full details of the Authority's policies and plans for 2019/20 for treasury management investments are covered the Treasury Management Strategy (**Annex 12**).

3. Service Investments: Loans

13.13 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth.

13.14 Loans have been provided to Everybody Sport & Recreation for the purpose of investing in new equipment, with the aim of increasing the usage of leisure centres and improving the health of residents.

13.15 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and loans.

13.16 In addition, the Council has committed to investing £5m (and lent £2.8m as at March 2018) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire and Warrington areas, which includes Alderley Park where the Fund is based.

13.17 The Council may consider making further Service Investment Loans in 2019/20, subject to business cases and

where the balance of security, liquidity and yield have been considered as part of robust risk assessment.

13.18 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £'000

Category of borrower	31/03/18 Actual	31/03/19 Forecast			2019/20
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	1,800
Suppliers	24	24	24	0	100
Local businesses	3,727	4,147	50	4,097	10,000
Local charities	288	679	15	664	2,000
TOTAL	4,039	4,850	89	4,761	13,900

13.19 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit

control arrangements in place to recover overdue repayments.

13.20 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan will require completion of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors will be used where appropriate, dependent on materiality and scope of the loan arrangement. Each application will be considered on a case by case basis. Loans will be approved in accordance with the Finance Procedure Rules, the powers and responsibilities for loans are delegated to the Section 151 Officer. Loan facility agreements are signed by both counterparties.

13.21 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

4. Service Investments: Shares

- 13.22 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.
- 13.23 As noted above, the Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate this key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (MSP; 39% shareholder). As part of the arrangement, the Council also invested in MSP, taking a 3% equity stake.
- 13.24 The Council also has shares in its subsidiary, wholly owned companies. However they are of nominal value, and consequently whilst the turnover of the group of companies is significant (£60m in aggregate) the share values are not considered material in the context of this Investment Strategy.
- 13.25 As reflected in this strategy a key objective of future investments will be to yield a return to benefit the Council's Revenue Account. However the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.
- 13.26 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be

recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £'000

Category of company	31.3.2018 actual	31.3.2019 forecast			2019/20
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local businesses	4,004	1,809	2,195	4,004	5,000
TOTAL	4,004	1,809	2,195	4,004	5,000

- 13.27 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.
- 13.28 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and

receipt of updated business plans will help to inform considerations in regards to the selling of shares; and it is important to note, as a minority shareholder in both Alderley Park and MSP, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects for disposing of shares should be seen as good).

13.29 In the event of considering whether to make further Service Investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity, given the nature of the proposed investment (e.g. the type of organisation; the market in which it operates).

13.30 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

13.31 Note that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.

13.32 **Contribution:** The Council invests in local commercial and residential property, and land, with the intention of making a profit that will be spent on local public services.

Table 3: Property held for investment purposes in £'000

Property	Actual	31/03/18 actual		31/03/19 expected		2019/20 Approval Limit
	Purchase cost	Gains or (losses) in year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	907	17	1,443	0	1,443	
Enterprise Centres	770	0	1,297	0	1,297	
Retail	2,350	220	4,370	100	4,470	
Residential	600	0	675	0	675	
Total	4,627	237	7,785	100	7,885	32,100

13.33 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

13.34 **Where value in accounts is at or above purchase cost:** A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost,

then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

13.35 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio and where the fair value is below the original purchase price alternative uses for the assets are considered by the Authority such as changing the use of the asset to earn additional investment income such as refurbishing the asset to make the asset look more desirable or to be re-used within the Council itself as a operational property where services to the public will be provided from. If no alternative service uses are considered viable the asset will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt.

13.36 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by:

- Before entering into any commercial property investment the Authority would assess the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset for example retail units, industrial units or

residential properties. These decisions will be made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.

- The Authority would also ensure that when setting rental income on the assets the Authority will complete a cost of use and sensitivity analysis to future proof the running maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will ensure that the income will provide that additional financial security.
- Whilst holding the commercial properties we will continually review market prices, look out for changes in the market, and assess the competition.
- The Authority will constantly monitor any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

13.37 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look in to realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

6. Commercial Investments: Loans

13.38 **Contribution:** The Council does not currently provide loans primarily or partially to **make** a profit (i.e. as above, loans are provided for Service Investment purposes).

13.39 Going forward, the Authority may consider making commercial investment loans, but **importantly** there will always be a Council policy-related objective (e.g. regeneration; economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e. interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

13.40 In considering commercial investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed

Category of borrower	2019/20
	Approved Limit £000
Partner Organisations	30,000

13.41 **Risk assessment:** The Authority will assess the risk of loss before entering into commercial loans by: assessing the proposition, taking into consideration the market (the nature

and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

7. Loan Commitments and Financial Guarantees

13.42 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council has been approached to act as Entrusted Entity to a £15m European Regional Development Fund (ERDF) supported Urban Development Fund which would commence in 2019/20.

13.43 The Council, as contracting party, would provide guarantees in respect of the amounts provided through ERDF. Due diligence work is currently being undertaken and it is proposed that decisions to proceed will be delegated to the relevant Portfolio Holder, as regards being Entrusted Entity and making the application to ERDF

8. Proportionality

13.44 The Authority is only partially dependent on profit generating investment activity to achieve a balanced revenue budget, in respect of Place services. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is

dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

Table 4: Proportionality of Investments in £'000

	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Gross service expenditure - Directorate Level	72,555	74,721	77,325	78,216	80,516
Investment income	(1,684)	(1,986)	(2,236)	(2,486)	(2,486)
Proportion	2%	3%	4%	4%	3%

NB: The proportion is the investment income divided by the gross service expenditure

9. Borrowing in Advance of Need

13.45 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority follows this guidance.

10. Capacity, Skills and Culture

13.46 **Elected members and statutory officers:** Adequate steps are taken to ensure that those elected members and statutory officers involved in the investments decision

making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to assess individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

13.47 The Authority has established an Investment Strategy Board comprised of members, supported by officers and where necessary, external advisors, and acts on recommendations from officers that consider opportunities to enhance the Revenue & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

13.48 The Board is made up of the following individuals:

- The Leader of the Council (Chair)
- Portfolio Holder for Finance & Communication
- Portfolio Holder for Housing, Planning & Regeneration

13.49 Support is provided by:

- S151 Officer
- Monitoring Officer
- Executive Director Place
- Head of Assets

13.50 It is recognised that in order to support the Board and officers there is a need to engage external advisors. The

Authority has appointed Arlingclose Limited as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.

13.51 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.

13.52 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority's corporate values and Constitution. The Investment Strategy Board is an important conduit for establishing that the strategy fits with the requirements of external codes and internal priorities.

13.53 The MHCLG requirement to produce an Investment Strategy, approved annually by full Council is a key component of the corporate governance framework.

13.54 The Investment Strategy is presented and approved annually as part of the Medium Term Financial Strategy at full Council. Updates to the Investment Programme will be reported to Cabinet on a quarterly basis.

11. Investment Indicators

13.55 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

13.56 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £'000

Total investment exposure	31/03/18 Actual	31/03/19 Forecast	31/03/20 Forecast
Treasury management investments	24,232	10,000	10,000
Service investments: Loans	3,740	4,606	4,555
Service investments: Shares	4,004	4,004	5,000
Commercial investments: Property	7,885	7,885	40,000
Commercial Investments : Loans	0	0	30,000
TOTAL INVESTMENTS	39,861	26,495	89,555
Commitments to lend	2,666	2,229	2,229
TOTAL EXPOSURE	42,527	28,724	91,784

13.57 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. Currently the Authority's investments are funded by usable reserves and income received in advance of expenditure.

13.58 However in 2019/20 there is a possibility if the Authority decides to increase its investments in commercial properties and loans that they may require funding from borrowing.

Table 6: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/18 Actual	31/03/19 Forecast	31/03/20 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	32,000
Commercial Investments : Loans	0	0	30,000
TOTAL FUNDED BY BORROWING	0	0	62,000

13.59 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all

recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	1.55%	1.75%	2.00%
Service investments: Loans	-1.79%	-0.23%	0.68%
Service investments: Shares	107.50%	0.00%	0.00%
Commercial investments: Property	6.66%	6.66%	6.66%

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments*, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.

A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling
- The investment is not a long term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option)
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]*
- The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies:
 - i. The United Kingdom Government;
 - ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council
- should define high credit quality (definition incorporates ratings provided by credit rating agencies)

The **Treasury Management Code** means the statutory code of practice issued by CIPFA: "*Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition*".

The **Prudential Code** means the statutory code of practice, issued by CIPFA: "*The Prudential Code for Capital Finance in Local Authorities, 2017 Edition*".

The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.

14. Reserves Strategy

Contents

Executive Summary	- 235 -
1. Introduction	- 236 -
2. General Fund Reserves (Revenue)	- 238 -
3. Earmarked Reserves (Revenue)	- 244 -
4. Capital Reserves	- 248 -
5. Reserves Strategy Conclusion	- 248 -
Background Papers	- 248 -

Annexes:

A. Protocols and Controls	- 249 -
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Executive Summary

14.1 Cheshire East Council is maintaining adequate reserves for two main purposes:

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

14.2 This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns. At present the risks associated with overall changes in local government funding, and the need to invest now to realise returns in the medium term, increase the need to hold prudent levels of reserves in the short term.

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

14.4 The Strategy is revised annually, in line with the process to determine the Council's Budget, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.

14.5 Cheshire East Council's Reserve Strategy was last approved at Council on 22nd February 2018.

14.6 The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2019-22 is being reported to Cabinet and Council in February 2019.

14.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

14.8 Additional detailed analysis of trends within the Council's finances is provided in the Council's [Value for Money](#) publication demonstrating the sound financial position of the Council.

Alex Thompson

Alex Thompson CPFA

Head of Finance and Performance
(Acting Section 151 Officer)

1. Introduction

Types of Reserves

14.9 When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

14.10 This represents the non ring-fenced 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:

14.11 Increasing General Reserves

- Planned repayment as set out in the Medium Term Financial Strategy, 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.

14.12 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)

14.13 These provide 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

14.14 In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer 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.

14.15 There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures 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.

- 14.16 Setting the level of general reserves is just one of several related decisions in the formulation of the Medium Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority’s financial management arrangements.
- 14.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
- 14.18 These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as a percentage of budget (to aid understanding), so long as that advice is tailored to the circumstances of the Authority for that particular year.
- 14.19 Advice will be set in the context of the Authority’s process to manage medium term financial stability 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.

Table 1:

Holding adequate reserves will depend on a number of key factors
Budget Assumptions

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings / productivity gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and management

- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and Council Tax collection rates)
- The Authority’s track record in budget and financial management including the robustness of the medium term plans
- The Authority’s capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The Authority’s virement and end of year procedures in relation to budget under / overspends at authority and service level
- The adequacy of the Authority’s insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

- 14.20 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.

2. General Fund Reserves (Revenue)

Purposes

- 14.21 The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
- Emergencies
 - In-year emerging financial issues
 - Reacting to investment opportunities
- 14.22 The Finance Procedure Rules set the parameters for the use of general reserves.
- 14.23 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 revenue budgets in the following financial year or a suitable payback period is agreed in advance.
- 14.24 In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

- 14.25 The 2018/19 Budget anticipated that the Council would hold general reserves of £10.2m. However an improved outturn position resulted in general reserves remaining at £10.3m.
- 14.26 At 1st April 2019, it is anticipated that the Council will hold general reserves of £10.3m, as calculated in **Table 2**.

Table 2	Estimated Balance 1 st April 2019 £m
Amount of General Fund Balance available for new expenditure	10.3
<small>(Source: 2017/18 Statement of Accounts)</small>	
The impact of performance against the 2018/19 Revenue Budget	0.0
<small>(Source: 2018/19 Three Quarter Year Review of Performance)</small>	
	10.3

Estimated Movement in Reserves (2018/19 onwards)

- 14.27 **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2018 to 2021.
- 14.28 The level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).
- 14.29 During 2018 CIPFA have published an index of financial resilience of English councils, designed to support the local government sector as it faces continued financial challenge.
- 14.30 This follows the recent National Audit Office (NAO) report on financial sustainability in local authorities, published

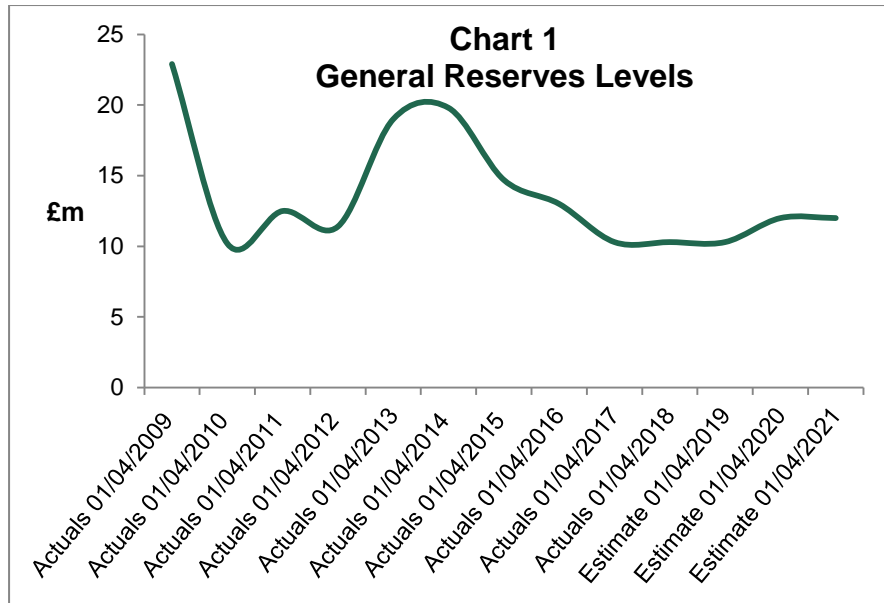
following the crisis at Northamptonshire County Council. This indicated that there is a heightened risk of more councils over the next four years falling into special measures as a result of not reconciling the pressure on budgets.

- 14.31 The aggregated results of the Resilience Index show the majority of councils are in a stable position and not showing significant signs of financial failure. However, in 10-15% of councils there are some signs of potential risk to their financial stability in the short term.
- 14.32 The measure showing the level of general reserves as a proportion of net revenue expenditure indicates that the Council's current reserve is lower than average in the comparator group analysis. This supports the proposal to increase general reserves to £12m in 2019/20, an increase of £1.7m.
- 14.33 General reserves as a proportion of net revenue expenditure will increase to 4.5%, compared to 3.9% in 2018/19.

Table 3: The level of reserves will be increased in the medium term	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Estimated Balance @ 1 st April	10.3	10.3	12.0	12.0
Estimated Impact of Spending	0.0	0.0	0.0	0.0
Planned Contribution from Earmarked Reserves	0.0	1.7	0.0	0.0
Forecast General Reserves @ 31st March	10.3	12.0	12.0	12.0
Risk Assessed Minimum Level – February 2019	10.0	12.0	12.0	12.0

Source: Cheshire East Finance

- 14.34 **Chart 1** reflects how Cheshire East Reserves are being stabilised over the medium term.



Source: Cheshire East Finance

14.35 The level at which reserves are set for 2019/20, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves – Risk Assessment

14.36 The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

14.37 The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.

14.38 Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.

14.39 Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** 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.

14.40 The updated Risk Assessment for 2019/20 provides for the Minimum Level to increase to £12.0m. This is considered a relatively prudent overall target for reserves at 4.5% of the net budget. This reflects the following potential negative financial issues facing the Council in the medium term:

- Further changes to the local government financial settlement may create funding deficits, and the medium term strategy of the Council remains unbalanced in later years at present.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.

- Maintained schools are predicting significant deficit budget positions in their three year forecasts as a result of staffing costs and special educational needs costs increasing at a faster rate than funding.

14.41 It is also possible that a number of events could happen in a single year and the 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 0.7%).

14.42 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 beyond insurance cover.
- 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 4: A robust level of reserves is guided by an assessment of potential risks							
Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	% Risk (a)	Value of Risk Area (b)	Value of risk retained (a x b)	Sub-Total	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	7.0%	£1,000,000	£70,000	£120,000	£100,000
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	25.0%	£200,000	£50,000		
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	10.0%	£1,000,000	£100,000	£431,000	£400,000
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	30.0%	£1,000,000	£300,000		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	10.0%	£313,000	£31,000		
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	2.0%	£10,300,000	£206,000	£4,305,000	£4,300,000
	Savings proposals challenged by changing priorities.	Impact of 2018/19 outturn / robust remedial plans and monitoring of progress	1.0%	£269,500,000	£2,695,000		
	Forecast deficit budgets in maintained schools	In-Year emerging issues / Robust plans and monitoring of progress	10.0%	£5,300,000	£530,000		
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	1.0%	£61,000,000	£610,000		
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	0.1%	£264,000,000	£264,000		
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	50.0%	£750,000	£375,000	£2,195,000	£2,200,000
			30.0%	£1,000,000	£300,000		
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	10.0%	£500,000	£50,000		
Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	1.0%	£147,000,000	£1,470,000		
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes Impact of Brexit on national and local economy	0.7%	£753,120,000	£5,046,000	£5,046,000	£5,000,000
OVERALL RISKS						£12,097,000	£12,000,000
% of Net Revenue Budget							4.5%

- 14.43 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 £12.0m.
- 14.44 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2019/20 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

- 14.45 A duty of the Section 151 Officer is to comment on the adequacy of financial reserves (see **Annex A**).
- 14.46 The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Section 151 Officer uses information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

14.47 The purpose of earmarked reserves is:

- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- To set aside amounts for projects which extend beyond one year.

14.48 Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.

14.49 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

14.50 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).

Table 5: 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

- 14.51 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.
- 14.52 The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.
- 14.53 Earmarked Reserves will be:
- Set up by Full Council, on recommendation by the Section 151 Officer,
 - 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.
- 14.54 Services may also carry forward balances in accordance with Financial Procedure Rules.
- 14.55 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.
- 14.56 The 2018/19 position on earmarked reserves is reported in the Third Quarter Review of Performance Report, as part of the 5th February Cabinet Agenda.
- 14.57 It is forecast that £1.8m of earmarked reserves will be drawn down to contribute to the pressures on the 2018/19 budget. A review of earmarked reserves has taken place to ensure that where reserves have conditions attached these remain in place. All other reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2019/20.
- 14.58 As per Table 3 of the Reserves Strategy there is also a planned contribution from earmarked reserves to the general reserve in 2019/20. This will increase the general reserve to £12m in accordance with the risk assessed level.
- 14.59 At 1st April 2019, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £30.1m. It is estimated that balances will reduce by £3.6m by the end of 2019/20. Table 6 (overleaf) shows the position on each earmarked reserve.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2019/20				
Service Description	Estimated Available Balance at 1 st April 2019 £000	Forecast Movement in 2019/20 £000	Estimated Available Balance at 31 st March 2020 £000	Reason / Use
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,373	131	2,504	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	657	12	669	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
Fixed Penalty Notice Enforcement (Kingdom)	131	(48)	83	Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues .
Children's Services				
Domestic Abuse Partnership	79	(79)	0	To sustain preventative services to vulnerable people as a result of partnership funding.
Place				
Investment (Sustainability)	102	(102)	0	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Air Quality	41	(41)	0	Provide funding for a temporary Air Quality Officer post
Strategic Planning	636	(636)	0	Rephasing of work associated with the Local Plan, CIL etc.
Growth and Regeneration				
Skills & Growth	168	(168)	0	To achieve skills and employment priorities and outcomes.

Table 6: Earmarked Reserves that are statutory or essential have been retained for 2019/20				
Service Description	Estimated Available Balance at 1 st April 2019 £000	Forecast Movement in 2019/20 £000	Estimated Available Balance at 31 st March 2020 £000	Reason / Use
Corporate Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,080	(1,700)	2,380	To settle insurance claims and manage excess costs.
Democratic Services				
Elections	311	(311)	0	Reserve to smooth cost of elections between years - added to in years with low election activity and called on in years with high activity. Required for 2019/20 elections.
Finance and Performance				
Collection Fund Management	5,082	1,992	7,074	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	11,638	(400)	11,238	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	3,133	(1,582)	1,551	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Cross Service				
Trading Reserve	1,510	(500)	1,010	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	362	(362)	0	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	(1,246)	1,246	0	Carried forward into 2019/20.
Revenue Grants - Other	1,048	(1,048)	0	Carried forward into 2019/20.
Total	30,105	(3,596)	26,509	

Source: Cheshire East Council

4. Capital Reserves

- 14.60 Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.
- 14.61 Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

- 14.62 Overall, Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.
- 14.63 This recognises local issues and allows the Section 151 Officer to comment favourably on the adequacy of reserves.
- 14.64 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

- 14.65 General Fund Reserves – Risk Assessment Working Papers 2019.
CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).
CIPFA The Financial Resilience Index 2018

Annex A: Protocols and Controls

The Existing Legislative / Regulatory Framework

- 14.66 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.
- 14.67 There are three significant safeguards in place that militate against local authorities over-committing themselves financially:
1. The balanced budget requirement.
 2. The Chief Financial Officer's S114 powers.
 3. The External Auditor's responsibility to review and report on financial standing.
- 14.68 The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Financial 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.
- 14.69 While it is primarily the responsibility of the local authority and its Chief Financial 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 Financial Officer

- 14.70 It is the responsibility of the Chief Financial 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.
- 14.71 Local authorities, on the advice of their Chief Financial 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

- 14.72 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 Financial Officer and Councillor – or group of Councillors – responsible for finance
 - Specify the reporting arrangements

A New Reporting Framework

- 14.73 The Chief Financial 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.
- 14.74 The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Financial Officer. To enable the Council to reach its decision, the Chief Financial 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:

- 14.75 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 Financial 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.
- 14.76 A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions / withdrawals and the estimated closing balances.

15. Abbreviations

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

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council's commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 st April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FQR	First Quarter Review of Performance (not produced for 2018/19)

Term	Meaning
FTE	Full Time Equivalent
GP	General Practitioner
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government – DCLG)
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
MYR	Mid-Year Review of Performance.
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government
PHE	Public Health England
PiP	Partners in Practice
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant

Term	Meaning
S151	Section 151 (Officer)
SAGC	Skills and Growth Company
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TQR	Third Quarter Review of Performance.
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres

16. Forecasts (February 2018)

Forecasts presented to the Council in February 2018 reported the potential budget position in the medium term.

Proposals in the Pre-Budget Consultation focused on ensuring that increased growth projections were fully reflected.

Summary position for 2018/19 to 2020/21	Budget Book 2017/18 (revised at Third Quarter Review)	Estimated Net Budget 2018/19	Estimated Net Budget 2019/20	Estimated Net Budget 2020/21
	£m	£m	£m	£m
Outcome 1 - Our Local Communities are strong and supportive	24.3	24.8	25.3	25.8
Outcome 2 - Cheshire East has a strong and resilient economy	24.8	27.0	27.3	27.7
Outcome 3 - People have the life skills and education they need in order to thrive	43.8	46.9	48.3	49.8
Outcome 4 - Cheshire East is a green and sustainable place	29.5	30.6	29.3	29.7
Outcome 5 - People live well and for longer	93.7	99.2	104.8	111.0
Outcome 6 - A responsible, effective and efficient organisation	32.6	30.3	29.9	30.9
Total Outcomes	248.7	258.8	264.9	274.9
<i>CENTRAL BUDGETS:</i>				
Capital Financing	14.0	10.0	12.0	12.0
Past Pensions Adjustment	1.2	0.3	0.2	1.2
Income from Capital Receipts	0.0	-2.0	-1.0	-1.0
Contingency	0.0	1.0	1.0	1.0
New Homes Bonus Community Fund	0.0	1.0	1.0	0.0
Use of/Contribution to Earmarked Reserve	-0.1	-0.3	0.0	0.0
Additional changes to balance future years	0.0	0.0	0.0	-10.1
TOTAL: CENTRAL BUDGETS	263.8	268.8	278.1	278.0
<i>FUNDED BY:</i>				
Council Tax	-191.1	-206.4	-212.7	-219.2
Business Rate Retention Scheme	-41.0	-43.0	-41.8	-42.3
Revenue Support Grant	-13.4	-5.4	0.0	0.0
Specific Grants	-16.9	-13.0	-12.5	-11.2
Sourced from Collection Fund	-1.4	-1.0	-1.0	0.0
TOTAL: FUNDED BY	-263.8	-268.8	-268.0	-272.7
Funding Deficit	0.0	0.0	10.1	5.3

17. Feedback

We want you to be involved in decision making in Cheshire East.

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Please use CTRL and Click on the light bulb to join.

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Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Schools Funding Formula for 2019/20

Portfolio Holder: Cllr Jos Saunders, Children and Families Portfolio Holder

Senior Officer: Mark Palethorpe, Interim Executive Director of People

1. Report Summary

- 1.1. The report sets out the process to determine the schools funding formula for 2019/20 and requests approval of the formula by Cabinet. It is a requirement for Cabinet to agree the schools funding formula following a recommendation by Schools Forum.
- 1.2. Schools Forum on 6th December 2018 voted on the schools funding formula and related issues. The Forum recorded a split vote on two issues: (i) how to allocate any additional funding; and (ii) which formula to recommend to Cabinet. They asked for these issues to be reported to Cabinet.
- 1.3. The Forum's key concerns related to:
 - 1.3.1. **Moving towards the national funding formula (NFF):** NFF has lower basic amounts than the local formula; the allocation of additional funding through the basic amounts increases the gap.
 - 1.3.2. **Ensuring schools received the headline minimum per pupil funding levels:** these had been campaigned for locally during the development of NFF, and were not readily achieved without removing substantial amounts of funding from schools set to gain funding based on provisional modelling.
- 1.4. As a way forward the Forum agreed to recommend a local model which also delivered the headline minimum per pupil funding level of at least £4,800 to all secondary schools.

- 1.5. The Schools Forum provided discretion to the Council to find a model to deliver that recommendation when the updated funding information and pupil data was available.
- 1.6. This modelling has been undertaken following the release of the final DSG funding figures and updated pupil data on 17th December 2018. The positive news is that the current local model with updated pupil data and the increased overall DSG allocation allows the Forum's request to be delivered and that forms the basis for the recommendation to Cabinet.

2. Recommendations

2.1. That Cabinet approve

- 2.1.1. The use of the local formula Cheshire East which delivers the minimum per pupil funding level of £3,500 for primary schools and £4,800 to secondary schools.
- 2.1.2. The use of -1.5% as the minimum funding guarantee percentage. Meaning that no school can lose more than 1.5% per annum, excluding pupil number changes.
- 2.1.3. The transfer of 0.5% of funding from the schools block to the high needs block to manage expenditure pressures in that area and fund projects to achieve sustainability.
- 2.1.4. The continuation of the current early years hourly funding rates into 2019/20. The average rate for 3 and 4 year olds is £4.09 per hour and the rate for 2 year olds is £5.02 per hour.

3. Reasons for Recommendations

- 3.1. The annual review of the schools funding formula helps to address issues and pressures schools are experiencing. The formula needs to be considered and approved each year by Cabinet.

4. Other Options Considered

- 4.1. In autumn 2017 a sub group of the Schools Forum entitled the Schools Block Formula Working Group supported by the Cheshire East Finance team undertook a substantial piece of work to establish the budget setting issues and workable funding models.
- 4.2. Several models were examined in more detail. They included:
 - The Cheshire East local formula.
 - Half way between the local formula and national funding formula (NFF).

- A gradual move to NFF (30%, 30% and 40% over three years).
- The Cheshire East local formula but introducing the some NFF factors (around free school meals for example).
- The NFF.

4.3. These were considered by the Working Group and it was agreed to consult on three options (local, half way and NFF) in November 2017.

4.4. Further modelling was reported to Schools Forum on 6th December 2018 as part of the discussion over the formula to recommend to Cabinet, including:

- The impact of 25% and 75% phased moves to NFF.
- The impact of using lower minimum per-pupil funding rates.
- The impact of technical adjustments to the factors included within the Minimum per pupil funding calculation.
- The impact of additional funding.

5. Background

5.1. The Council receives Dedicated Schools Grant (DSG) funding as a ring-fenced grant to pay for education. This is received in four blocks and local decisions are made over use of the blocks, transfers between them and the basis for allocation to schools.

5.2. The NFF announcements mean that each DSG block is determined through different national funding formula.

Schools Block

5.3. The 2019/20 NFF headlines for the schools block were:

- The NFF will determine the overall allocation to the area but a local formula can continue to be used to allocate funding to schools in 2019/20 and this has been extended to 2020/21.
- The local formula does not determine how much the area receives in total.
- The requirement to set a minimum funding guarantee (MFG) and some choice over the % applied.
- The option to transfer funding to high needs with scope for local agreement of up to 0.5%.
- The option of setting minimum per pupil funding levels. The headline NFF levels are £3,500 Primary, £4,800 Secondary in 2019/20 but different levels can be selected.
- The Growth Fund for 2019/20 is being set at £0.5m.

5.4. The DfE expect to see evidence of a consultation process for 2019/20 so that schools can express their views. Further details of that process and the outcomes are included at **Appendix 1**.

5.5. The schools block figures for 2019/20 were released on 17th December 2018 and set a figure of £212.6m for Cheshire East, representing an increase of £4.9m (2.4%) over 2018/19. £3.1m of that related to additional pupils.

5.6. The DSG announcements are summarised below:

Cheshire East - DSG Block Allocations	2018/19	2019/20	Change	Change
	November Budget £m	Dec -18 £m	£m	%
Schools Block	207.7	212.6	4.9	2.4%
Central Schools Services Block	3.0	3.0	0.0	0.0%
High Needs block	34.1	35.7	1.6	4.7%
Early Years block	21.2	21.2	0.0	0.0%
Total	266.0	272.5	6.5	2.4%

Impact of the Recommended Formula

5.7. The local formula continues the existing Cheshire East formula for a further year. The impact of the formula is set out below:

	Per Pupil Funding		Change	
	2018/19	2019/20	£	%
Primary Average	3,902.86	3,935.34	32.48	0.8%
Secondary Average	4,895.97	4,933.59	37.62	0.8%
All Schools Average	4,293.89	4,334.53	40.64	0.9%

5.8. The MFG process removes a percentage of the funding from those schools set to gain to ensure no school can lose more than -1.5% (excluding pupil number changes). The impact of the MFG applied to the local formula is summarised below. The positive message here is that a significant number of schools are growing and are therefore eligible to be scaled back from MFG.

Summary of MFG impact 2019/20	Number of schools	£m Impact
Schools requiring additional funding to reach -1.5% reduction	7	0.6
Schools where MFG has not applied	17	0
Schools losing funding to protect other schools to -1.5% maximum reduction	123	-0.6
Total	147	0.00
Analysis of MFG		
Losing up to £5,000	68	-0.1
Losing more than £5,000	29	-0.2
Losing more than £8,000	11	-0.1
Losing more than £10,000	15	-0.2
	123	-0.6

Local Formula Factors

5.9. The detailed list of factors that make up the local formula is attached at **Appendix 2**. The basic rates have been adjusted to use up the available funding. All other amounts reflect previous local agreement.

Schools Budget Context

5.10. Staffing costs and special educational needs costs are increasing at a faster rate than funding. Therefore, schools are predicting significant deficit budget positions in their three year forecasts.

5.11. While some additional funding is being provided nationally for teachers pay / pension costs and SEN pressures, it is expected that managing within funding levels will continue to be a challenge for schools.

5.12. The Council does not have control over the total amount of DSG allocated to the area, that is determined by the DfE, and Cheshire East Council, in common with many other councils, does not provide additional funding to schools within its Medium Term Financial Strategy (MTFS).

5.13. Therefore, it is essential for all schools to consider how they can set balanced budgets through ongoing review of their expenditure plans and making the necessary changes to live within the funding forecasts. This expectation is not changed by the recommendation of the local formula.

High Needs

- 5.14. The High needs funding is under significant pressure and this is being considered through the Schools Forum and a sub group entitled the High Needs Formula Working Group. Updates will be reported separately in due course.
- 5.15. The Schools Forum has also agreed and recommended that 0.5% of the DSG schools block is transferred to high needs for 2019/20 to help with pressures. This is recommended to Cabinet at paragraph 2.1.3.

Early Years

- 5.16. When the national funding formula for Early Years was being introduced from April 2017, Cabinet considered a paper on 7th February 2017 and agreed a two year approach to the hourly rates for providers that aligned to the updated Government guidance.
- 5.17. Schools Forum considered the rates on 4th October 2018 and agreed the rates for 2018/19 which included the average hourly rate of £4.09 for 3 and 4 year olds would continue unchanged into 2019/20 on the basis that the hourly rate allocated by the DfE was unchanged. The two year old rate would continue at £5.02.

Central Schools Services

- 5.18. This block has been created to hold costs relating to historic commitments such as prudential borrowing, ICT and performance system costs and Education Services Grant funded functions.
- 5.19. Schools Forum approval is required for most of the items and that was provided at the 6th December 2018 meeting.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The local authority currently receives funding for schools through the Dedicated Schools Grant. The local authority has the statutory responsibility under the Schools and Early Years Finance Regulations for allocating this funding to schools and must consult with the Schools Forum to determine the individual schools budget for all schools in the area.

6.1.2. The local authority must also determine a local funding formula which is used to distribute the individual schools budget between local schools. The new national funding formula for schools and high needs will determine how much each local authority in England receives in future in the DSG and the local authority will still have the statutory responsibility for distributing this to individual schools in consultation with the Schools Forum.

6.2. Finance Implications

6.2.1. The schools funding formula is the mechanism through which the Dedicated Schools Grant schools block is provided to schools. The NFF arrangements mean that all schools block funding will be delegated except for the transfer to the High Needs Block of 0.5%.

6.2.2. The recommendation to approve the current local formula means that schools in the Borough are delaying the impact of reduced basic funding levels and therefore need to plan appropriately over the next two years for the introduction of NFF.

6.2.3. Finance will be working closely with maintained schools who will be expected to demonstrate how they are managing and preparing for the change.

6.2.4. The schools funding formula has no impact on the Council's MTFS.

6.3. Policy Implications

6.3.1. The Council is supporting "Outcome 3 – People have the life skills and education they need in order to thrive" and is delivering that objective through its Corporate Plan and MTFS.

6.4. Equality Implications

6.4.1 The Government NFF announcements include an equality statement. The local schools funding formula applies to all schools based on pupil characteristics. The NFF provides more funding to such characteristics so will help more vulnerable groups in due course.

6.5. Human Resources Implications

6.5.1. Changes to funding levels may result in staffing changes at schools requiring HR support. Each school will need to consider the impact of using the existing local formula as opposed to NFF on their three year financial plans and review their staffing establishment accordingly.

6.6. Risk Management Implications

6.6.1. Prompt agreement of the local allocation formula allows schools to receive their budget allocations in advance of the financial year. They can ensure their expenditure plans are in line with their available budget.

6.6.2. There is a need for the Council and Schools to recognise the financial issues of not moving to NFF. NFF will bring a redistribution of resources across schools and could lead to future deficits in school budgets if changes are not planned for in good time.

6.7. Rural Communities Implications

6.7.1. All maintained and academy schools in the Borough are affected by decisions over total funding levels and the local formula used to allocate it to schools.

6.7.2. The NFF introduces sparsity funding for remote schools meeting certain criteria. However, those schools may lose funding if the pupils are from areas that are less deprived than elsewhere.

6.7.3. Workshops have been run with small and rural schools to discuss the challenges they face and develop a plan for supporting those schools through the changes.

6.8. Implications for Children & Young People / Cared for Children

6.8.1. All maintained and academy schools in the Borough are affected by decisions over funding levels and the local formula to allocate funding.

6.8.2. In addition to DSG schools block funding, schools continue to receive pupil premium allocations for cared for children where they are eligible.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. All wards are affected by the changes to the schools' funding formula.

8. Consultation & Engagement

8.1. Details of the local consultation with schools are included at **Appendix 1**.

9. Access to Information

9.1. Cabinet papers are available at:

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieDocHome.aspx?bcr=1>

9.2. Schools Forum papers for 2018 are held at:

<http://www.cheshireeast.gov.uk/schoolsforum>

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Jacky Forster

Job Title: Director of Education and 14-19 Skills

Email: Jacky.Forster@cheshireeast.gov.uk

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Appendix 1 ~ Setting the Schools Funding Formula 2019/20

1. The Schools Forum meeting on 4th October 2018 considered the approach to 2019/20 funding and agreed to consult on the same three formula options as for the previous year. They were the local model, half way to NFF and NFF.
2. A particular issue for 2019/20 was the preference to introduce the increased minimum per pupil funding levels and apply a fair MFG. These issues also formed part of the consultation.
3. An on-line survey was released from 12th November to 26th November. Two briefing sessions were held on 15th and 19th November to discuss the issues with 50+ representatives attending.
4. The consultation resulted in 90 responses representing a 62% completion rate. The results have been summarised below:

2019/20 Question	Percentage Vote (1 vote per school)
1. Use of the Age Weighted Pupil Unit (AWPU) to allocate additional funding	82.2% in favour
2. Use of -1.5% minimum funding guarantee	87.8% in favour
3. Should we implement the minimum per pupil funding levels.	56.7% against
4. Should all schools be included in the minimum funding guarantee calculation	84.4% in favour
5. The funding formula model to be used	72.2% Current Local Formula 6.7% Half-way (current to NFF) 21.1% NFF
6. The transfer of 0.5% from schools to high needs	77.8% in favour

Scope to use of AWPU to allocate additional funding

5. Should there be any additional funding provided the suggestion is for it to be distributed to schools using the basic AWPU rates in the same key stage ratio as now to ensure all schools receive benefit.
6. This is a simple approach given that AWPU accounts for 80% of the allocation it is relatively quick to find a set of rates that allocate all the funding.
7. **The Schools Forum recorded a split vote on this issue. The key issue being that any potential increase in the basic amount moved the Borough further away from NFF (which had lower AWPU levels).**

Setting the minimum funding guarantee percentage at -1.5%

8. MFG protects schools from significant funding changes but is self-funding. Funding is removed from those set to gain to help those set to lose funding.
9. The Council has to set an MFG in the range -1.5% to +0.5%.
10. The main concern is the impact of MFG in terms of limiting change. If schools are currently in receipt of MFG then it does not seem correct to lock in further levels of protection. There is also a concern that the longer it takes to introduce NFF, the longer that MFG will be a significant part of the funding system.

11. The Schools Forum voted in favour of using -1.5% for MFG.

Implementing the minimum per pupil funding levels and MFG

12. The Council has the option of introducing the headline minimum per-pupil funding (MPPF) values, however, the increase in funding used for modelling was not sufficient to enable the headline levels to be achieved without applying MFG to all schools to reduce the level of scaling back.
13. Applying MFG to all meant that some schools would be below the headline per pupil funding levels.
14. If schools in receipt of extra funding to achieve the minimum levels are excluded from MFG the level of scaling back increases significantly for gaining schools.

15. The Schools Forum voted for introducing the MPPF values.

16. The Schools Forum voted in favour of including all schools in the MFG calculation.

Transfer of 0.5% (£1m) from the Schools Block to the High Needs Block

17. There are several issues to note:

- Previous locally agreed transfers from the high needs block to schools block to address low funding to schools in 2016/17 (of c.£3.5m) being locked into the schools block and not returned to high needs.
- The increase in demand and complexity of SEND placements and rising costs of independent places leading to spending pressures of £3.7m. This will create a negative DSG reserve position.
- The shortage of SEND in-borough placements to meet demands.

- The need to review the funding provided for SEND placements and increase local provision.
- The transfer equates to £21 per pupil.
- The Council is looking to contribute £0.6m to high needs as part of the draft budget proposals for 2019/20 being separately consulted on.

18. The Schools Forum voted in favour of the transfer.

The funding formula to be used

19. Three models have been put forward for a decision in principle. The formula factors for each model are shown on the [Schools Forum](#) website.

20. The Schools Forum recorded a split vote on this issue. The concern related to providing secondary schools with the headline minimum per pupil funding level of £4,800.

Way Forward

21. It was proposed and agreed by the Forum that the local model and the aim of achieving a minimum per pupil funding level of £4,800 for secondary schools was acceptable.

22. Therefore, discretion was provided to the Cheshire East Finance team to find a set of basic formula factors, MPPF and MFG that allow this to happen.

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Appendix 2 - Summary of Local Formula Factors 2019/20

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	
	Description	Amount per pupil	
	Primary (Years R-6)	£2,930.57	
	Key Stage 3 (Years 7-9)	£4,021.12	
	Key Stage 4 (Years 10-11)	£4,807.59	
	Description	Primary amount per pupil	Secondary amount per pupil
2) Deprivation	FSM	£226.63	£226.63
	FSM6	£0.00	£0.00
	IDACI Band F	£0.00	£0.00
	IDACI Band E	£250.00	£250.00
	IDACI Band D	£500.00	£500.00
	IDACI Band C	£750.00	£750.00
	IDACI Band B	£1,000.00	£1,000.00
	IDACI Band A	£1,250.00	£1,250.00
	Description	Primary amount per pupil	Secondary amount per pupil
3) Looked After Children (LAC)	LAC X March 17	£0.00	
4) English as an Additional Language (EAL)	EAL 1 Primary	£500.00	
	EAL 1 Secondary		£500.00
5) Mobility	Pupils starting school outside of normal entry dates		£0.00
	Description	Weighting	Amount per pupil (primary or secondary respectively)
6) Prior attainment	Primary Low Attainment		£1,069.73
	Secondary low attainment (year 7)	63.59%	£1,390.55
	Secondary low attainment (year 8)	58.05%	
	Secondary low attainment (year 9)	48.02%	
	Secondary low attainment (years 10 to 11)		

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)
7) Lump Sum	£115,000.00	£115,000.00
8) Sparsity factor		
Fixed, tapered or NFF sparsity primary lump sum?	Fixed	
Fixed, tapered or NFF sparsity secondary lump sum?	Fixed	
Fixed, tapered or NFF sparsity middle school lump sum?	Fixed	
Fixed, tapered or NFF sparsity all-through lump sum?	Fixed	
9) Fringe Payments		£0
10) Split Sites		£173,873
11) Rates		£2,139,527
12) PFI funding		£0
Exceptional Rents		£24,248
Total Funding for Schools Block Formula (excluding minimum per pupil funding level, funding floor protection and MFG Funding Total)	£210,355,394	99.66%
14) Additional funding to meet minimum per pupil funding level	£709,991	0.34%
Total Funding for Schools Block Formula (excluding funding floor protection and MFG Funding Total)	£211,065,385	100.00%
15) Funding floor protection (select Yes if applying this protection)		No
16) Minimum Funding Guarantee	-1.50%	£665,796
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		Yes
Apply alternative gains cap for schools gaining more than 15%?		No
Capping Factor (%)	0.00%	Scaling Factor (%) 36.69%
Total deduction if capping and scaling factors are applied		-£665,796
Total Funding for Schools Block Formula		£211,065,385
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)		£0.00
Additional funding from the high needs budget		£0.00
Growth fund (if applicable)		£500,000.00
Falling rolls fund (if applicable)		£0.00
Other Adjustment to 18-19 Budget Shares		£0
Total Funding For Schools Block Formula (including growth and falling rolls funding)		£211,565,385
% Distributed through Basic Entitlement		80.47%
% Pupil Led Funding		90.55%
Primary: Secondary Ratio	1 :	1.25
Total funding for schools block formula contains funding from outside of the 2019-20 Schools Block allocation?		No



Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Adoption of the Community Infrastructure Levy (CIL)

Portfolio Holder: Cllr Ainsley Arnold – Planning, Housing and Regeneration

Senior Officer: Frank Jordan - Executive Director Place

1. Report Summary

- 1.1. Work has been progressing on introducing a Community Infrastructure Levy (CIL) in Cheshire East. If adopted this would allow funds to be raised from developers to pay for the infrastructure needed to support growth in the Borough.
- 1.2. This report seeks Cabinet's approval to recommend its adoption to Full Council
- 1.3. The recommendations are based on the main findings of the independent examiner appointed to review the Council's CIL draft Charging Schedule.
- 1.4. It is estimated that the introduction of CIL will generate in the order of £36m towards the provision of infrastructure for the remaining Local Plan period to 2030.
- 1.5. The infrastructure on which CIL can be expended is carefully prescribed within what is termed the Council's "Regulation 123 list". This is simply a list of the specific items against which CIL can be spent and has been derived from the Council's Infrastructure Delivery Plan that was prepared as supporting evidence for the Local Plan Strategy.
- 1.6. The list can be amended over time as infrastructure priorities change provided appropriate consultation has been undertaken; and provided it does not have a significant impact on the viability evidence used to justify the charging schedule at examination.

2. Recommendations

2.1. That Cabinet

2.1.1. Endorse the Community Infrastructure Levy Charging Schedule attached as Appendix 1 to this report, including the identified charging rates and zones

2.1.2. Recommend to Full Council that the Community Infrastructure Levy be adopted with an implementation date of 1st March 2019

3. Reasons for Recommendations

3.1. To enable the implementation and future ongoing operation of a Community Infrastructure Levy in Cheshire East.

4. Other Options Considered

4.1. The main alternative options revolve around choosing to either no longer proceed with implementing a CIL charge or making amendments to the proposed charging zones and rates; and the operational start date of CIL. All these options would at best delay the implementation of CIL in Cheshire East and the potential amount of money that can be raised towards providing the infrastructure needed to help deliver the development proposals identified in the Local Plan. Any amendments to the CIL charging zones or rates that are not recommended by the Examiner would need to be justified by evidence, re-consulted upon and re-examined.

5. Background

Examiner's Findings

5.1. Work has progressed on the introduction of a CIL charge in the Borough in line with the recommendations made by Cabinet on 12th September 2017. This resulted in the CIL Draft Charging Schedule being submitted for examination in July 2018. Two days of hearings subsequently took place on the 12 and 13 September 2018 in front of an independent Examiner. His report was received by the Council on 17th December and, subject to 5 modifications, the Examiner has recommended that the Charging Schedule is an appropriate basis for the collection of CIL in Cheshire East.

5.2. The recommended modifications relate to adjustments in some of the charging zones and better clarity around the definition of each charging area. In summary the changes are:

- Prepare larger scale maps with OS grid reference lines and numbers showing the residential charging zones and strategic sites in more detail for greater clarity.

- Reduce the rate for apartments in Zones 3 and 5 so that this type of development is zero rated across the whole borough.
- Amend the Albion Lock site (near Sandbach) so that it falls within Zone 1 rather than Zone 4
- Apply the rate of £71 per square metre to the Handforth Garden Village site.
- Reduce the Residential rate in Zone 5 from £168 per square metre to the Zone 4 level of £71 per square metre.

5.3 Overall, the Council has satisfied the Examiner that a charging schedule is appropriate, and the Examiner has concluded that significant parts of the draft schedule are suitable for adoption without modification.

Proposed Charging Schedule

5.4 It is proposed that the Council accept the recommendations of the Examiner and adopt the CIL charging schedule shown in Appendix 1 which takes account of the Examiner's recommendations.

5.5 In line with the viability evidence prepared by the Council and the recommendations of the Examiner, five spatial zones are proposed across the Borough within which four different CIL charges will apply for residential development, as follows:

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

5.6 The Council originally proposed a higher charge of £168 per square metre in Zone 5 but the Examiner was not convinced that site viability evidence justified this rate. Nevertheless, he acknowledged that Zone 5 represented a higher viability area than Zone 4 and so retained it as a separate zone to enable appropriate new evidence to be collected to justify a higher charge rate through any subsequent CIL review. The CIL charge rates that apply to each of the Strategic Sites allocated in the Council's Local Plan Strategy are identified within the Charging Schedule in Appendix 1; this includes larger scale OS maps which identify the spatial areas covered by each residential charging zone.

5.7 As the Council has only just gone through a CIL examination, part of which involved identifying the infrastructure schemes it would spend its CIL monies on in the initial operational period, there is mostly no requirement to

make any changes to the list of infrastructure schemes which will benefit from CIL in the first few years of operation.

- 5.8 However, the two clinical commissioning groups (CCGs) which oversee the provision of primary health care in Cheshire East have written to request that primary health care be removed from the Regulation 123 list. This is because the main urban areas of the Borough mostly have a zero CIL charge in the schedule and therefore, the CCGs consider it more appropriate that the additional infrastructure health needs that result from new development are better addressed through planning permissions via S106 legal agreements. Primary health care has therefore been removed from the Regulation 123 list, which otherwise remains as previously proposed.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. Suitable controls will be required to manage the expenditure of CIL monies by external infrastructure providers in compliance with the 2008 Planning Act and 2010 CIL Regulations (as amended) and in the implementation, collection, monitoring and distribution of CIL and legal advice and assistance will be ongoing in its implementation and management.

6.2. Finance Implications

- 6.2.1. The introduction of CIL by the Council will generate an estimated £36m in capital funding towards infrastructure for the Local Plan period to 2030. As required under CIL regulations, up to 5% of this can go towards the Council's cost in administering CIL and 15 or 25% must go to the town or parish council where the chargeable development has taken place.
- 6.2.2. It is currently anticipated that the costs of administering CIL, including capital set up costs and ongoing revenue costs, will be met by the provisions within CIL Regulations to use up to 5% of the funds derived from CIL to administer the system. There is therefore currently no additional budgetary requirement outside of the income that can be generated through the CIL to resource its management.
- 6.2.3. Once CIL funds are accrued, they will be incorporated alongside other funding sources within the Council's Medium Term Financial Strategy process.

6.3. Policy Implications

6.3.1. CIL will allow funds to be raised from developers to help deliver the infrastructure needed to support the growth shown in the Council's Local Plan and other related strategy documents.

6.4. Equality Implications

6.4.1. There are no direct equality implications under the Public Sector Equality Duty and the impact on the protected characteristics groups (Equality Act 2010). No differential impact has been identified for any groups and the adoption of CIL helps to support and deliver sustainable growth and development promoting equal access to housing and employment and has no negative impact on those who exhibit a protected characteristic.

6.5. Human Resources Implications

6.5.1. The Council has established a temporary transition team of two people to administer CIL, including the Council's existing s106 officer. Further recruitment will be required to ensure sufficient resource is in place to properly administer the CIL and s106. The costs of establishing and administering CIL can be taken from CIL receipts up to a maximum of 5% of CIL receipts.

6.6. Risk Management Implications

6.6.1. The Programme Management Office is overseeing the delivery of the CIL project. Work has been undertaken on establishing back office processes for CIL to minimise the time gap between the Council approval of CIL rates and the operation of a CIL charge.

6.7. Rural Communities Implications

6.7.1. Where a charge is applied rural communities will benefit from CIL via their Parish Council's share.

6.8. Implications for Children, Young People / Cared for Children

6.8.1. Children and young people will benefit from CIL where new educational facilities are funded under the levy.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. All wards within Cheshire East (outside the National Park) are covered by CIL, although subject to different charge rates as detailed in this report.

8. Consultation & Engagement

- 8.1. The Preparation of CIL has been subject to a process of member briefing, wider engagement and formal consultation. Initial briefings for Members took place in April 2016 and for Town and Parish Councils in July 2016. Periodic updates, briefings and training have taken place over the subsequent months.
- 8.2. In terms of its formal processes, the Council has followed the appropriate CIL regulations and undertaken two rounds of public consultation during the development of the CIL charging rates. These involved a consultation on the Preliminary Draft Charging Schedule between 27th February and 10th April 2017 and the Draft Charging Schedule between 25th September 2017 and 6th November 2017. The Council subsequently produced and published a report of consultation following both consultations. This identified the main issues which had been raised during the consultation. The main outstanding issues were subsequently addressed through an independent public examination process, with hearing sessions being held on 12th and 13th September 2018

9. Access to Information

- 9.1. All documents relating to CIL are available in the CIL examination library which can be viewed via at:

<http://cheshireeast-consult.limehouse.co.uk/portal/planning/cs/cil/library>

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

Name: Stuart Penny

Job Title: Planning Policy and CIL Manager

Email: stuart.penny@cheshireeast.gov.uk

APPENDIX 1 - Community Infrastructure Levy Charging Schedule

COMMUNITY INFRASTRUCTURE LEVY

Including CIL Charging Map.

Approval Date: 21 February 2019

Takes Effect on: 01 March 2019

*FINAL CHARGING
SCHEDULE*





1	Introduction	2
2	Consultation and Examination	2
3	CIL Overview	2
4	The Context for CIL	5
5	Implementation of CIL	5
6	The Charging Schedule	6
7	Glossary	9

Appendices

A	- Charging Zone Map	11
B	- Regulation 123 List	13
C	- CIL Policies	17
D	- Detailed CIL Charging Zone Inset Maps	25



1 Introduction

1.1 The Community Infrastructure Levy is a planning charge used as a tool for Local Authorities, in England and Wales, to help deliver infrastructure to support development in their area. It was introduced under the Planning Act 2008 (as amended by the Localism Act 2011) and came into force under the 2010 Community Infrastructure Levy Regulations ("CIL Regs") (and subsequent amendments).

1.2 In line with the CIL regulations, the Council has prepared and approved the charging schedule contained in this document. The schedule is supported by the related items attached as appendices to this document which are intended to assist with the implementation of CIL in the Borough. These include the borough wide CIL charging zone map (Appendix A), the current list of infrastructure (known as the "Regulation 123 List") which the Council intends to wholly or partly fund through CIL receipts (Appendix B), the CIL policies (including discretionary relief) which the Council intends to apply (see Appendix C) and a series of more detailed inset charging zone maps to accompany the main CIL charging zone map (see Appendix D).

2 Consultation and Examination

2.1 The charging schedule has been prepared following an extensive period of consultation, engagement and examination. The consultation on the Preliminary Draft Charging Schedule took place between the 27 February – 10 April 2017 and the Draft Charging Schedule was the subject of consultation between 25 September 2017 and 6 November 2017.

2.2 The Examination of the Draft Charging Schedule took place in the Autumn of 2018 with hearing sessions on 12th and 13th September. The Examiner's Report was issued on 17th December 2018. This final charging schedule takes account of the findings of the Examiner's Report.

3 CIL Overview

What is Community Infrastructure Levy ("CIL")?

3.1 CIL is a planning charge on new development to help fund infrastructure. It is based on the size and type of development and once a CIL charging schedule is set in an area, is mandatory to pay and non-negotiable. The funds raised must be used to provide infrastructure which is required to support new development across the area.

What development is liable for CIL

3.2 The levy may be payable on development which creates net additional floor space, where the gross internal area of new build exceeds 100 square metres. That limit does not apply to new houses or flats, and a charge can be levied on a single house or flat of any size, unless it is built by a self builder.

3.3 The following forms of development do not pay CIL;

- Development of less than 100 square metres unless a whole house, in which case the levy is payable



- Houses, flats, residential annexes and residential extensions which are built by 'self builders'
- Social housing that meets relief criteria
- Charitable development that meets relief criteria
- Buildings into which people do not normally go
- Buildings into which people go intermittently for the purpose of inspecting or maintaining fixed plant or machinery
- Structures that are not buildings, such as pylons and wind turbines
- Specified types of development which local authorities have decided should be subject to a zero rate and specified as such in the charging schedule
- Vacant buildings brought back into the same use
- Where the levy liability is calculated to be less than £50, the chargeable amount is deemed to be zero so no levy is due
- Mezzanine floors inserted into an existing building are not liable for the levy unless they form part of a wider planning permission that seeks to provide other works as well.

3.4 Further guidance and definitions of the above are set out in the relevant sections of the Planning Practice Guidance and CIL regulations 2010 (and as subsequently amended). Advice is also provided on the planning pages of the [Council's website](#).

Who is liable to pay CIL

3.5 Landowners are liable to pay CIL. Developers may take liability to pay the CIL charge on behalf of the landowner.

What are the benefits of CIL

3.6 The benefits of CIL include:

- CIL provides a clearer mechanism for funding infrastructure in a given area, and provides clarity, certainty and transparency from the outset about how much money a scheme will be expected to contribute to infrastructure provision
- CIL collects contributions from a wider range of developments
- CIL provides local authorities with greater flexibility to set their own priorities and spending on infrastructure projects
- CIL is non-negotiable and therefore should save time by reducing the overall need for full negotiations on the levels of contributions certain schemes should pay

Neighbourhood portion of the Levy

3.7 Parishes where development takes places will receive their own portion of CIL to spend on infrastructure. In areas where there is no Neighbourhood Plan this will be 15%, capped at £100 per existing dwelling to be spent on local priorities. Where a Neighbourhood Plan is in place the portion increases to 25% uncapped as a government incentive to prepare a Neighbourhood Plan.



3.8 There are currently a large number of Neighbourhood Development Plans in preparation across the Borough, with 19 'made' neighbourhood plans and a number reaching key stages in their development. The Council offers support packages for those groups preparing Neighbourhood Plans in the Borough. Further information on the Councils approach to neighbourhood planning can be found at www.cheshireeast.gov.uk/localplan

3.9 The neighbourhood portion of the levy can be spent on items that 'support the development of the area' (see regulation 59C of the Community Infrastructure Levy Regulations for details).

3.10 Once the levy is in place, parish, and town councils are encouraged to work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities. If the parish or town council shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure. It may be that this infrastructure (eg a school) is not in the parish or town council's administrative area, but will support the development of the area.

3.11 If a parish or town council does not spend its levy share within 5 years of receipt, or does not spend it on initiatives that support the development of the area, the charging authority may require it to repay some or all of those funds to the charging authority (see regulation 59E(10) for details).

3.12 For each year when they have received neighbourhood funds through the levy, parish and town councils must publish the information specified in regulation 62A. They should publish this information on their website or on the charging authority's website. If they haven't received any money they do not have to publish a report, but may want to publish some information to this effect in the interests of transparency.

Relationship to S106 / S278 agreements

3.13 The Council currently focuses financial contributions for infrastructure from new development through S106 agreements. The purpose of such agreements are to help secure infrastructure required to mitigate site-specific impacts arising from development. S.106 agreement(s) include three key tests in that it must be (a) necessary, (b) directly related, and (c) related in scale and kind to the proposed development.

3.14 The existing Section 106 (S106) system in Cheshire East will remain in place and will continue to be used for affordable housing and for site specific measures such as open space, play areas and other infrastructure provided within the site, not identified to be collected via CIL to make a development acceptable in planning terms.

3.15 A section 278 agreement (or S278) is a section of the Highways Act that allows developers to enter into a legal agreement with the council to make alterations or improvements to a public highway, as part of a planning application. Section 278 agreements will remain in place and will continue to be used by the Council. Conditions attached to a planning permission will also be used in order to ensure developments contribute to the infrastructure requirements of sites.



Regulation 123 List

3.16 CIL regulations require the Council to set out a list of the projects and types of infrastructure that are to be funded in whole or part by the CIL. On the adoption of the CIL Charging Schedule, this list forms the basis of the Council's 'Regulation 123 List' of projects wholly or partly funded by CIL receipts for which S.106 planning obligations cannot be sought. This requirement is specifically designed to prevent 'double charging' of developers.

3.17 The Infrastructure Delivery Plan sets out what additional infrastructure is considered to be needed in the borough to support development and the funding sources based on appropriate available evidence.

4 The Context for CIL

4.1 In order to set a CIL Charge, the authority, in line with the regulations, must have:

- An up to date development plan (in this case the Local Plan Strategy);
- Evidence of infrastructure funding gap (to justify a future CIL Charge and Regulation 123 list);
- Evidence on viability and the need to strike an appropriate balance between the desire to fund infrastructure and the effects on economic viability.

4.2 The Examination process ensures that the Charging Schedule has been prepared in accordance with the regulations.

5 Implementation of CIL

Collecting the Levy

5.1 Cheshire East Council as the charging authority will be responsible for collecting CIL payments.

5.2 The levy becomes payable once development has started and is the responsibility of the landowner in normal circumstances, although the developer may assume liability instead.

5.3 The CIL regulations are clear on how CIL is calculated including approaches to indexation to take account of inflation. Part 8 of the Community Infrastructure Levy Regulations 2010 (as amended) sets out the legal framework for calculating and collecting the Levy.

5.4 The Council will monitor the effectiveness of the CIL Charging Schedule, once adopted, and will review on the basis of changed economic conditions or when there is clear evidence of the balance of infrastructure delivery and viability are threatened. In addition, monitoring indicators contained in the Local Plan Strategy and the introduction of future development plan documents may provide triggers for future review of the CIL Charging Schedule as would changes to national guidance / regulations on such matters.



5.5 The Council has separate policies on Discretionary Charitable Relief, Discretionary Social Housing Relief and Payment in Kind which are associated with the way it intends to operate CIL in Cheshire East. The current version of these policies is provided in Appendix C for information. Due to their discretionary nature, the Council can withdraw or amend such policies at any time.

5.6 At this time, it is not considered appropriate to introduce an exceptional circumstances relief policy. Given that the CIL rates are set at such a level to strike an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development in the borough. The Council will keep this situation under review and has the discretion to introduce this policy at any time if market conditions change.

6 The Charging Schedule

The Charging Authority

6.1 The charging authority is Cheshire East Council

Date of Approval

6.2 The CIL Charging Schedule was approved on 21st February 2019

Date of Effect

6.3 The CIL Charging Schedule will take effect on 1st March 2019.

Statutory Compliance

6.4 The CIL charging schedule has been issued, approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (and as subsequently amended) and part 11 of the Planning Act 2008 (as amended by part 6 of the Localism Act 2011).

6.5 The approved rates have therefore been shown to strike an appropriate balance between;

- The desirability of funding infrastructure in whole or in part the actual and estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- The potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across the Borough of Cheshire East.

Calculating the CIL Chargeable Amount

6.6 CIL charges will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended).

6.7 CIL is charged on the net additional internal floor area of development.



6.8 In summary (and subject to any changes that have occurred or may occur as a result of future amendments to the Regulations) the amount of CIL chargeable will be calculated as follows: CIL Rate x Chargeable Floor Area x BCIS Tender Price Index (at Date of Planning Permission) / BCIS Tender Price Index (at Date of Charging Schedule)

6.9 The Chargeable Floor Area makes allowance for previous development on the site. The net chargeable floor area amounts to the gross internal area of the chargeable development less the gross internal area of any existing buildings that qualify for exemption on the site.

6.10 Where buildings are demolished to make way for new buildings, the charge will be based on the eligible floorspace of new buildings less the eligible floorspace of the demolished buildings, provided the buildings were in lawful use prior to demolition.

6.11 A building is considered to be in lawful use if the building contains a part that has been in lawful use for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development.

6.12 If the CIL amount calculated is less than £50 no charge will apply.

6.13 The relevant rates are the rates as set out in the Charging Schedule which apply to type and location of the relevant development. They apply at the time planning permission first permits the chargeable development.

6.14 **This summary does not take account of every aspect of the Regulations.**

CIL Rates

6.15 The Community Infrastructure Levy charging rates for development across Cheshire East Council area are as follows:



Table 6.1 Charging Schedule CIL Rates (per Sqm)

Development Type	Zone	Rate of CIL (per sqm)
Residential (Use Class C3)	Zone 1 - Crewe, Macclesfield, Alsager, Congleton, Handforth, Middlewich, Nantwich, Sandbach, Audlem, Bunbury, Bollington, Chelford, Disley Goostrey, Haslington, Holmes Chapel, Shavington and Wrenbury	£0
Residential (Use Class C3)	Zone 2 - Crewe Hinterland	£22
Residential (Use Class C3)	Zone 3 - Knutsford, Alderley Edge, Mobberley, Prestbury, Poynton and Wilmslow	£57
Residential (Use Class C3)	Zone 4 - rural areas to the south and central areas of Cheshire East	£71
Residential (Use Class C3)	Zone 5 - rural areas to the north of the Borough	£71
Apartments (Use Class C3)	Whole Borough	£0
Hotels (Use Class C1)	Whole Borough	£0
Retail Uses	Retail Zone 1 - Retail Parks at Grand Junction in Crewe and Handforth Dean in Handforth	£66
Retail Uses	Outside of Retail Zone 1	£0
Offices (Use Class B1)	Whole Borough	£0
General Industrial (Use Class B2)	Whole Borough	£0
Storage and Distribution (Use Class B8)	Whole Borough	£0
All Other Uses (Whole Borough)	Whole Borough	£0



7 Glossary

Charging Authority	A charging authority is the collecting authority for CIL charged in its area. The charging authority prepare relevant CIL proposals for their area including an assessment of the infrastructure needs for which the levy may be collected.
Charging Schedule	The charging schedule is a document that sets out community infrastructure levy rates of a charging area
Community Infrastructure Levy (CIL)	A levy on development allowing local authorities to raise funds from owners or developers of land undertaking new building projects in their area.
Development Plan	This includes adopted Local Plans and Neighbourhood Plans and is defined in Section 38 of the Planning and Compulsory Purchase Act 2004.
Draft Charging Schedule	This is the document prepared for the second stage of statutory consultation required in the production of charging schedule. This document will be consulted upon before being examined by an independent examiner.
Infrastructure	Basic services necessary for development to take place, for example, roads, electricity, sewerage, water, education, sport/recreation and health facilities.
Infrastructure Development Plan	National planning policy formally requires Local Authorities to demonstrate sufficient infrastructure exists, or will be provided, to support their strategies for new development as set out in their Local Plan documents. The Infrastructure Development Plan is a supporting document to the Local Plan
Local Plan	The plan (which can comprise one or more documents) for the future development of the local area, drawn up by the Council in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. The term includes old policies which have been saved under the 2004 Act.
Local Plan Strategy	A development plan document and the first part of the Council's Local Plan. It sets out the overall planning framework for the area. It includes strategic policies and allocations to achieve sustainable development.
Preliminary Draft Charging Schedule	This is the document prepared for the first statutory consultation required in the production of the Charging Schedule.
Planning obligation	A legally enforceable obligation entered into to mitigate the impacts of a development proposal.



Regulation 123 list The Regulation 123 List provides for charging authorities to set out a list of those projects or types of infrastructure that it intends to fund, or may fund, through the levy once CIL is adopted.

Section 106 agreement Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement and is a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms.

Section 278 agreement A Section 278 Agreement is a legally binding document between the Local Highway Authority and the developer to ensure that the work to be carried out on the highway is completed to the standards and satisfaction of the Local Highway Authority.

Appendix A - Charging Zone Map



CIL Charging Zones - Borough Wide

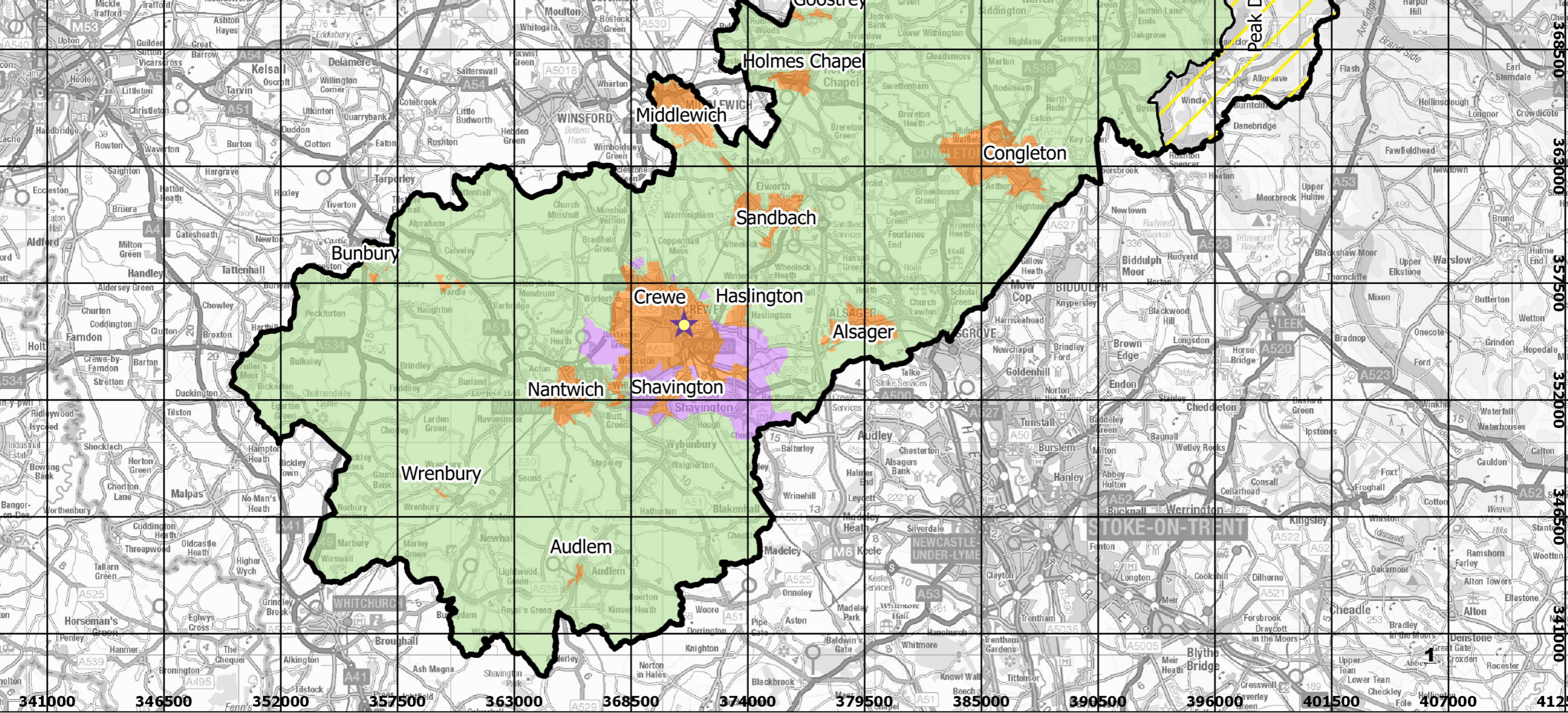
Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

Retail (Use Class A1) Rate (per sqm):

- Zone 1 - £66

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Appendix B - Regulation 123 List

B.1 The following list sets out the type of infrastructure or projects, the Council may fund, wholly or in part, through Community Infrastructure Levy receipts. The inclusion of a type of infrastructure or project on the Regulation 123 list does not represent a commitment by the Council to fund that infrastructure through Community Infrastructure Levy receipts. The order does not imply a priority or preference for funding. The list will be reviewed periodically.

B.2 The list is based upon the infrastructure projects or types set out in the Infrastructure Delivery Plan (July 2016 Update) to include items that will support growth identified in the adopted Local Plan Strategy for the period (2010-2030).

B.3 The Community Infrastructure Regulations 2010 (as amended) restricts the use of planning obligations secured through S106 agreements for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy. This is to ensure there is no duplication between CIL and planning obligations in funding the same infrastructure projects. In addition, a development should not have to contribute twice towards the same piece of highways infrastructure through works carried out under Section 278 of the Highways Act 1980, and monies or land provided through CIL.

B.4 The relationship between CIL and planning obligations are explained in the Planning Practice Guidance where it notes that it is possible that site specific mitigation may still be necessary subject to certain limits, namely:

- The application of the statutory test with respect to planning obligations (regulation 122) namely - necessary to make the development acceptable in planning terms, directly relevant to the development and fairly and reasonably related in scale and kind;
- Ensuring no overlap between CIL and Planning Obligations;
- Imposing a 5 limit pooled contribution from planning obligations towards infrastructure that may be funded by the levy (The Government has signaled that this restriction will be lifted during 2019)

B.5 In accordance with the CIL Regulations, the Council will pass 15% of relevant CIL receipts to the Town/Parish Council for that area, capped at £100 per dwelling on existing dwellings. If the town/parish council adopts a neighbourhood plan, this percentage will be increased to 25% (uncapped).

B.6 The list below sets out those infrastructure projects that Cheshire East Council currently intends may be wholly or partly funded by CIL, with clarification notes and S106 requirements.

Table B.1 Regulation 123 List



1) Infrastructure Type or Project that could potentially be funded through CIL	2) Any exclusions - to be secured potentially through section 106, section 278 or other means except those items specified in column 1.
<p>Transport (Roads and other transport facilities including public transport provision)</p> <p>Alsager</p> <ul style="list-style-type: none"> B5077 Crewe Road/B5078 Sandbach Road North junction improvements <p>Crewe</p> <ul style="list-style-type: none"> Improvements to the A5020 Weston Gate Roundabout Crewe Bus Station Relocation <p>Macclesfield</p> <ul style="list-style-type: none"> Macclesfield Town Centre Movement Strategy <p>Nantwich</p> <ul style="list-style-type: none"> Burford junction improvements, to include complementary improvements on surrounding network Alvaston roundabout junction improvements Peacock roundabout junction improvements <p>Wilmslow</p> <ul style="list-style-type: none"> A34/A538 West junction improvements A34/ Alderley Road / Wilmslow Road <p>General</p> <ul style="list-style-type: none"> Canal towpath improvements 	<p>Transport assessments, Travel Plans and Travel Plan monitoring in line with Policy C04 (Travel Plans and Travel Assessments) of the Local Plan Strategy.</p> <p>Highway works to mitigate the direct impact of development including site access, junction improvements and enabling safe and convenient access by all modes of transport.</p> <p>Site related pedestrian, cycle or bus facilities / service provision.</p> <p>n.b Improvements may include works directly within or related to the development site, where the needs for such works are identified in a transport assessment.</p>



1) Infrastructure Type or Project that could potentially be funded through CIL	2) Any exclusions - to be secured potentially through section 106, section 278 or other means except those items specified in column 1.
<p>Energy (electricity and gas suppliers)</p> <ul style="list-style-type: none"> No CIL Funding 	<p>Overall requirement identified in the Infrastructure Delivery Plan as being dependent on demand from individual schemes, phased completion and short term supply, secured through s.106 agreement as required.</p>
<p>Water (water supply and wastewater treatment, flood risk management)</p> <ul style="list-style-type: none"> No CIL Funding 	<p>Any site specific mitigation measures required to facilitate the alleviation of flood risk / water efficiency measures in relation to the site or in vicinity of the site to avoid /mitigate the impacts arising from the development of the site in line with policy SE13 Flood Risk and Water Management of the Local Plan Strategy.</p>
<p>ICT / Digital (broadband / wireless)</p> <ul style="list-style-type: none"> No CIL Funding 	<p>Developers will be required to work with appropriate providers to delivery the necessary physical infrastructure to accommodate ICT related hard infrastructure and networks in line with Policy CO3 (Digital Connections) of the Local Plan Strategy</p>
<p>Education (primary and secondary schools)</p> <p>Funding for Primary Education to deliver the Local Plan Strategy will be generated through S106 agreements apart from the following projects that may benefit from CIL funds:</p> <ul style="list-style-type: none"> CS 8: South Macclesfield Development Area CS44: Back Lane / Radnor Park CS46: Giantswood Lane to Manchester Road, Congleton 	<ul style="list-style-type: none"> Early Years Education Special Educational Needs Primary Education Secondary Education Employment and training initiatives



1) Infrastructure Type or Project that could potentially be funded through CIL	2) Any exclusions - to be secured potentially through section 106, section 278 or other means except those items specified in column 1.
<p>Health</p> <ul style="list-style-type: none"> No CIL Funding 	<p>The provision, improvement, replacement, operation or maintenance of new and existing primary health care facilities and services.</p> <p>Provision of secondary health care facilities on a site by site basis. Please also refer to policy SC3 (Health and Wellbeing) of the Local Plan Strategy.</p>
<p>Community Facilities</p> <ul style="list-style-type: none"> No CIL Funding 	<p>On site or nearby provision of community facilities identified by site specific measures / requirements.</p>
<p>Recreation and Sporting Facilities (indoor sports facilities and sports pitches)</p> <ul style="list-style-type: none"> The improvement of a leisure centre and athletics stadium at Macclesfield identified in the Infrastructure Delivery Plan. 	<p>Any site specific measures identified – reference should also be made to policy SC1 (Leisure and Recreation), SC 2 (Indoor and Outdoor Sports Facilities) and SE6 (Green Infrastructure) of the Local Plan Strategy.</p>
<p>Green Infrastructure (allotments, open space and amenity open space)</p> <ul style="list-style-type: none"> No CIL Funding 	<p>On site or nearby provision of green infrastructure as a result of development sites. Please also refer to policy SE6 (Green Infrastructure) of the emerging Local Plan Strategy.</p>



Appendix C - CIL Policies

C.1 This appendix details the discretionary policies the Council have adopted for implementing a CIL charge in the borough in relation to the following matters:

- Instalments Policy
- Land and infrastructure in kind
- Relief for charitable investment / social housing activities
- Any other discretionary relief

C.2 Please note that the Council, as CIL charging authority, can withdraw or amend such policies at any time.



Cheshire East Council

Community Infrastructure Levy Regulations 2010 (As Amended)

CIL Payments by Instalments Policy

C.3 This instalment policy comes into effect on 1st March 2019

C.4 Cheshire East Council as Charging Authority will permit the payment of Community Infrastructure Levy by instalments. These instalments must be in line with the below payment schedule as required by the Community Infrastructure Levy Regulations 2010 (as amended)

Table C.1 Instalments Policy

Chargeable Amount (for each phase of development if applicable)	Number of Instalments	Amount or proportion of CIL payable in any instalment / time at which payments are due
£50,000 up to £100,000	2	1st instalment of 50% payable within 90 days of commencement 2nd Instalment of 50% payable within 180 days of commencement
Over £100,000 up to £250,000	3	1st instalment of 25% payable within 90 days of commencement 2nd instalment of 25% payable within 180 days of commencement 3rd instalment of 50% payable within 365 days of commencement
Over £250,000 up to £500,000	3	1st instalment of 25% payable within 180 days of commencement 2nd instalment of 25% payable within 365 days of commencement



Chargeable Amount (for each phase of development if applicable)	Number of Instalments	Amount or proportion of CIL payable in any instalment / time at which payments are due
		3rd instalment of 50% payable within 730 days of commencement
Over £500,000	5	<p>1st instalment of 10% payable within 180 days of commencement</p> <p>2nd instalment of 15% payable within 365 days of commencement</p> <p>3rd instalment of 25% payable within 545 days of commencement</p> <p>4th instalment of 25% payable within 725 days of commencement</p> <p>5th instalment of 25% payable within 905 days of commencement</p>
Over £2,000,000	5	<p>1st instalment of 10% payable within 365 days of commencement</p> <p>2nd instalment of 15% payable within 730 days of commencement</p> <p>3rd instalment of 25% payable within 1095 days of commencement</p> <p>4th instalment of 25% payable within 1460 days of commencement</p> <p>5th instalment of 25% payable within 1825 days of commencement</p>



C.5 The instalments relate to the amount payable (the chargeable amount) as indicated on the Demand Notice. The commencement date will be the Commencement Notice date as advised by the developer under CIL Regulation 67.

C.6 Where outline planning permission permits development to be implemented in phases, or where phasing is clearly identified within the planning application each phase of the development, as agreed by Cheshire East Council, can be treated as a separate chargeable development. The instalment policy will, therefore, apply to each separate phase of the development and its associated separate chargeable amount.

Circumstances where the Instalment Policy will not apply

C.7 In accordance with the CIL Regulations 2010 (as amended) this CIL instalment policy will **not apply** in the following circumstances:

- Where a Commencement Notice has **not** been submitted prior to commencement of the chargeable development,
- Where nobody has assumed liability to pay CIL for the chargeable development on the intended day of commencement;
- An instalment payment **has not been** made in full within 30 days of the due date for the instalment payment

C.8 Where the instalment policy does not apply, the chargeable amount must be paid in full within 60 days of the notified or deemed commencement date of the chargeable development or the date of the disqualifying event, whichever is the earliest. Surcharges may also apply for failure to submit Assumption of Liability Forms or Commencement Notices.

C.9 The day on which an instalment payment will be due will be calculated from the date of commencement of development on site. This date will be taken to be the date advised by the developer in the Commencement Notice as laid out in CIL regulation 67.



Cheshire East Council

Community Infrastructure Levy Regulations 2010 (As Amended)

Payment in Kind Policy - Land and Infrastructure

C.10 In accordance with Regulation 73, 73A, 73B and 74 of the CIL Regulations (as amended), Cheshire East Council may accept one or more infrastructure / and or land payments in satisfaction of the whole or part of the CIL payment due in respect of a chargeable development.

C.11 This policy will be effective from 1st March 2019 and subject to the following conditions:

1. It is at the Councils' discretion whether to accept the transfer of land or infrastructure in lieu of CIL.
2. The Regulation 123 list sets out the range of infrastructure to be funded in whole or in part by CIL. The Councils may consider accepting infrastructure projects and / or types of infrastructure from this list to discharge part or all of a levy liability.
3. The Council must be satisfied that the transfer of land and / or provision of infrastructure is appropriate to support the delivery of the Local Plan and development in the Borough.
4. A charging authority may not accept a land payment unless the chargeable amount payable is greater than £100,000.
5. The land is acquired by Cheshire East Council as the charging authority or a person nominated by the Council.
6. The chargeable development must not have commenced before a written agreement with the Councils to pay part or the entire CIL amount as land / and or infrastructure has been made. This written agreement must be prepared in accordance with the criteria set out in Regulation 73 and 73A of the CIL Regulations (as amended).
7. The person transferring the land and / or providing infrastructure to the charging authority as payment must have assumed liability to pay CIL and completed the relevant CIL forms.
8. Where CIL is paid by way of a land payment and / or infrastructure the amount of CIL paid is the amount equal to the value of the acquired land and / or infrastructure.
9. The land and / or infrastructure to be acquired must be valued by a suitably qualified and experienced independent person to be agreed with the Council, with any costs associated with the assessment paid for by the liable party. The valuation of land must represent the price that the land might reasonably be expected to obtain if sold on the open market on the day the valuation takes place and reflect the relevant purposes for which the land will be utilised. The valuation of infrastructure provided must reflect the cost of providing the infrastructure on the day the valuation takes place.
10. The land, subject to transfer, must be free from any interest in land and any encumbrance to the land, buildings or structures. (This may require the owner to demonstrate that the land is suitable through the submission of further information to the Council, including but not limited to topographical information, reports on contamination and archaeology and details of any underground services.)
11. The land, and or infrastructure subject to transfer must be fit for a relevant purpose being the land and or infrastructure appropriate to support the delivery of the Local Plan and development in the Borough.



12. The liable party will be required, at its expense, to undertake such searches as the Council requires on any land that is proposed to be transferred into the ownership of the Council and share the resultant information with the Council before the Council agree to accept any payment in kind. The liable party must also notify the Council of any restrictions on the use or disposal of the land that is proposed to be transferred into the ownership of the Council before the Council agree to accept any payment in kind
13. The Council may transfer the land, at nil cost to a third party for the provision of infrastructure (This will be limited to other infrastructure providers).
14. Where land or infrastructure passes into the ownership of the Council, it will be added to the Council's Asset Register.

C.12 Before submission of an application the liable party is encouraged to discuss proposals with the Council's CIL Officer to establish if the principle of payment in kind would be appropriate in that instance.

C.13 It should be noted that the agreement to pay in land and or infrastructure may not form part of a planning obligation entered into under Section 106 of the Town and Country Planning Act 1990.

C.14 Any outstanding CIL liable to the chargeable development after the transfer of land and / or delivery of infrastructure should be paid in line with the payment dates set out in the demand notice.



Cheshire East Council

Community Infrastructure Levy Regulations 2010 (As Amended)

Statement of Discretionary Charitable Relief

C.15 This policy will be effective from 1st March 2019.

C.16 In accordance with Regulation 46 of the Community Infrastructure Regulations 2010 (as amended), this document gives notice that discretionary charitable relief for investment activities is available in the Cheshire East Borough Council area under Regulation 44.

C.17 Subject to the requirements as set out in the CIL Regulations 2010 (as amended), the following are the circumstances in which discretionary charitable relief will be granted by Cheshire East Council:

- Where a charitable institution is otherwise liable for the CIL, and the whole or greater part of the development will be held by the charitable institution as an investment from which the profits will be applied for charitable purposes; and
- that portion of the chargeable development to be held as an investment will not be occupied by the claimant for ineligible trading activities; and
- the relief would not constitute notifiable State Aid.



Cheshire East Council

Community Infrastructure Levy Regulations 2010 (As Amended)

Statement of Discretionary Social Housing Relief

C.18 This policy will be effective from 1st March 2019.

C.19 Cheshire East Planning Policy for Affordable Housing is set out in SC5 Affordable Homes in the Local Plan Strategy.

C.20 In accordance with Regulation 49B of the Community Infrastructure Levy Regulations 2010 (as amended) the following sets out the discretionary social housing relief available in Cheshire East.

C.21 The Community Infrastructure Levy Regulations 2010 (as amended) allows for 100% relief for the development of social housing. The definition of Social Housing is set out in Regulation 49 (as amended) and it covers most types of affordable housing provided in Cheshire East Council including affordable rent and shared ownership tenures. However, it does not cover shared equity tenures or discounted homes for sale which are covered by the definition of affordable housing in the National Planning Policy Framework. To ensure that the viability of affordable housing schemes and mixed tenure schemes is maintained there is a need to ensure all forms of affordable housing qualify for relief from CIL.

C.22 The Community Infrastructure Levy Regulations (Amendment) Regulations 2014 give Council's the power to allow relief for these tenures where they set a policy giving notice that the relief is allowed in their area. This is known as Discretionary Social Housing Relief.

C.23 A dwelling can qualify for this relief if:

- The dwelling is sold for no more than 80% of its market value.
- the dwelling is sold in accordance with any policy published by the charging authority under regulation 49B(1)(a)(iii); and
- The liability to pay CIL in relation to the dwelling remains with the person granted the relief should a disqualifying event occur.

C.24 If within seven years of completion a disqualifying event occurs, the relief granted would have to be paid back to the Council. A disqualifying event would be where the house is sold on the open market.

C.25 To ensure that the viability of affordable housing schemes and mixed tenure schemes is maintained there is a need to ensure all forms of affordable housing qualify for relief from CIL. This document therefore gives notice that Discretionary Affordable Housing Relief is available in Cheshire East Council.

C.26 For the purposes of regulation 49B(1)(a)(iii) of the CIL Regulations 2010, intending claimants for this relief should note the following. Where a proposed development includes housing of the type for which discretionary social housing relief is claimed, the Council will require the entry into a planning obligation in the form of a section 106 agreement in terms that are acceptable to the Council.




Appendix D - Detailed CIL Charging Zone Inset Maps






Table D.1 Detailed Charging Schedule Inset Maps

Map Reference (where relevant)	Area	Page Number
	Borough North	1
	Borough South	2
1	Crewe	3
2	Macclesfield	4
3	Alsager	5
4	Congleton	6
5	Handforth	7
6	Knutsford	8
7	Middlewich	9
8	Nantwich	10
9	Poynton	11
10	Sandbach	12
11	Wilmslow	13
12	Alderley Edge	14
13	Audlem	15
14	Bollington	16
15	Bunbury	17
16	Chelford	18
17	Disley	19
18	Goostrey	20
19	Haslington	21
20	Holmes Chapel	22


CIL Charging Zones - Borough North

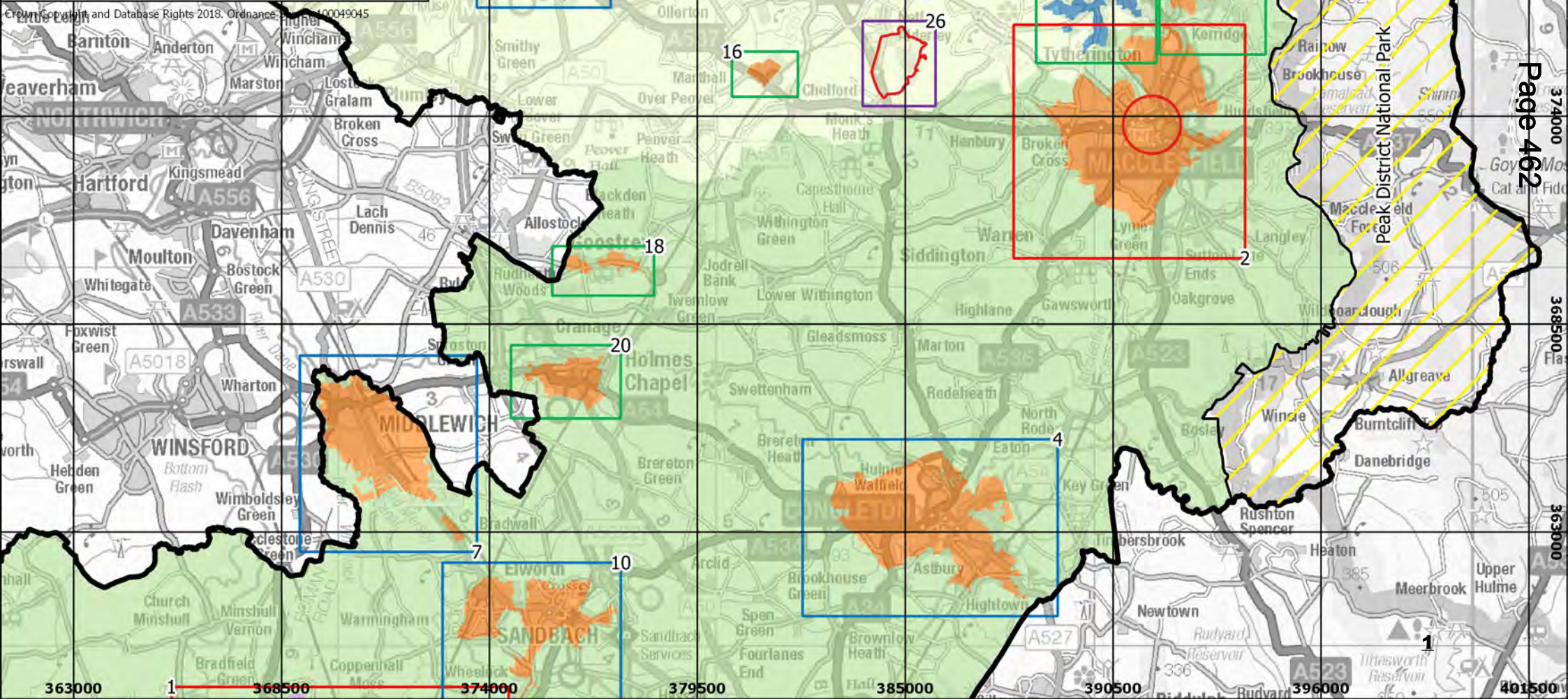
 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):


-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

Retail (Use Class A1) Rate (per sqm):






-  Zone 1 - £66




CIL Charging Zones - Borough South

 Local Plan Strategy Site

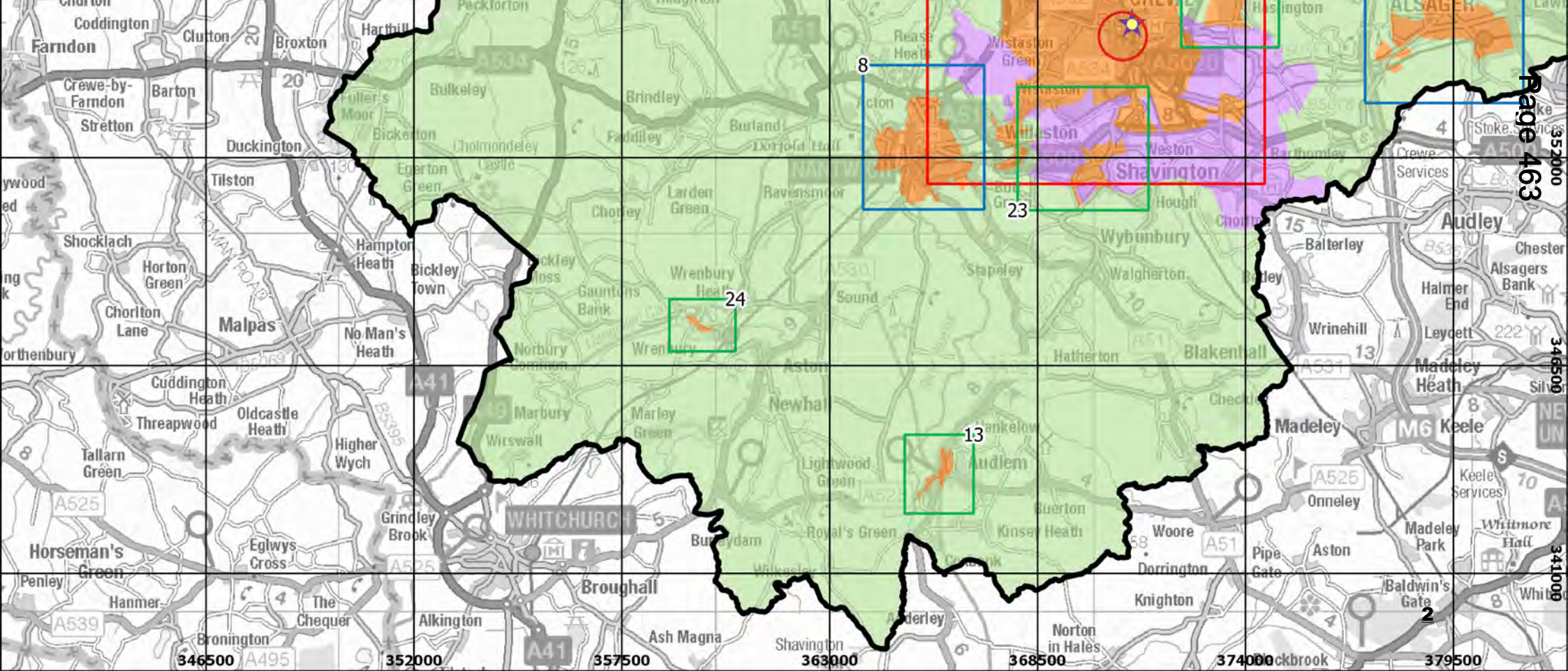
Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71


Retail (Use Class A1) Rate (per sqm):

-  Zone 1 - £66

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CIL Charging Zones - Crewe

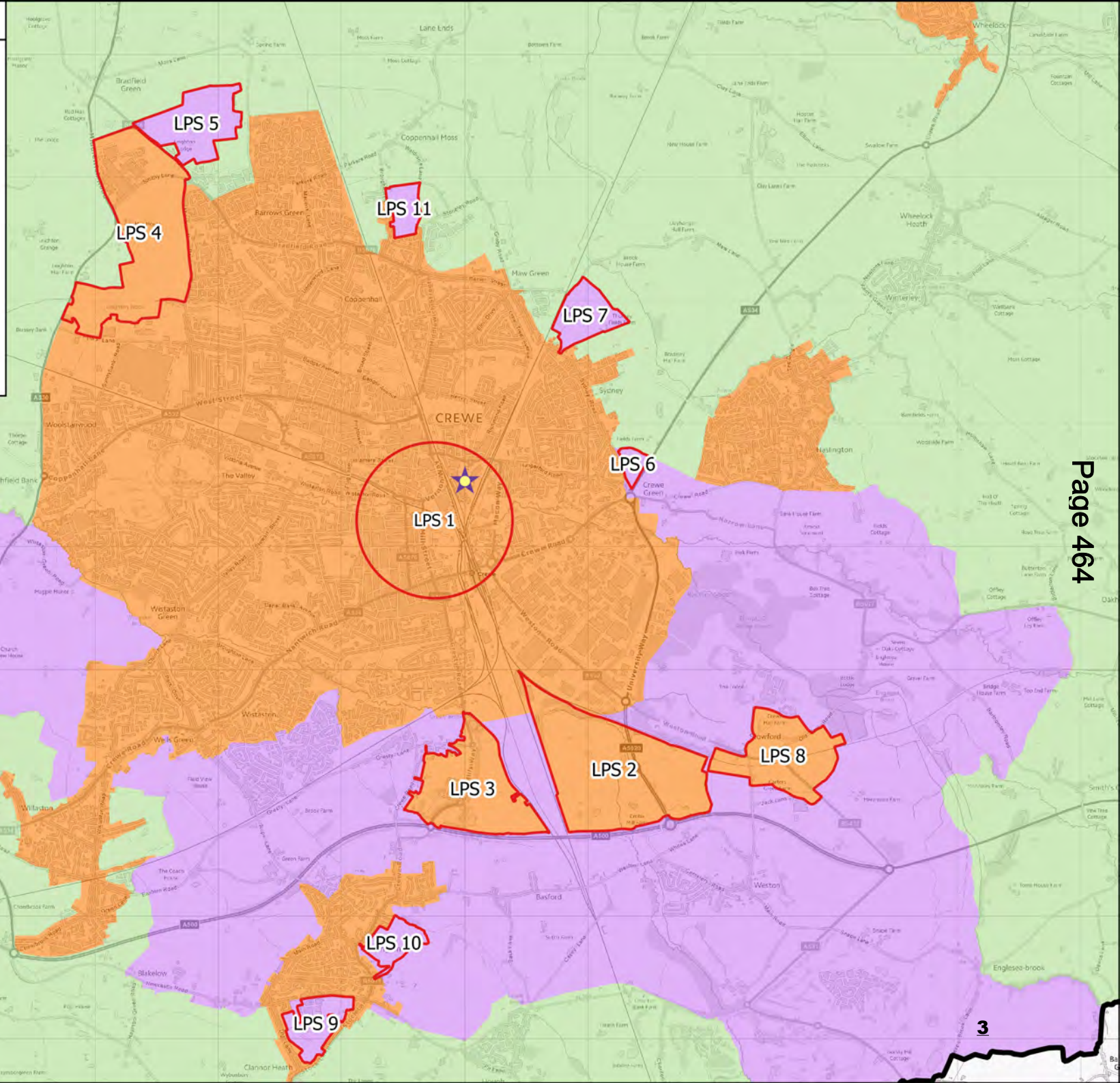
 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

Retail (Use Class A1) Rate (per sqm):

-  Zone 1 - £66



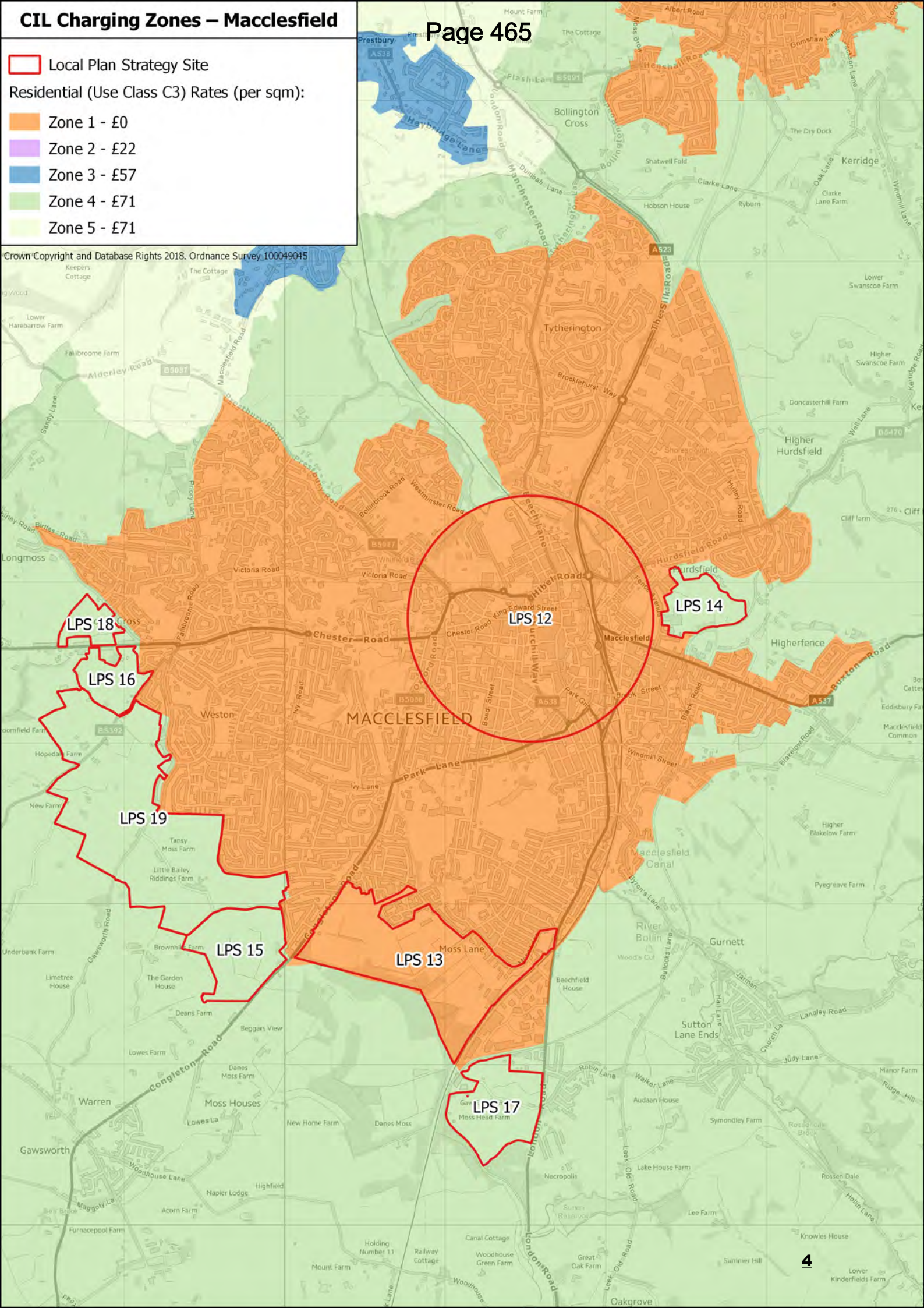
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Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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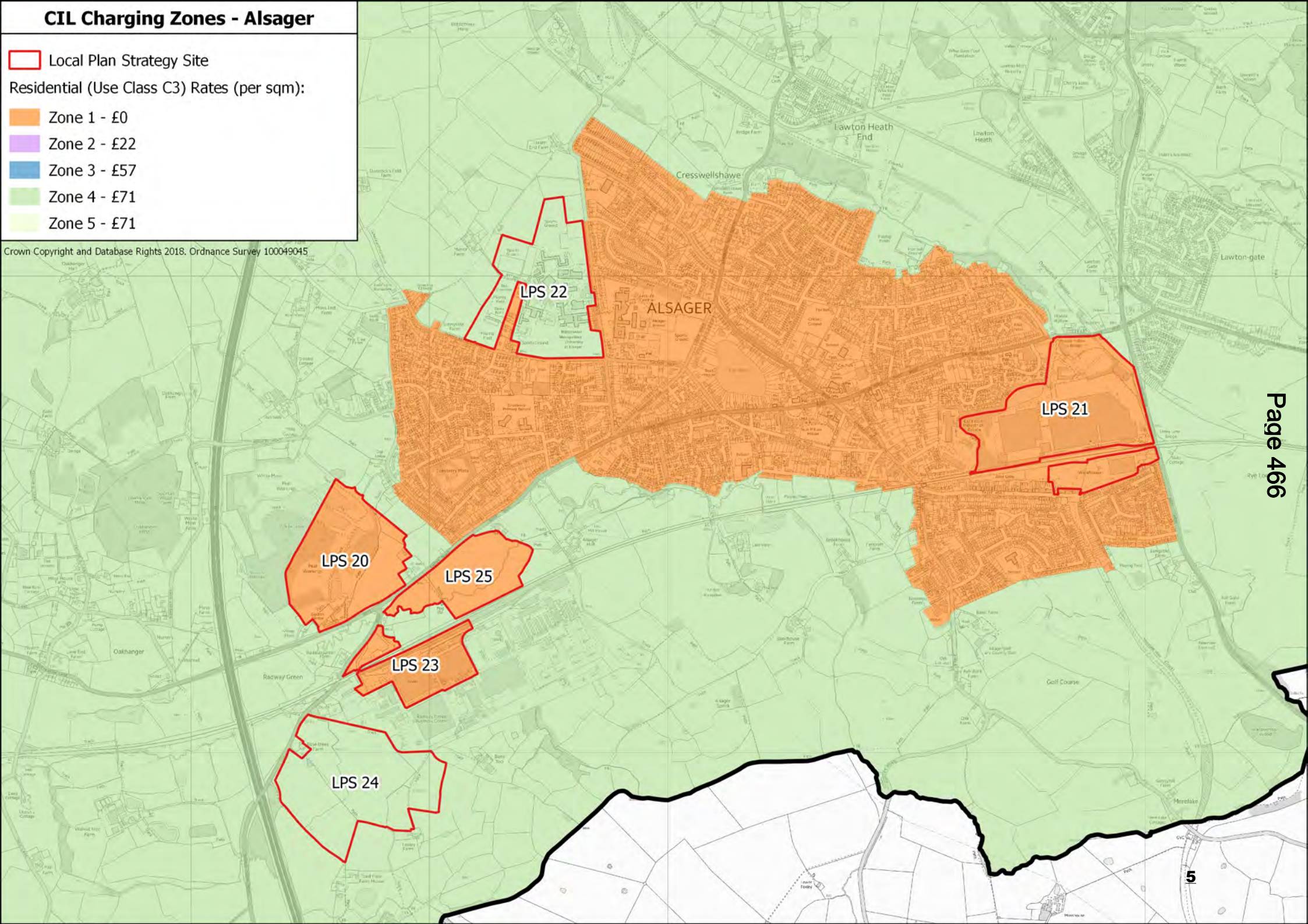
CIL Charging Zones - Alsager

 Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

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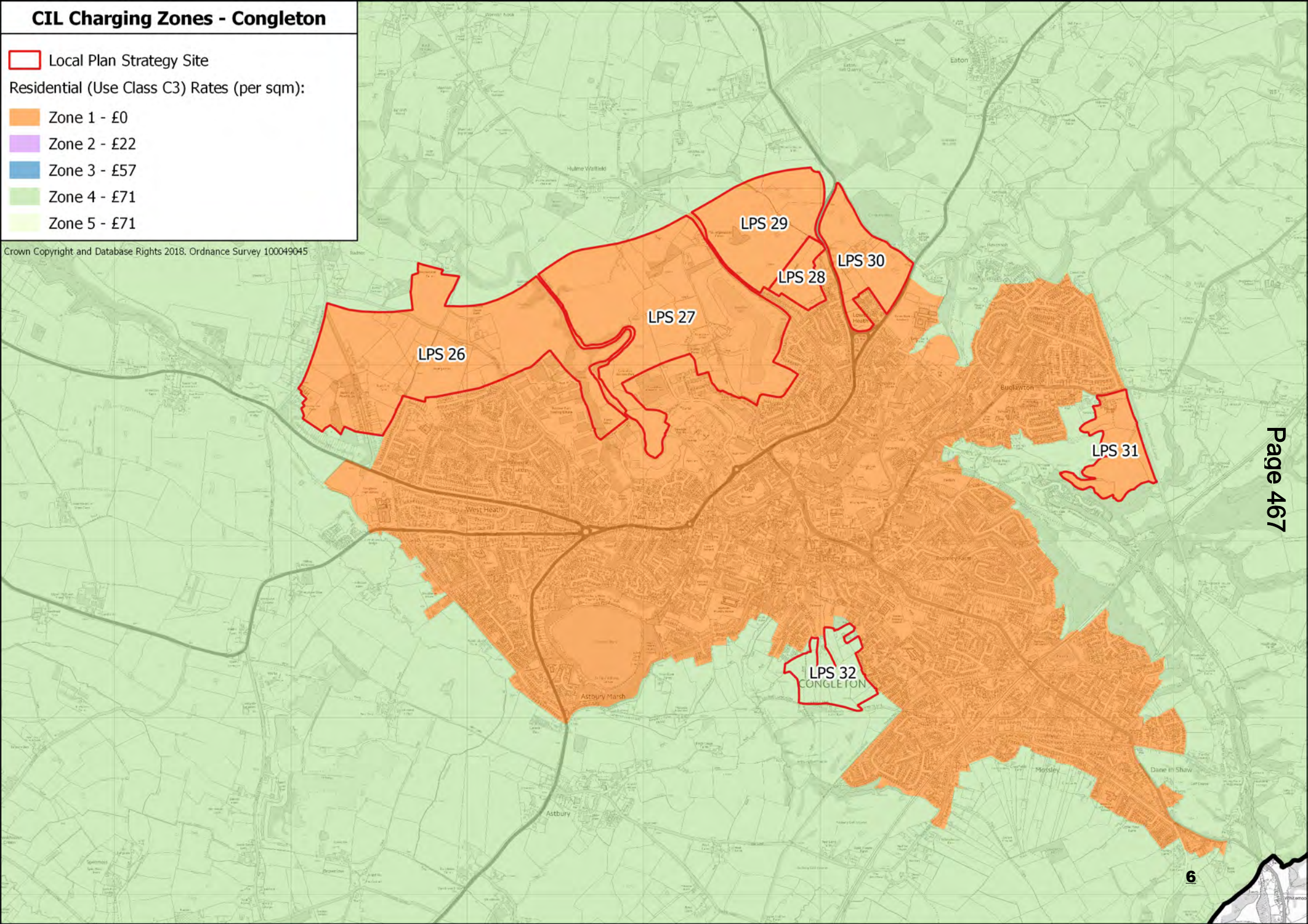
CIL Charging Zones - Congleton

 Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71





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CIL Charging Zones - Handforth

 Local Plan Strategy Site

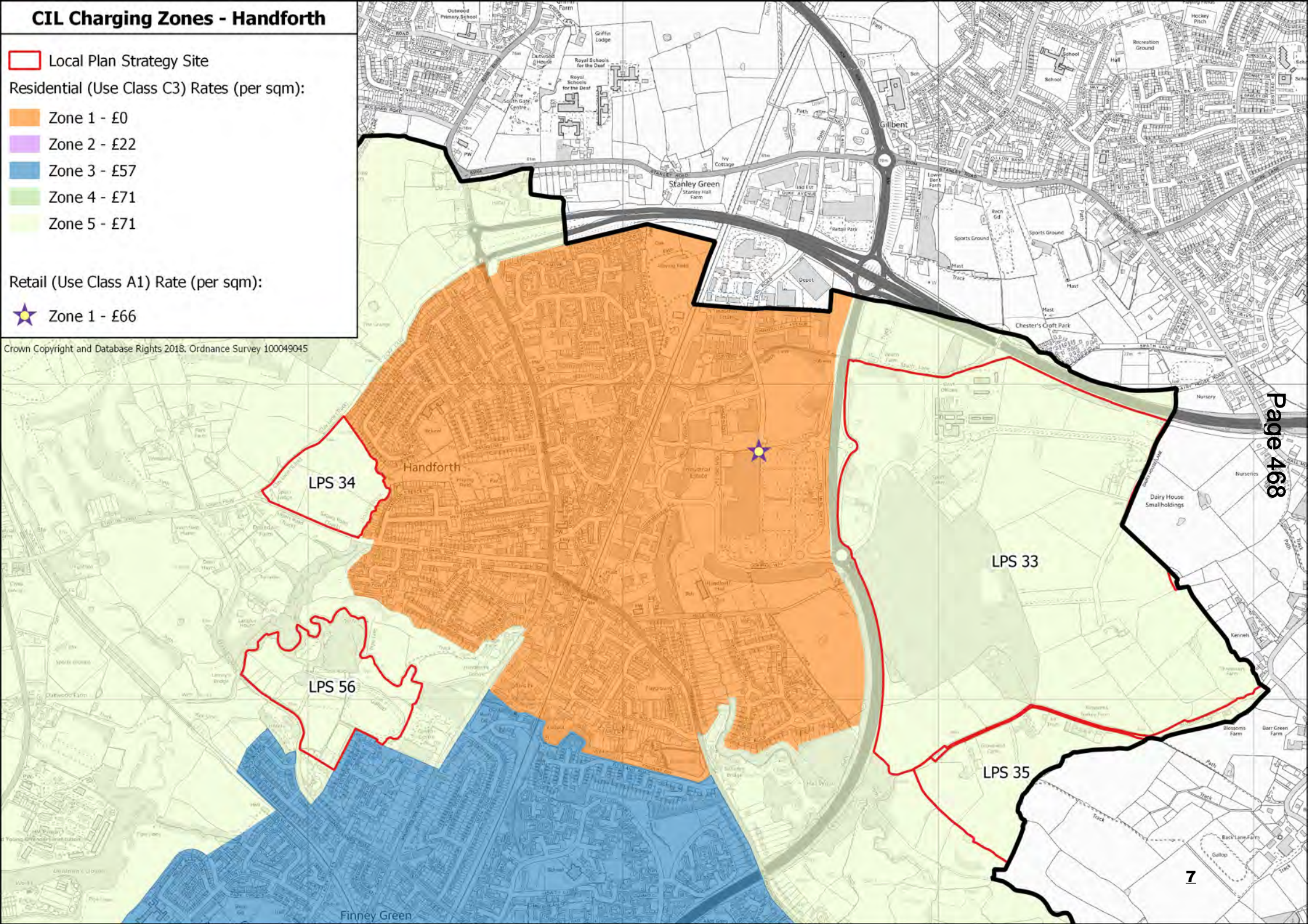
Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

Retail (Use Class A1) Rate (per sqm):

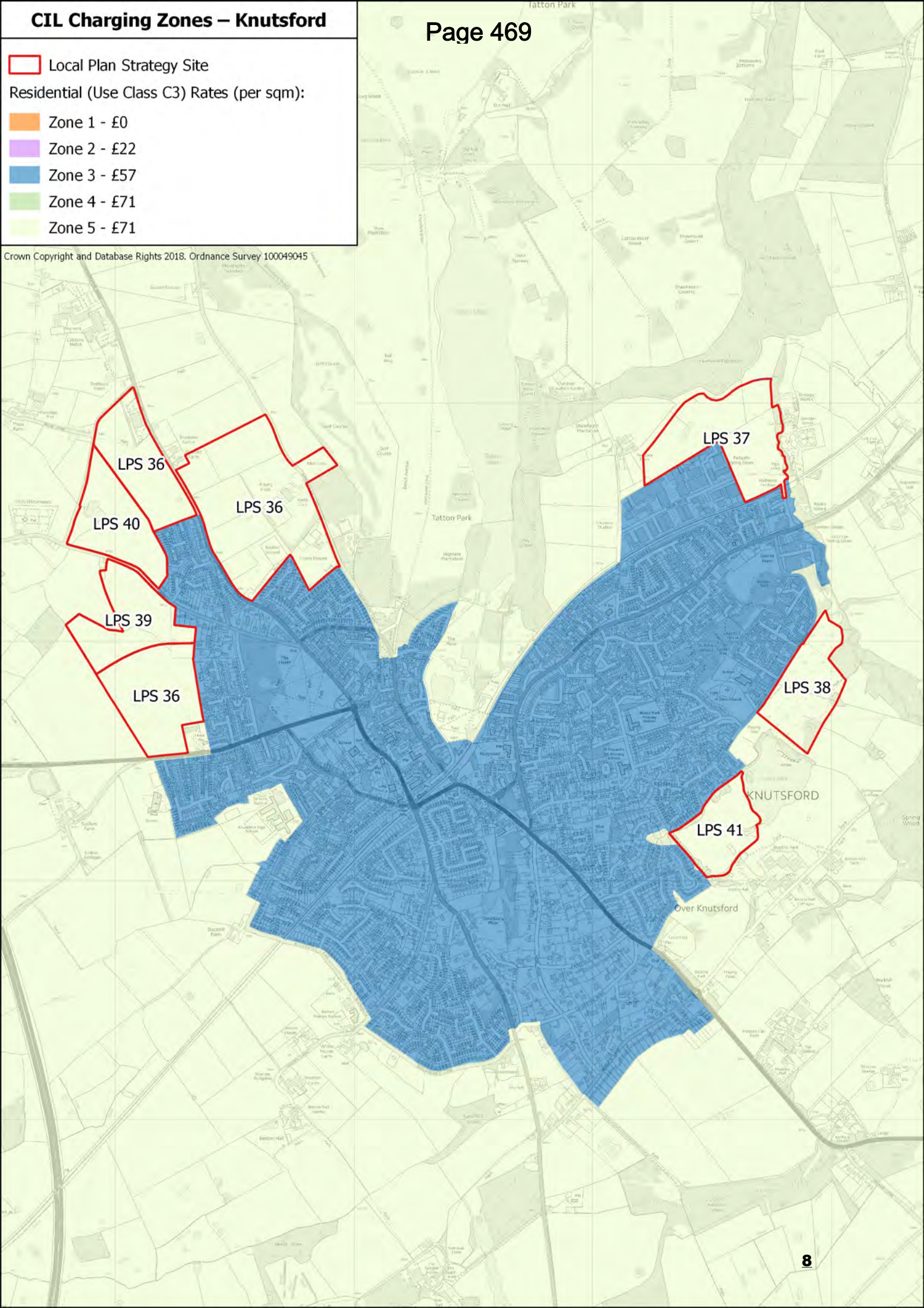
-  Zone 1 - £66


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- Local Plan Strategy Site
- Residential (Use Class C3) Rates (per sqm):
- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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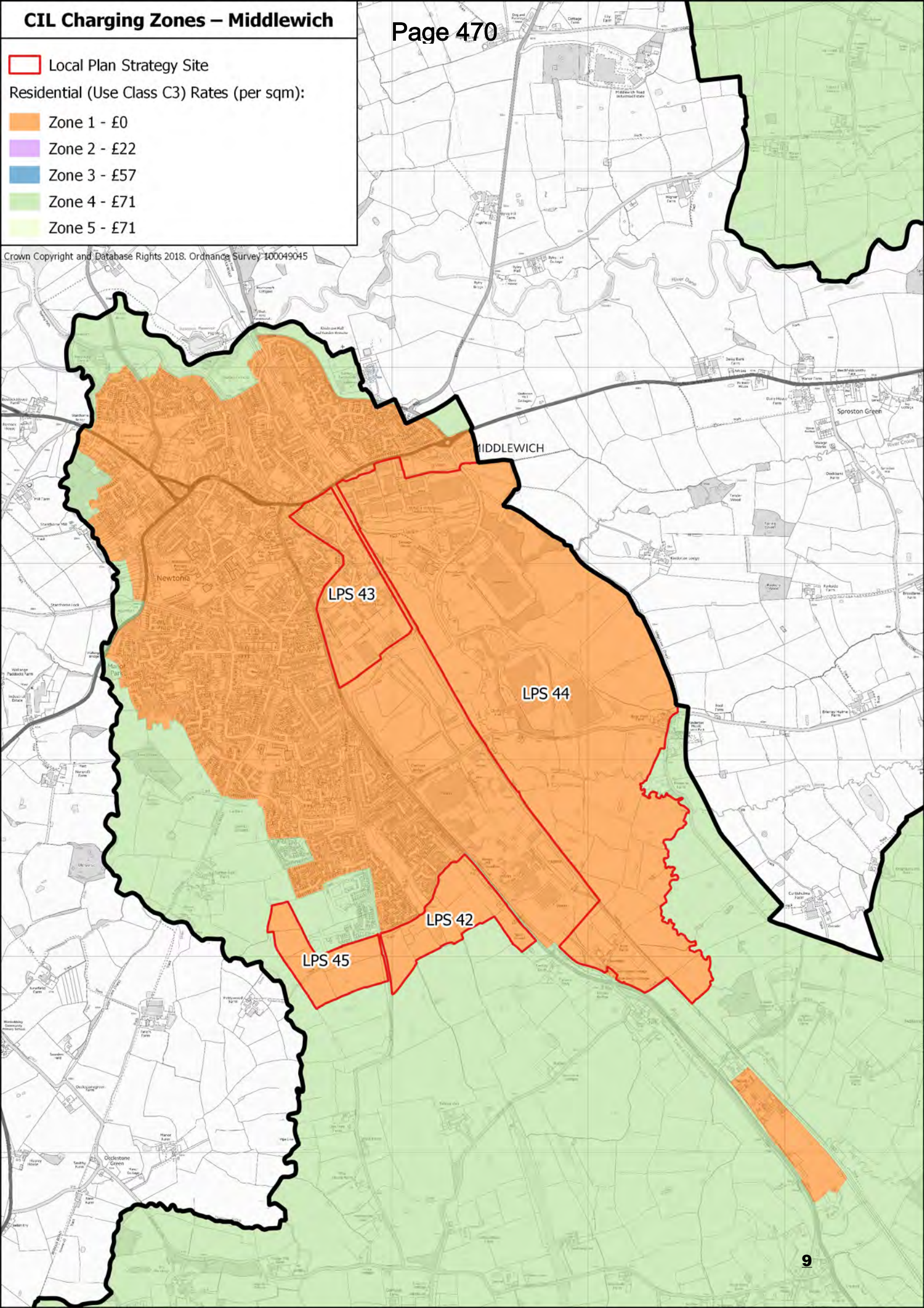



 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

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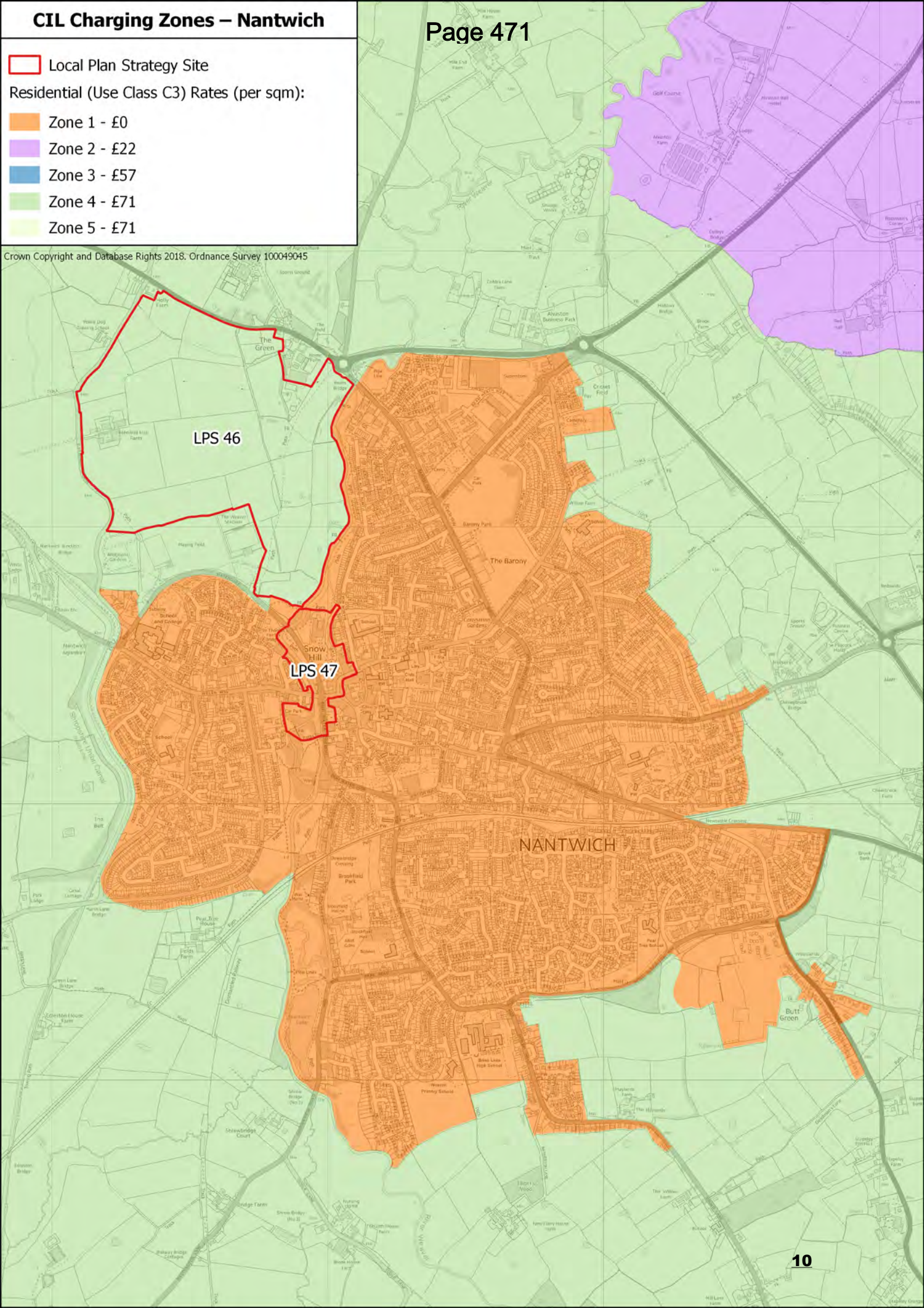


 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):


-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71


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 Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

 Zone 1 - £0

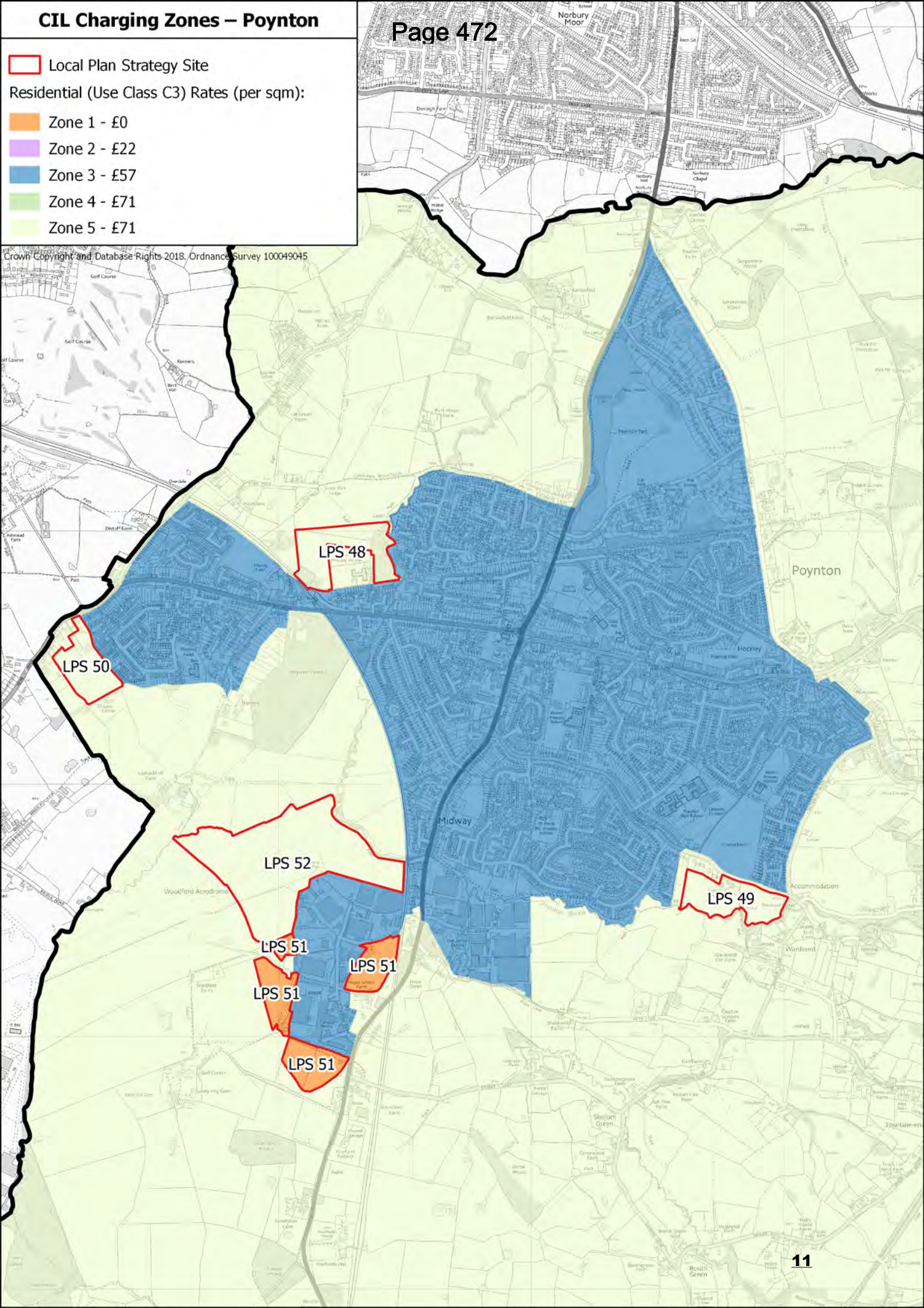
 Zone 2 - £22

 Zone 3 - £57


 Zone 4 - £71

 Zone 5 - £71


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CIL Charging Zones - Sandbach


 Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

 Zone 1 - £0

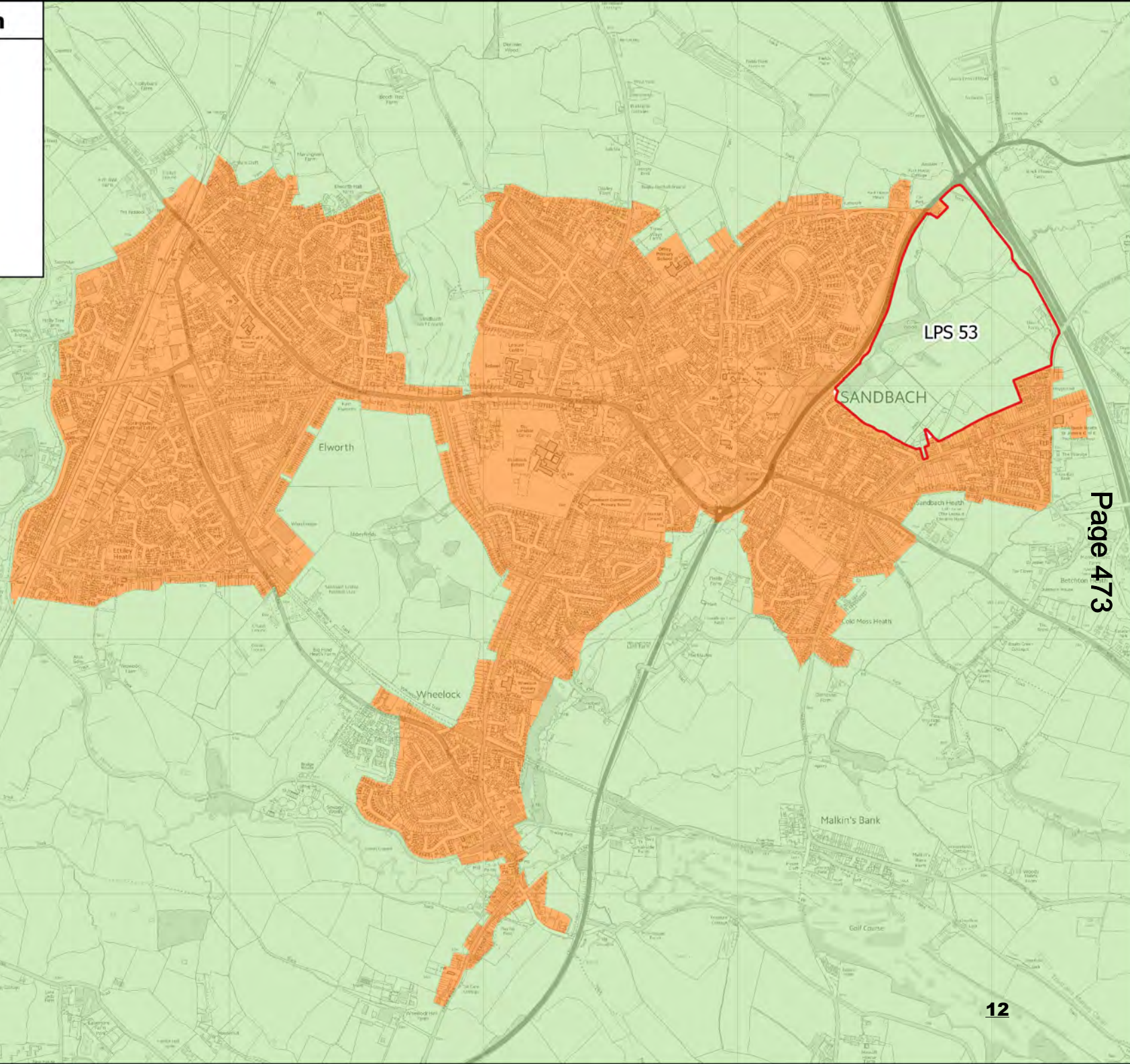
 Zone 2 - £22

 Zone 3 - £57


 Zone 4 - £71

 Zone 5 - £71

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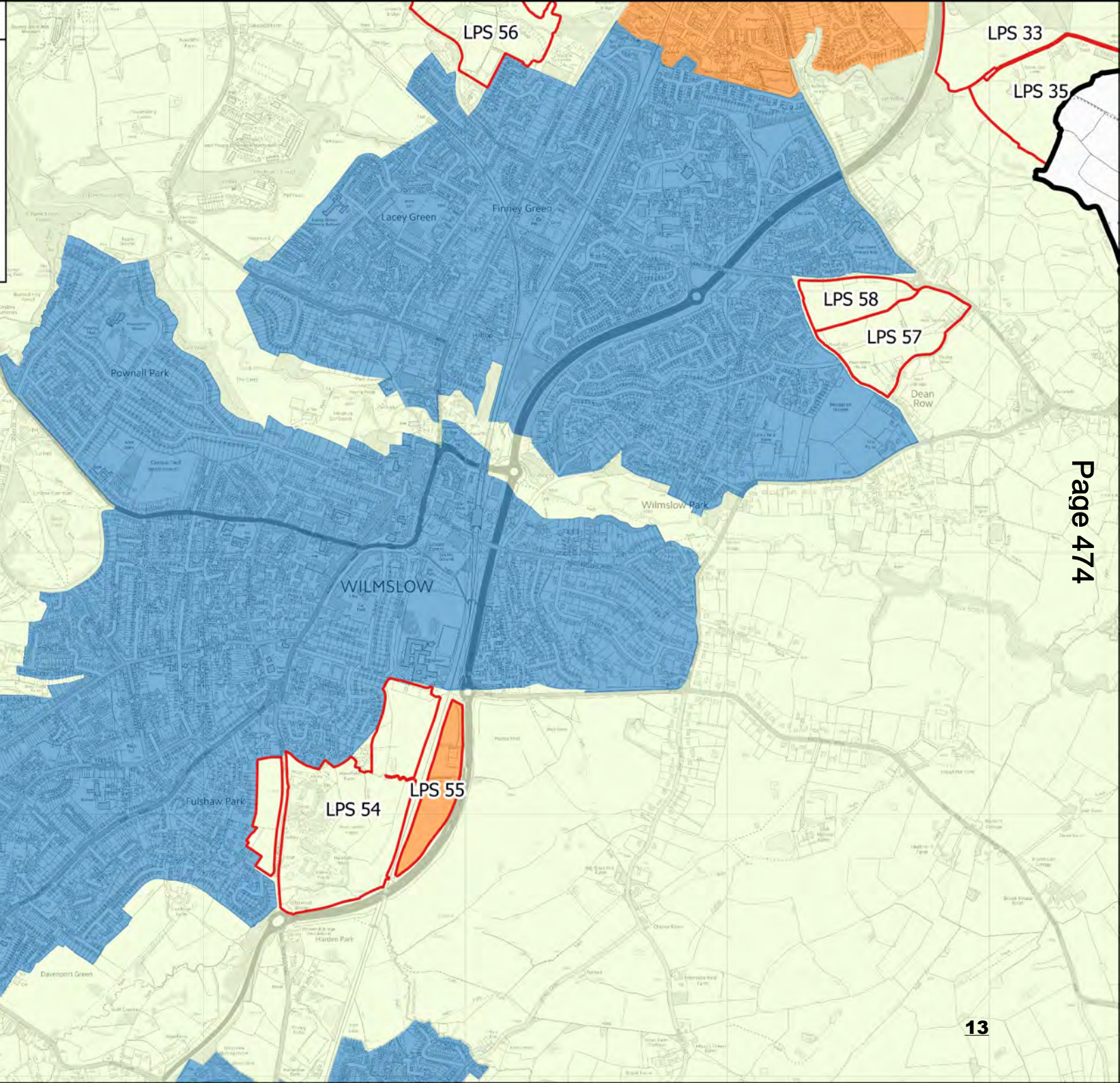


CIL Charging Zones - Wilmslow


 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):






-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

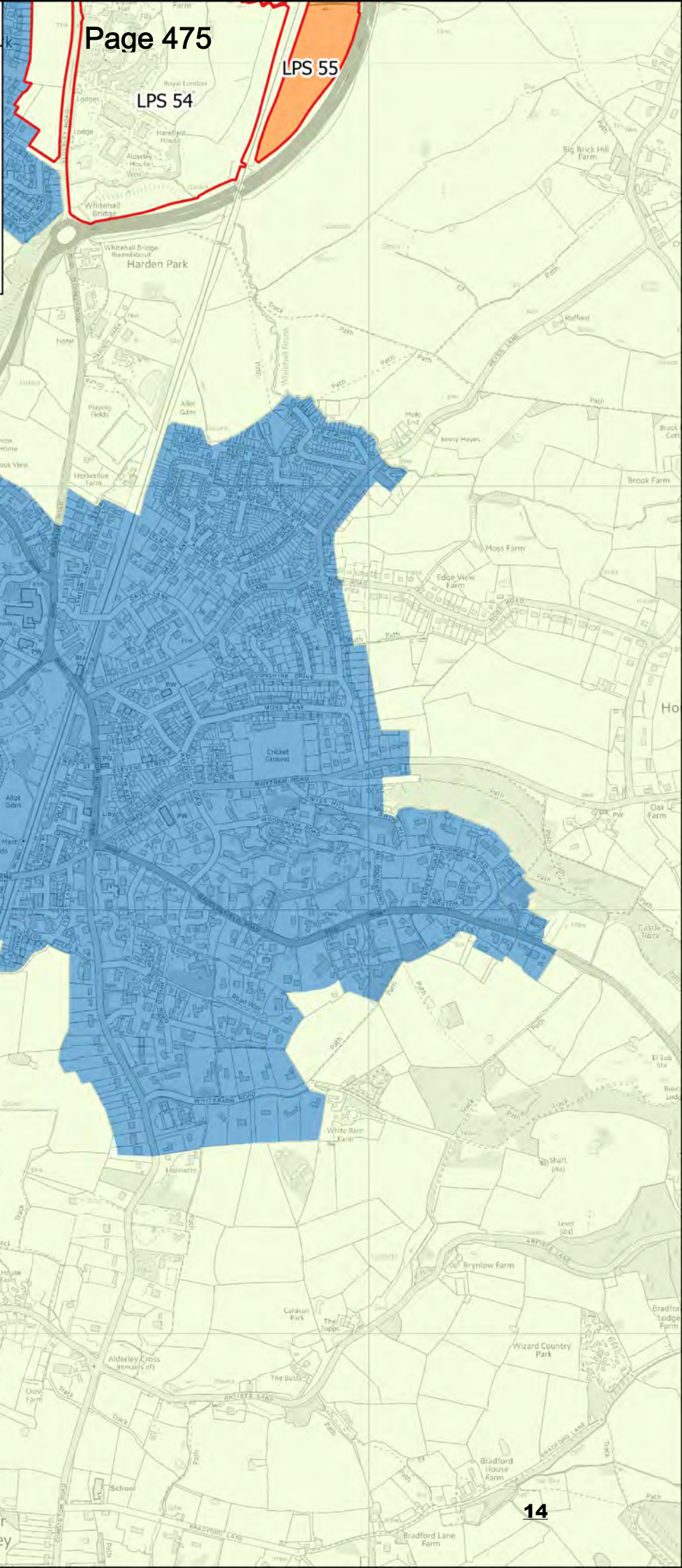


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 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71



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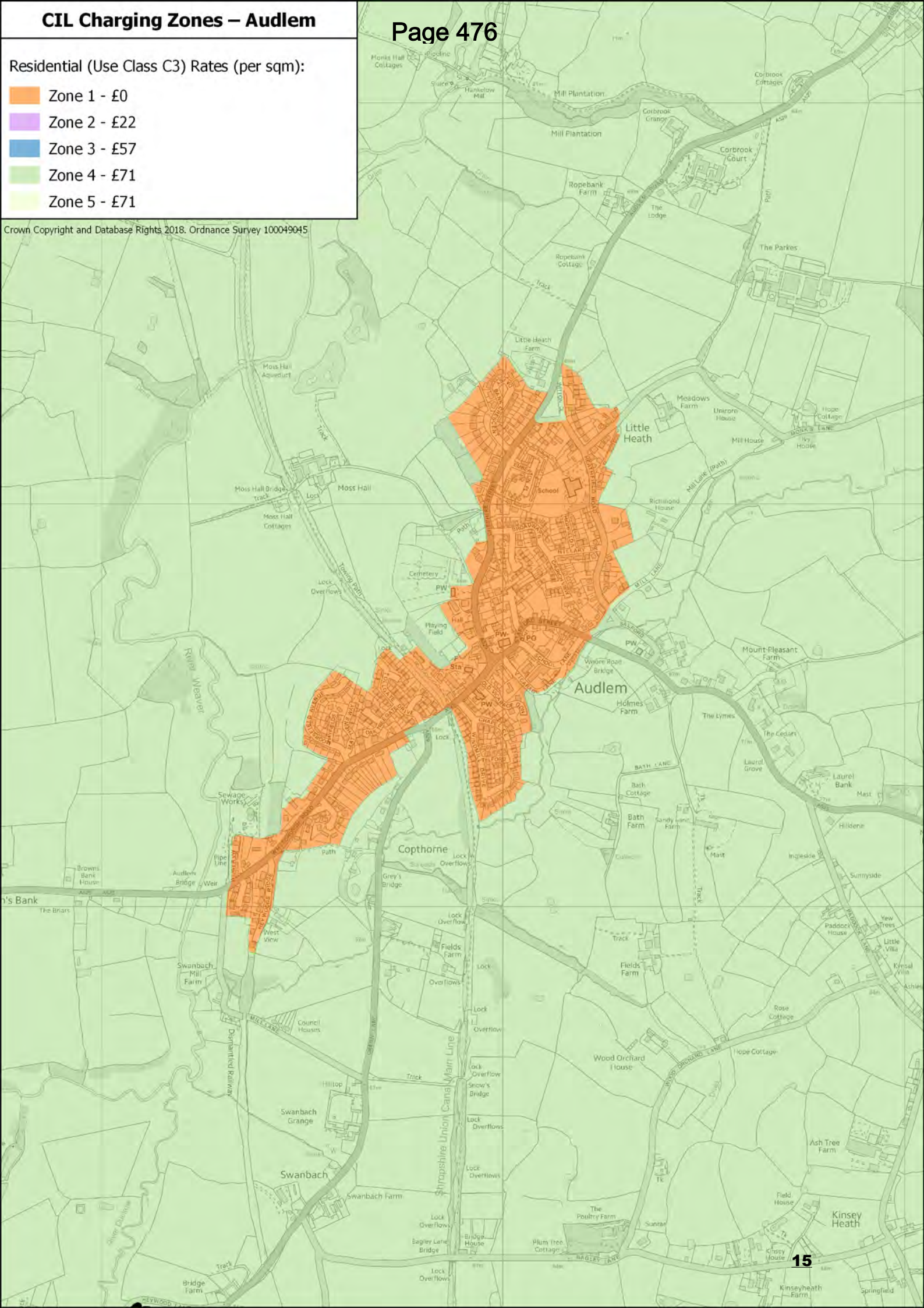
ALDERLEY EDGE

Nether Alderley

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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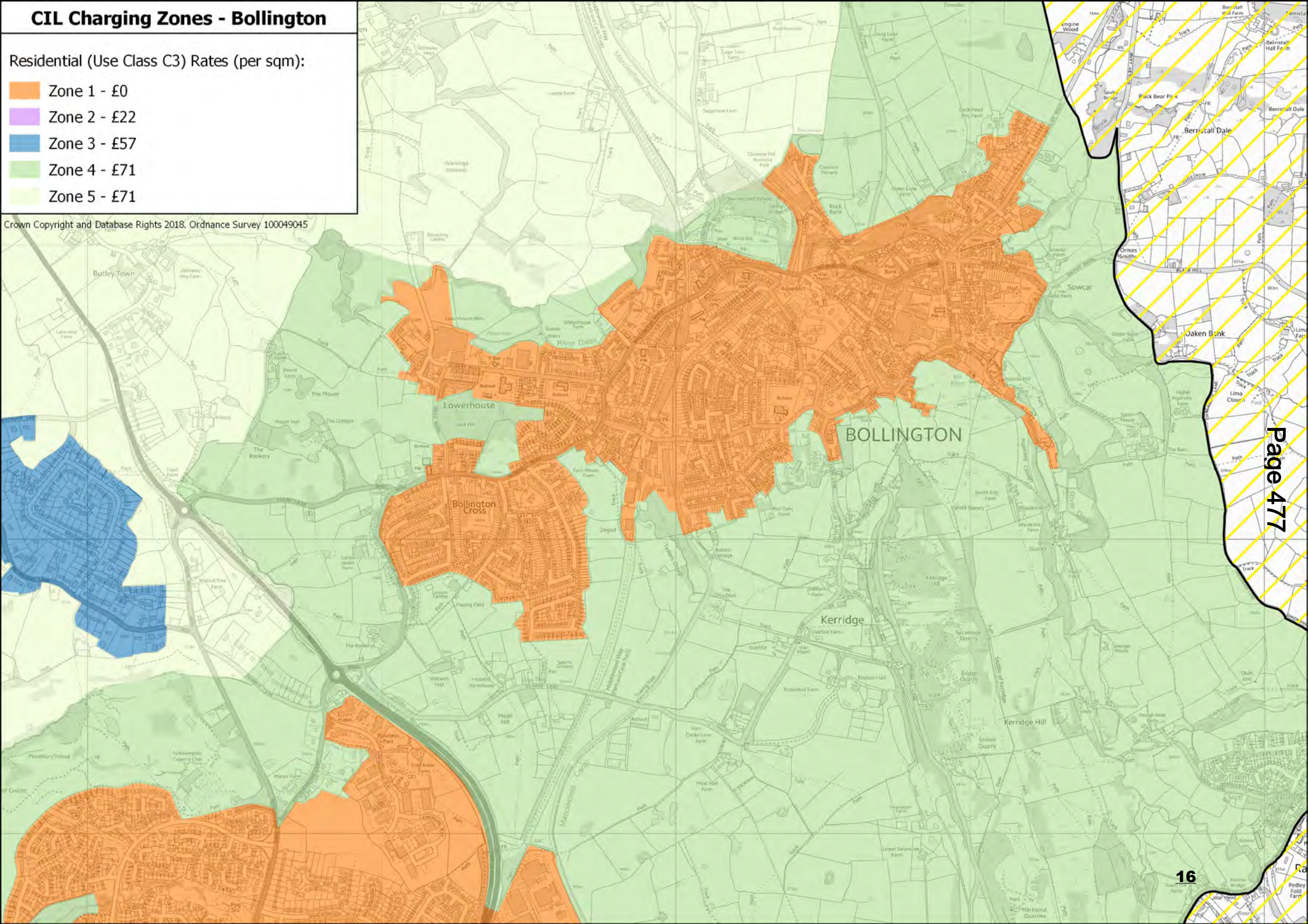


CIL Charging Zones - Bollington

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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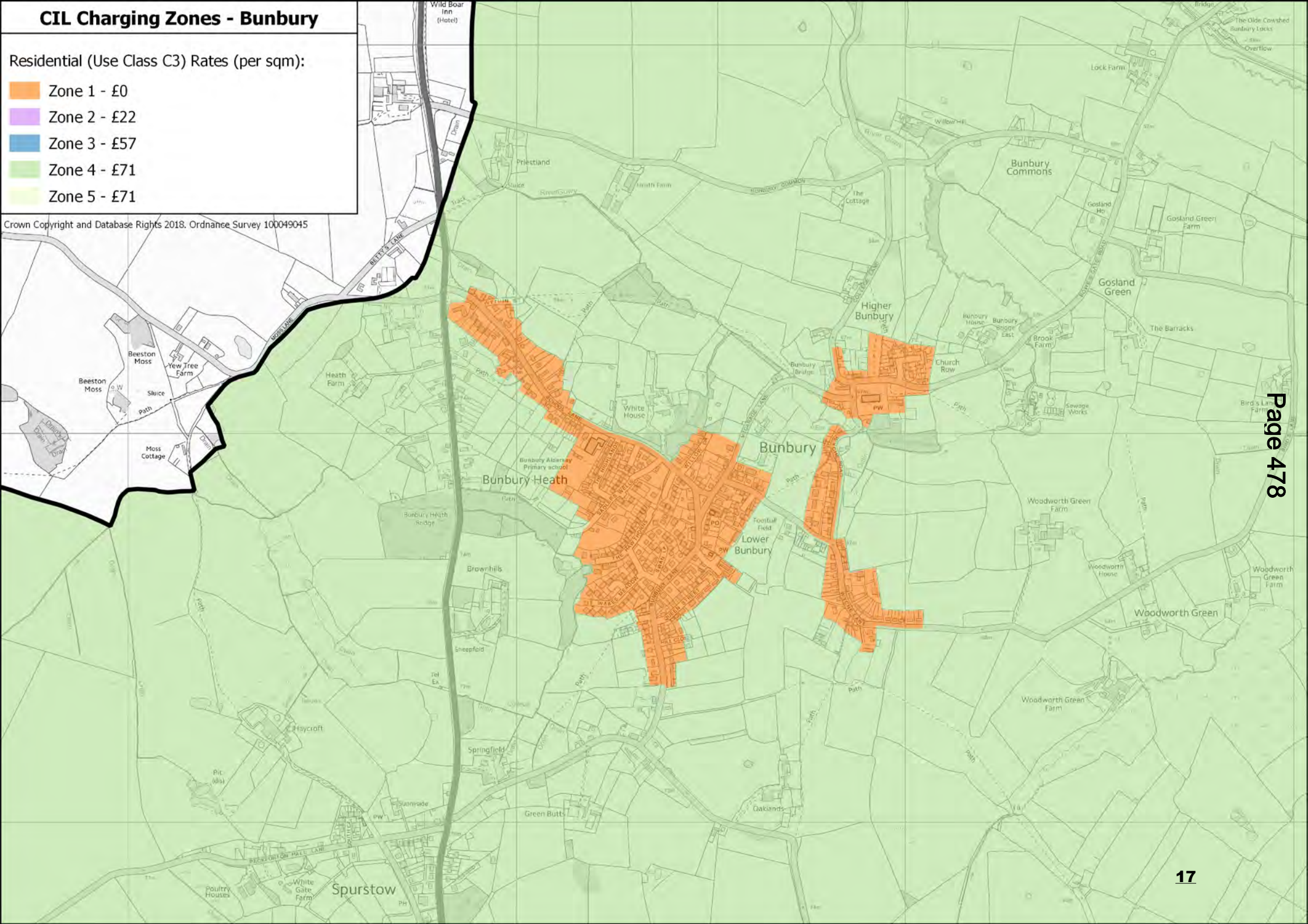


CIL Charging Zones - Bunbury

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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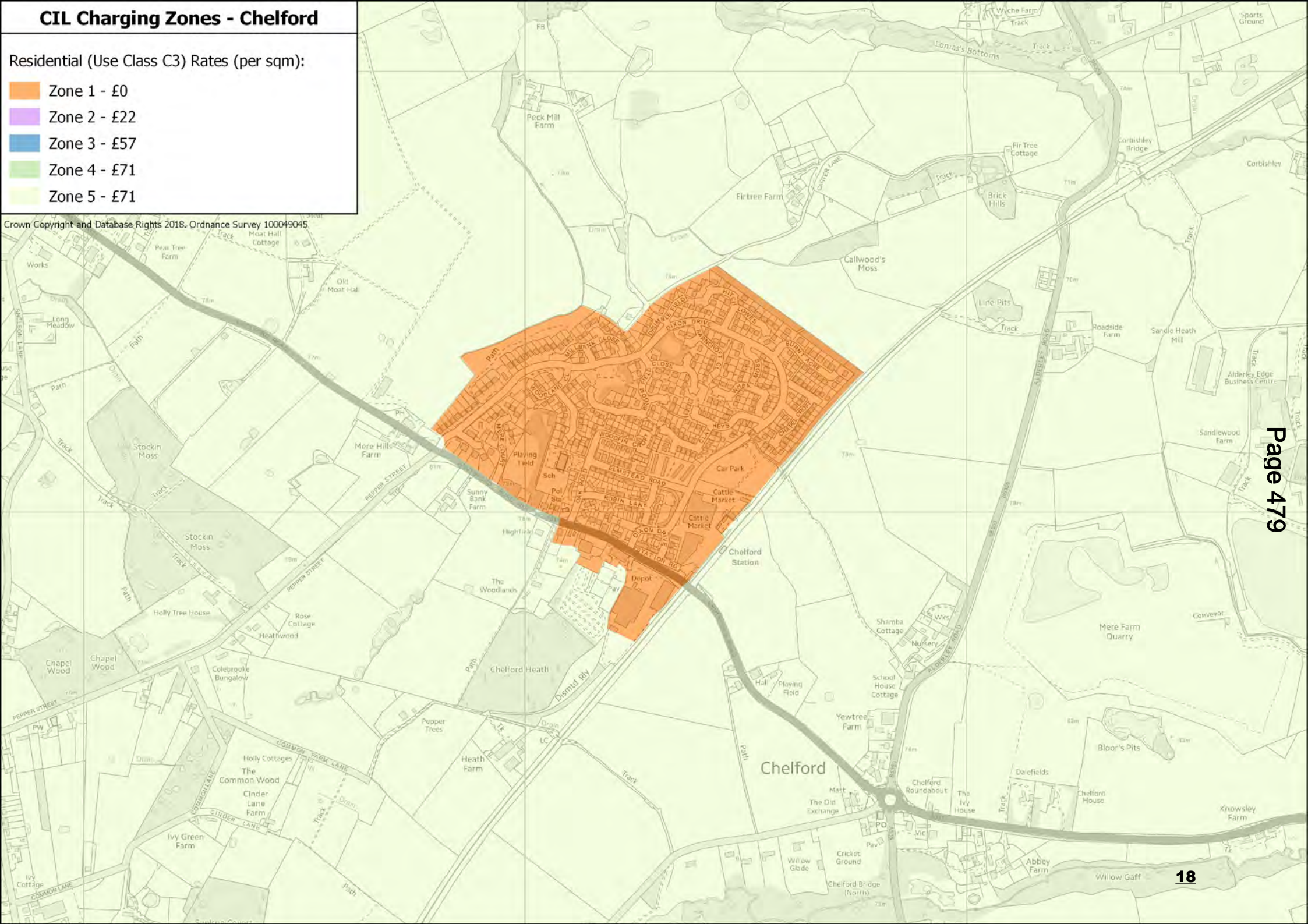


CIL Charging Zones - Chelford

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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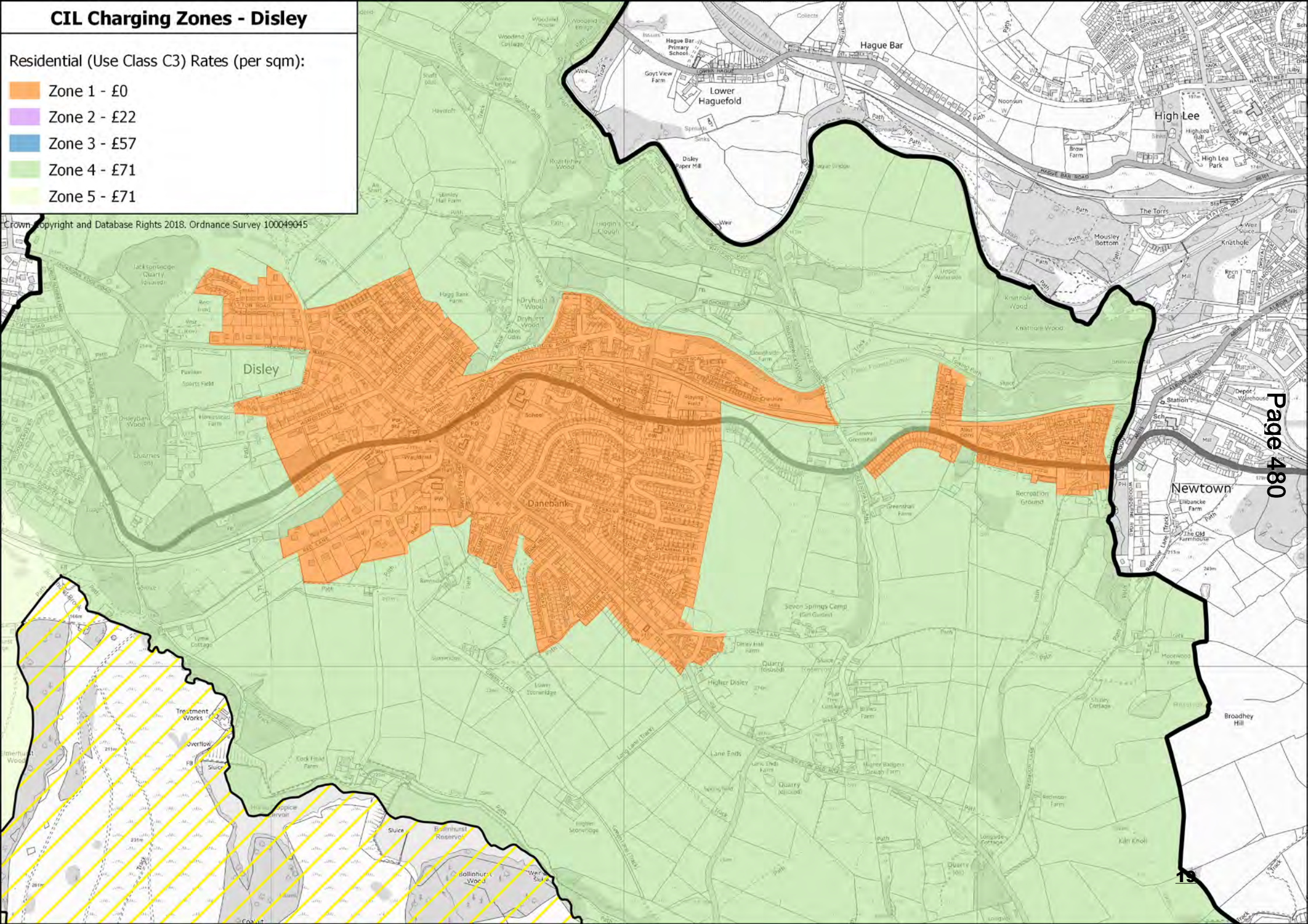


CIL Charging Zones - Disley

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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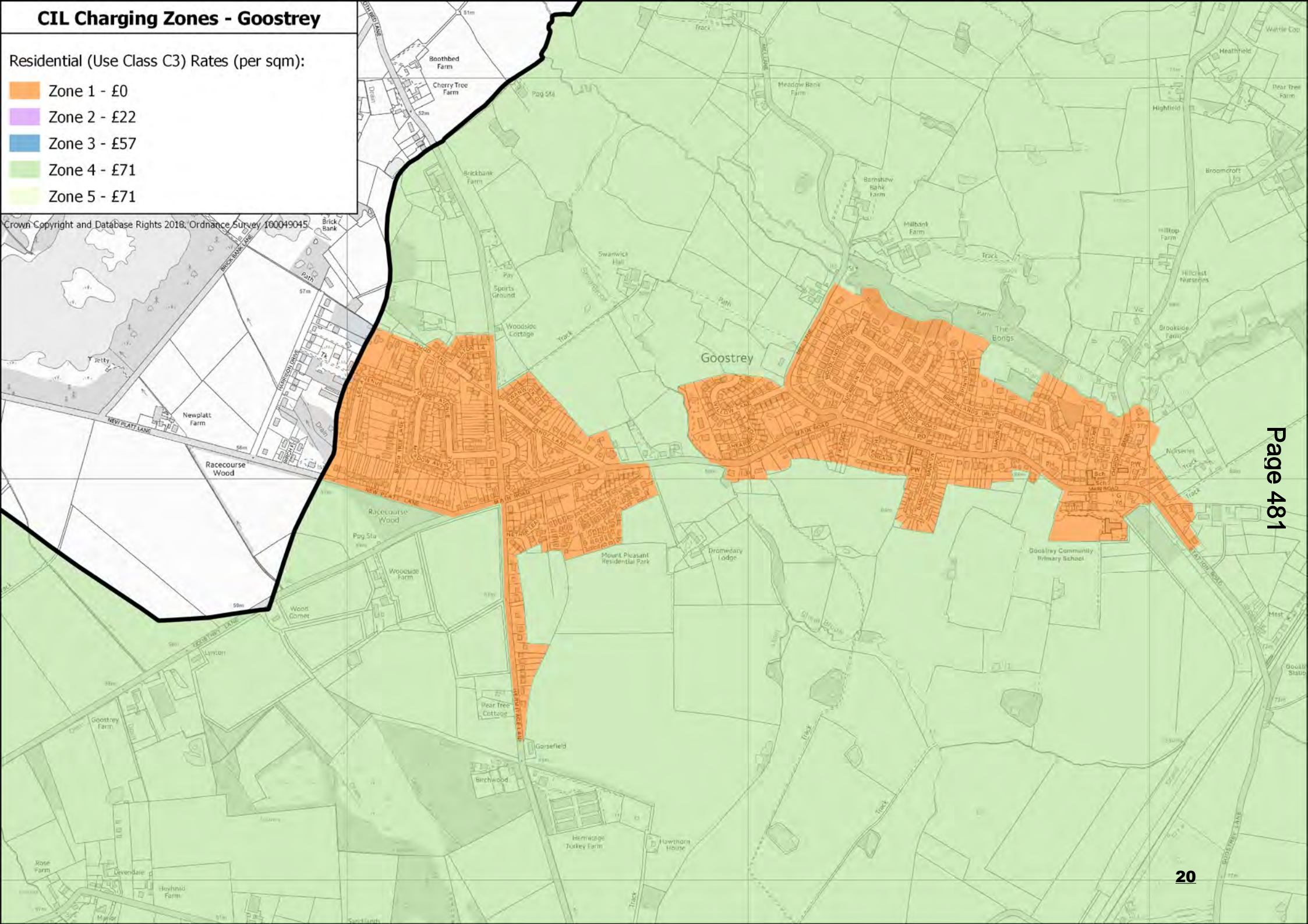


CIL Charging Zones - Goostrey


Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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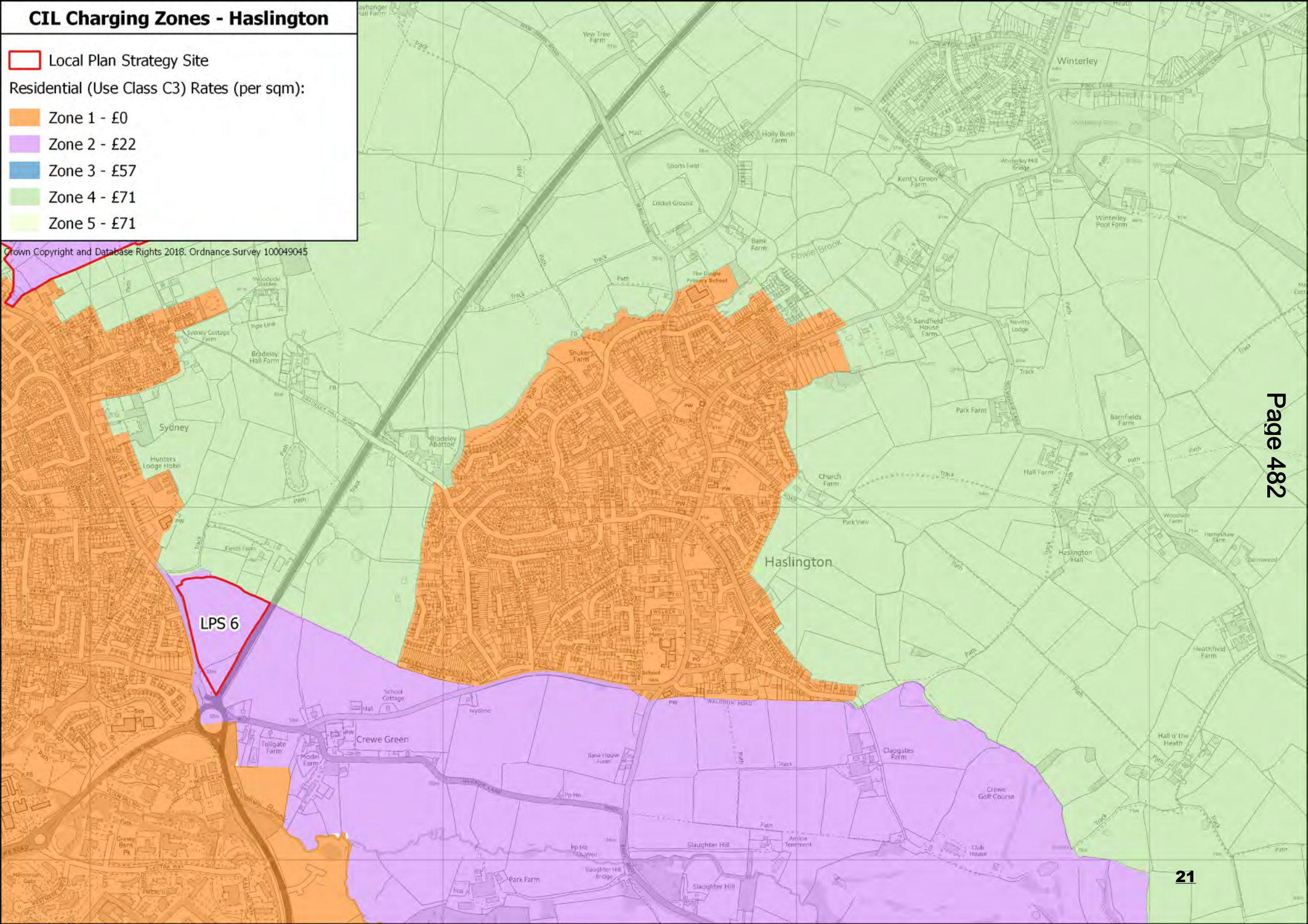
CIL Charging Zones - Haslington

 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

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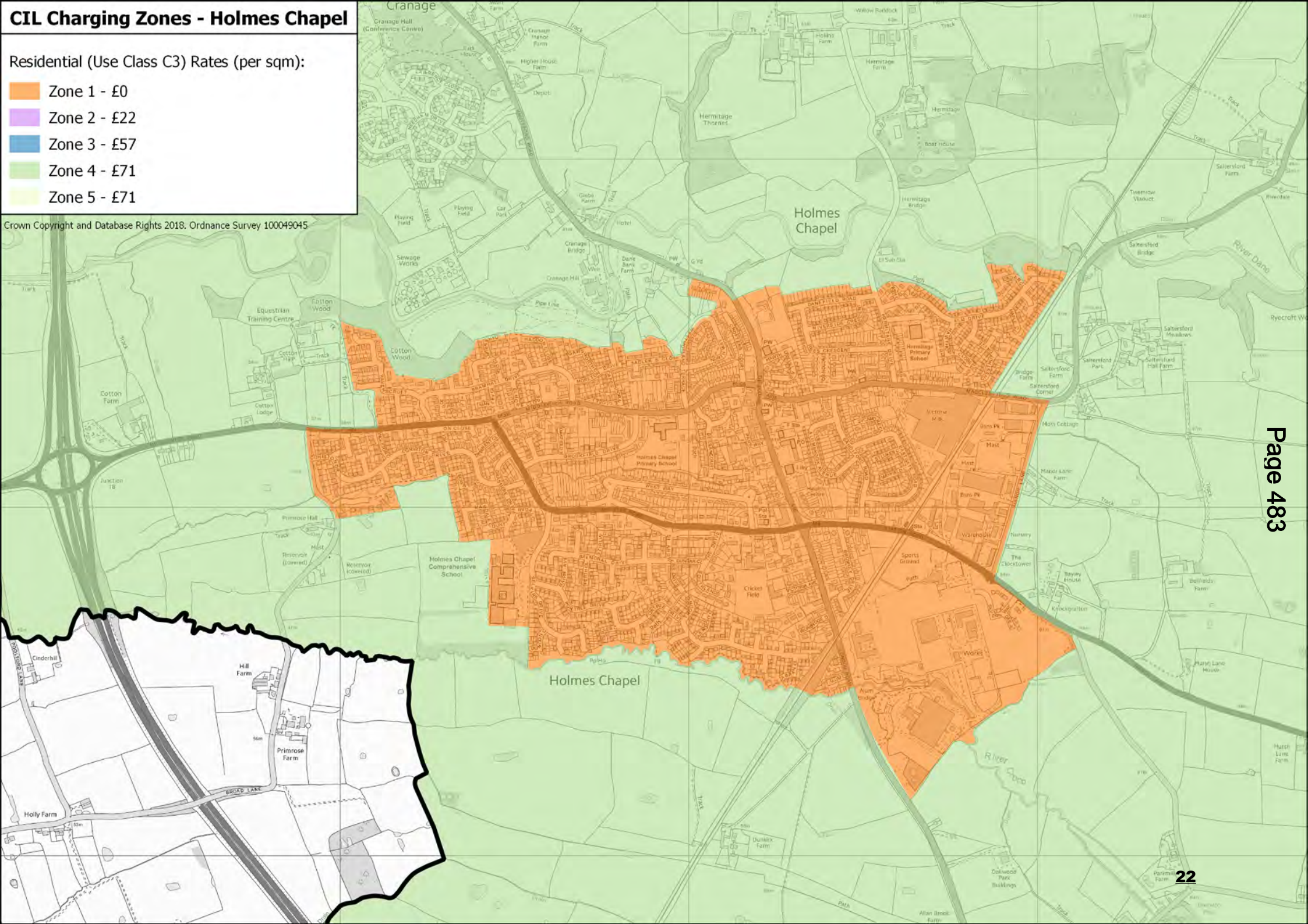


CIL Charging Zones - Holmes Chapel

Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

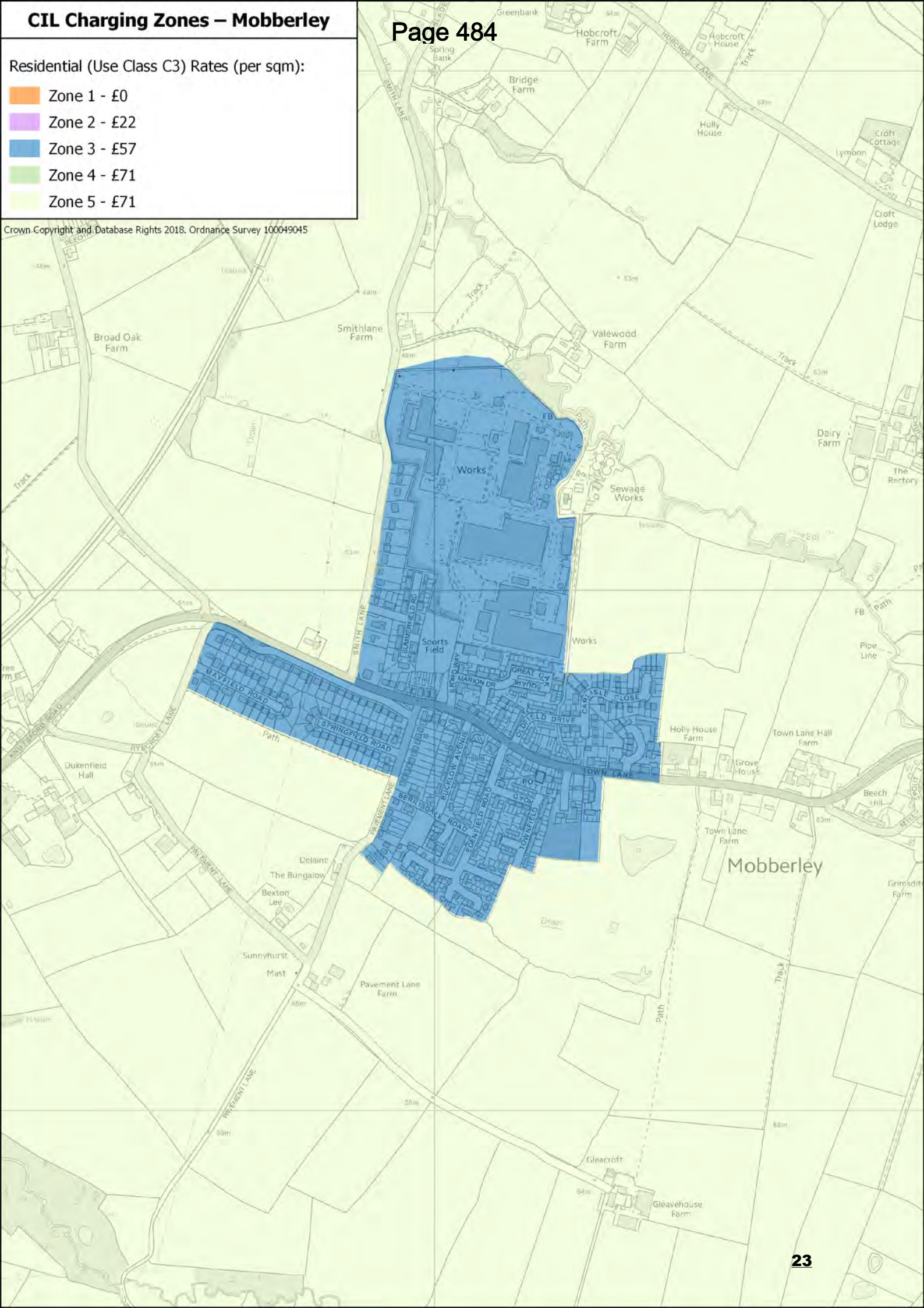
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Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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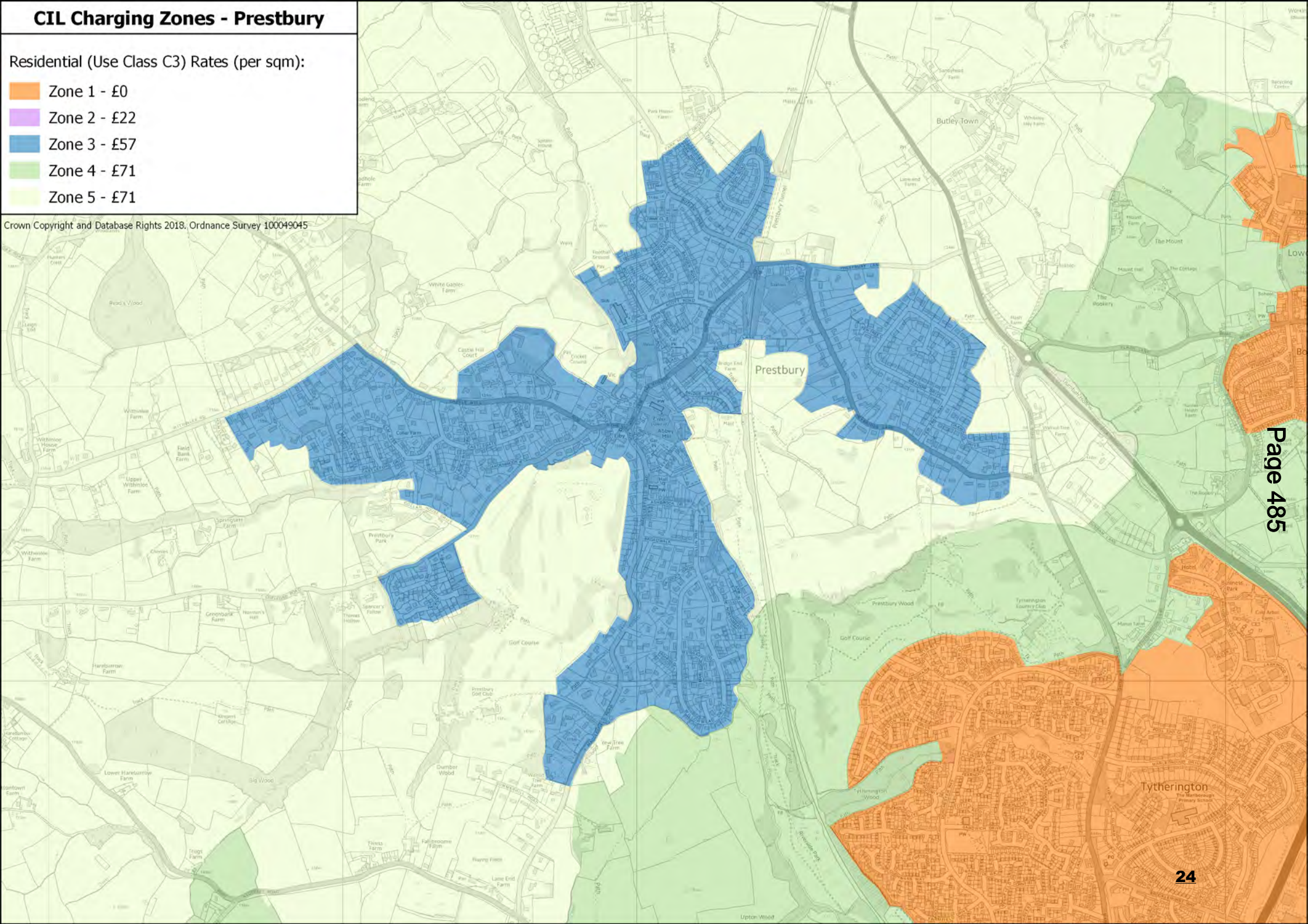



CIL Charging Zones - Prestbury

Residential (Use Class C3) Rates (per sqm):






- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71

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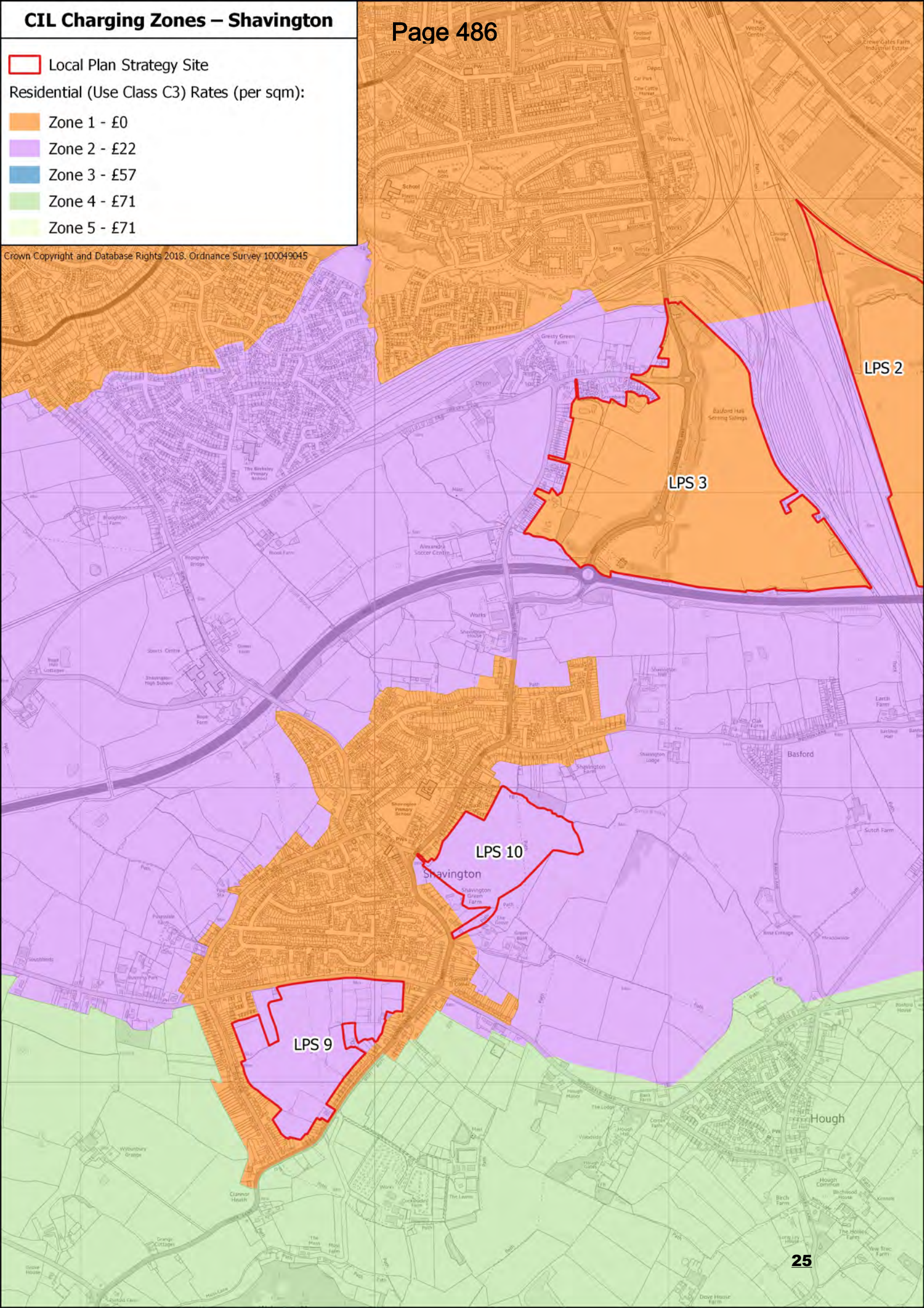


 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):

-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71

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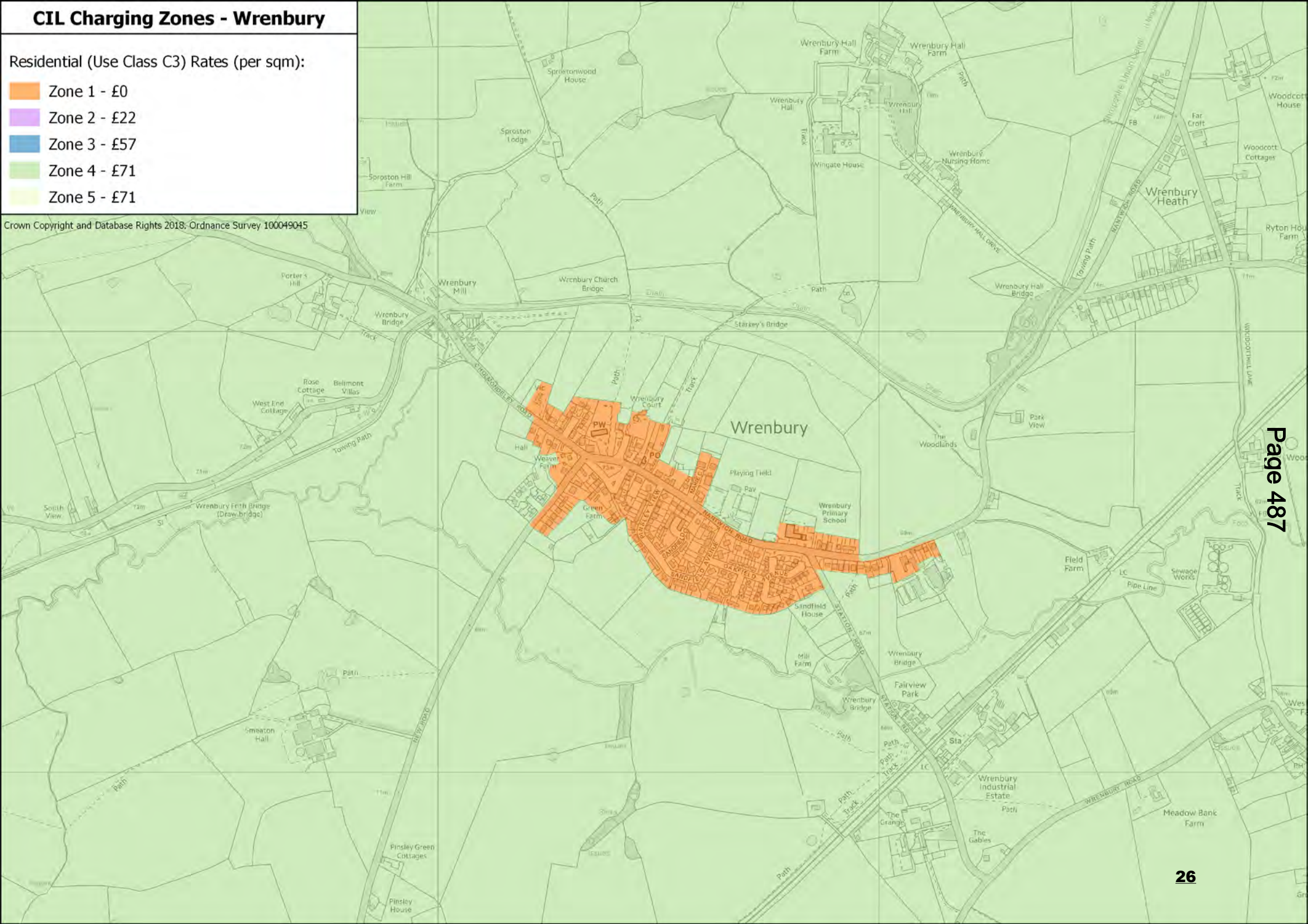


CIL Charging Zones - Wrenbury


Residential (Use Class C3) Rates (per sqm):

- Zone 1 - £0
- Zone 2 - £22
- Zone 3 - £57
- Zone 4 - £71
- Zone 5 - £71






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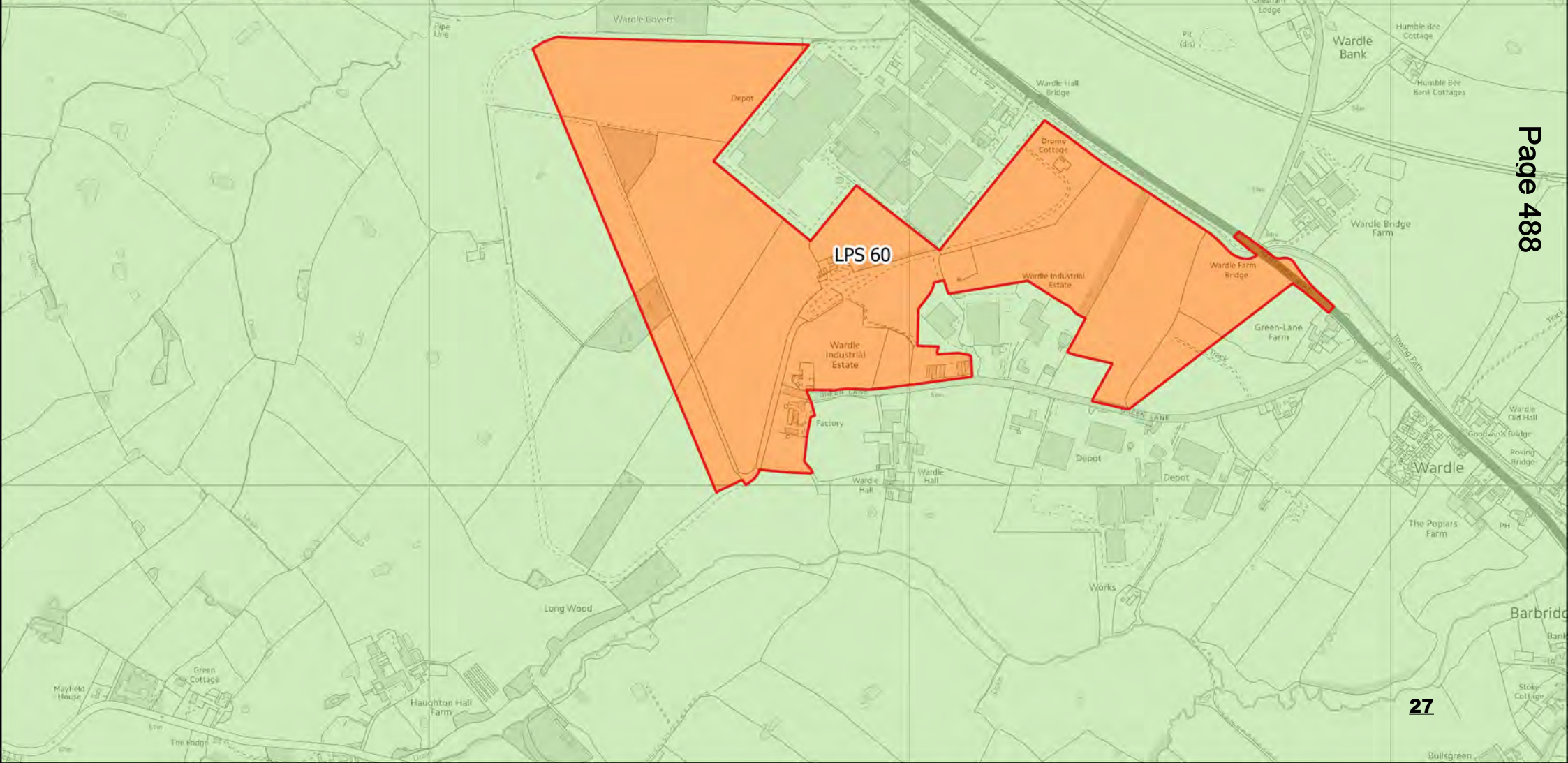
CIL Charging Zones - LPS 60: Wardle Employment Improvement Area


 Local Plan Strategy Site

Residential (Use Class C3) Rates (per sqm):


-  Zone 1 - £0
-  Zone 2 - £22
-  Zone 3 - £57
-  Zone 4 - £71
-  Zone 5 - £71


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
 Local Plan Strategy Site


Residential (Use Class C3) Rates (per sqm):

 Zone 1 - £0

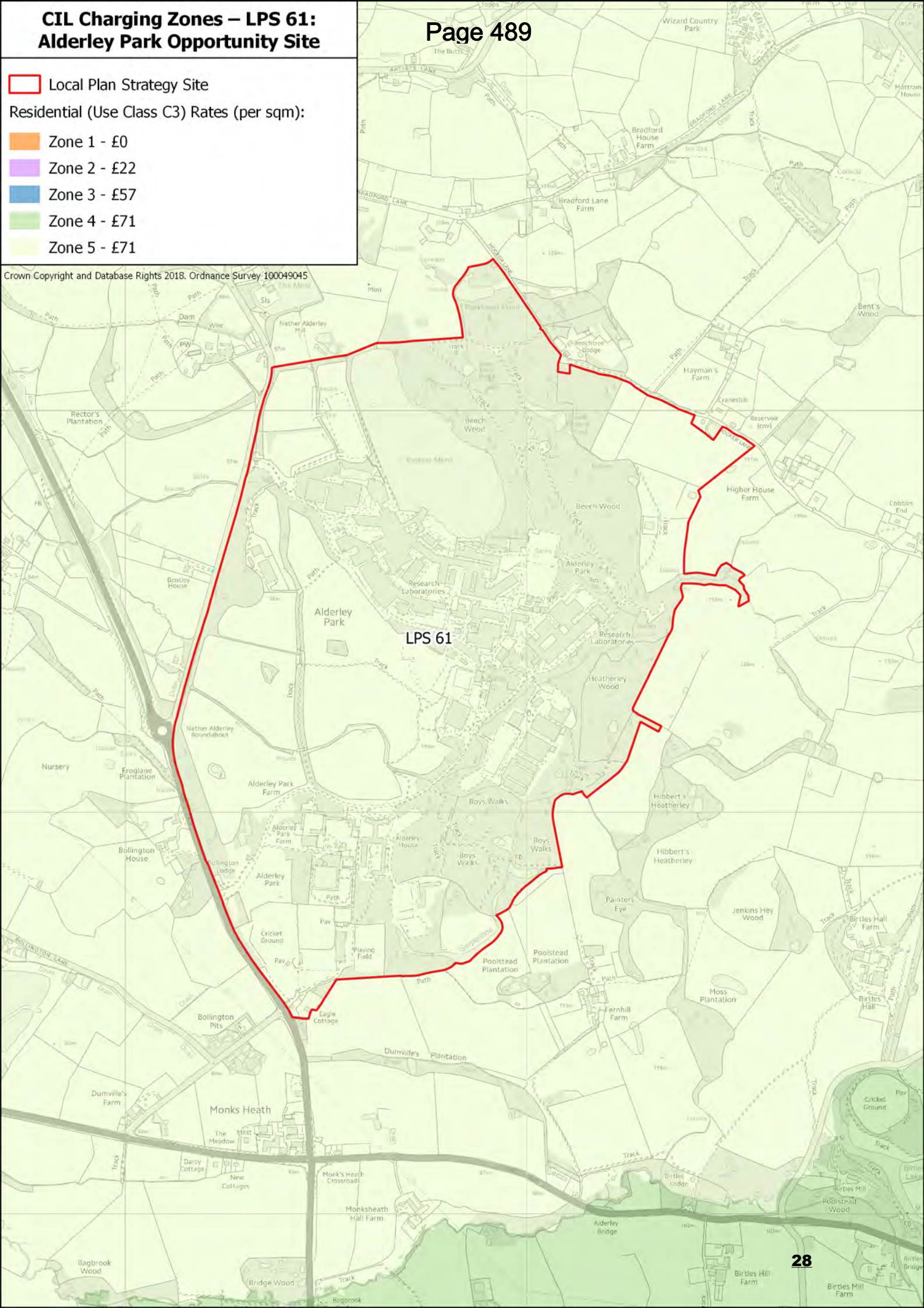
 Zone 2 - £22

 Zone 3 - £57

 Zone 4 - £71

 Zone 5 - £71

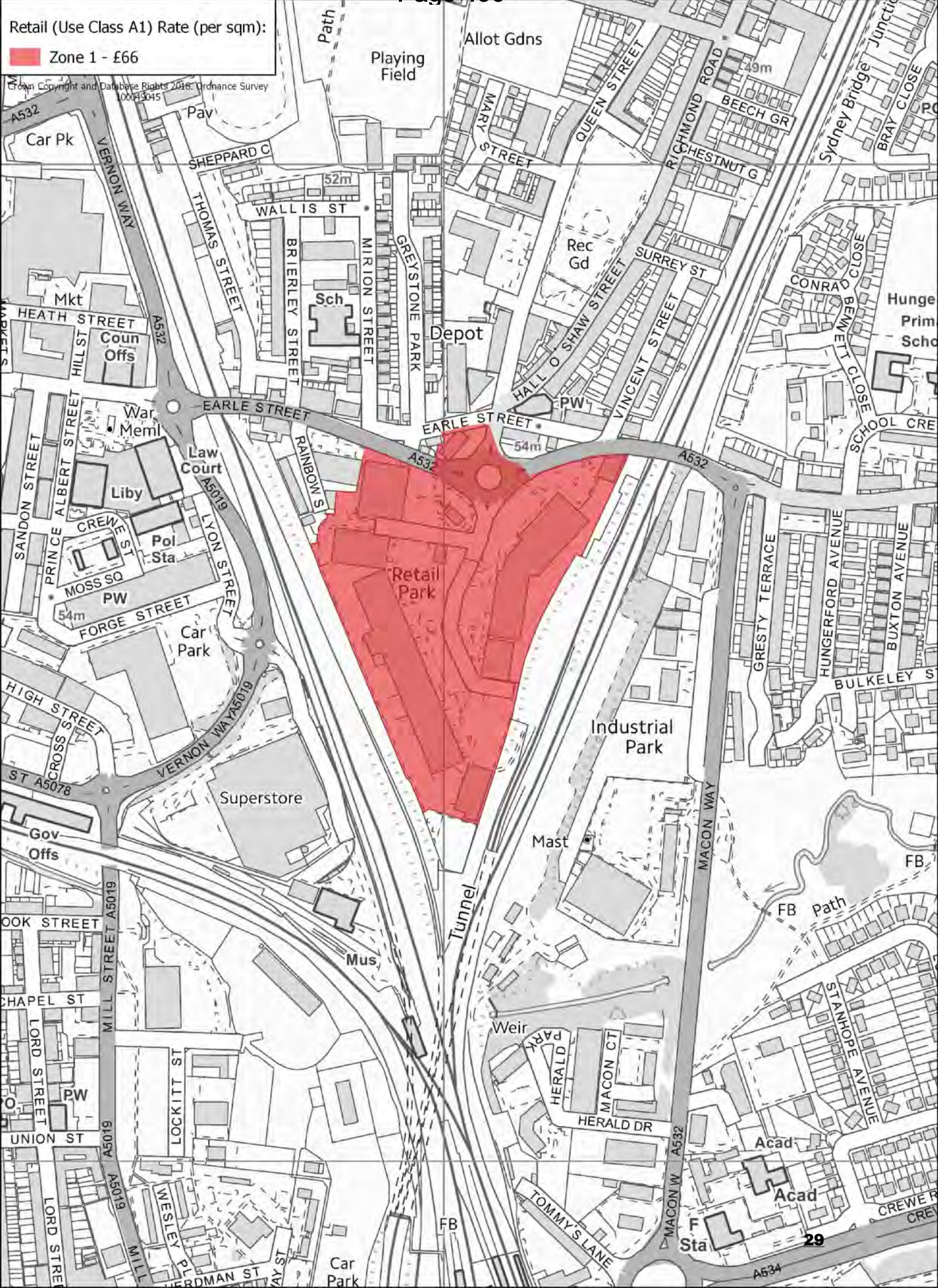
Crown Copyright and Database Rights 2018. Ordnance Survey 100049045



LPS 61

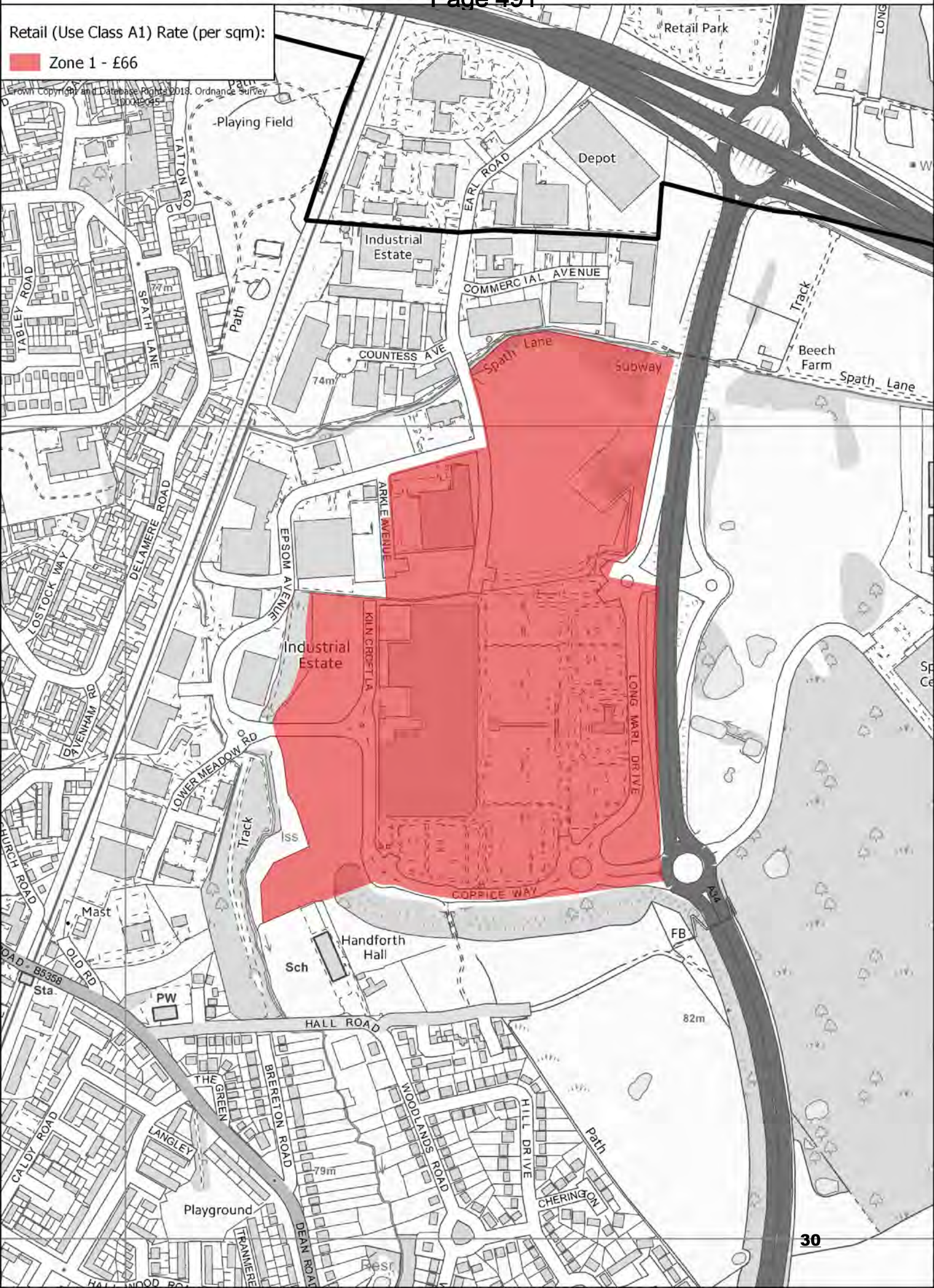
Retail (Use Class A1) Rate (per sqm):

Zone 1 - £66



Retail (Use Class A1) Rate (per sqm):

Zone 1 - £66



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Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Macclesfield Local Development Order

Portfolio Holder: Cllr Ainsley Arnold - Housing, Planning and Regeneration

Senior Officer: Frank Jordan, Executive Director Place

1. Report Summary

- 1.1. Cheshire East Council is committed to ensuring that the redevelopment of brownfield sites is encouraged wherever possible.
- 1.2. A Local Development Order (LDO) provides a mechanism by which a local planning authority can grant permitted development rights for a specified use or development within a defined area. They streamline the planning process by removing the need for developers to make a planning application to a local planning authority.
- 1.3. The procedures for making a LDO are set in sections 61A to 61D and Schedule 4A of the Town and Country Planning Act 1990, as amended, and articles 38 and 41 of the Town and Country Planning (Development Management) (Procedure) Order 2015. The notification and consultation steps taken are summarised in Section 8 and Appendix D.
- 1.4. This report recommends that Cabinet adopt the Macclesfield LDO in order to support regeneration and the delivery of housing in Macclesfield.

2. Recommendations

- 2.1. That Cabinet resolve to adopt the Macclesfield Local Development Order attached at Appendix A for a period of 5 years (with effect from the 13th February 2019) and publishes the Statement of Reasons at Appendix B.

3. Reasons for Recommendations

- 3.1. An adoption of this LDO would facilitate the delivery of housing in Macclesfield by establishing a simplified and certain planning system for the area. This will support the improvement and regeneration of this area in line with the Local Plan Strategy - Strategic Location LPS12 (Central Macclesfield).

4. Other Options Considered

- 4.1. An option is not to approve the adoption of the Macclesfield LDO. This would not encourage the proactive development of brownfield sites in the town.

5. Background

- 5.1. In April 2015 the Council was successful in their application to the Department for Communities and Local Government and was designated a national pilot to facilitate the development of an LDO in Macclesfield. Two neighbourhoods were identified, Northside and Whalley Hayes. These neighbourhoods were chosen as they contain a cluster of brownfield sites within a specified geographical area and are seen to have the potential to be brought forward for residential and commercial/retail/leisure uses.
- 5.2. The Council has engaged with and sought the views of those parties which were likely to be affected by the areas covered by the proposed LDO.
- 5.3. The LDO for Northside and Whalley Hayes has also drawn on a range of surveys and studies that have de-risked a large part of the development process for landowners and developers with an interest in the LDO areas.
- 5.4. The background supporting evidence is set out in the following documents (available on on the Council's [website](#)):
 - 5.4.1. Traffic Impact Assessment
 - 5.4.2. Air Quality and Noise Impact Assessment
 - 5.4.3. Heritage Impact Assessments
 - 5.4.4. Strategic Design Statements
 - 5.4.5. Preliminary Risk Assessment prepared by Cheshire East Council.
- 5.5. Details of the Macclesfield LDO is contained within the Consent Order which is included in Appendix A of this report. The Statement of Reasons (Appendix B), which is required by the LDO regulations, sets out the justification for preparing an LDO and the policy basis on which it sits.

- 5.6. The Macclesfield LDO Consent Order is divided into 3 separate parts known as Schedules. Schedule 1 provides maps of the LDO development parcels within Northside and Whalley Hayes. Schedule 2 details the specifics of what development will be permitted and not permitted, in terms of size and use. Schedule 3 comprises the general conditions and informatives of development. These are similar to those used in a normal planning application.
- 5.7. The uses permitted for each development parcel, as defined in the Use Class Order 1987 (as amended), are shown in the table below. Further details of what is permitted within each of the development parcels can be seen in Schedule 2 of the LDO Consent Order.

Development Parcel ref.	Function	Maximum Units / Floorspace	Use Class
A	Residential	18	C3
B	Residential	11	C3
C	Residential	4	C3
D	Residential	10	C3
E	Residential	7	C3
F	Residential	13	C3
G	Residential and commercial/retail/ leisure	27/382m ²	A1, A2, A3, A4 C3,
H	Residential	9	C3
I	Residential	22	C3

- 5.8. It is important to note that development proposals that do not fall within the prescribed criteria of the Macclesfield LDO Consent Order may still be acceptable in planning terms. In such circumstances, proposals that do not conform to the LDO would need to secure planning permission through the normal planning application process. Accordingly such proposals would be considered in the context of local and national planning policies.
- 5.9. The Macclesfield LDO has regard to the provisions of the Town and Country Planning (Environmental Impact Assessment) Regulations 2011.

The proposed LDOs at Northside and Whalley Hayes do not fall within Schedule 1 of the Town and Country Planning (Environmental Impact Assessment) Regulations 2011 ('The EIA Regulations'). However, the Whalley Hayes and Northside LDO do fall under Schedule 2, as defined in Part 10(b) '*Urban development projects, including the construction of shopping centres and car parks, sports stadiums, leisure centres and multiplex cinemas*'.

- 5.10. Given the characteristics of the proposed LDOs, it was considered appropriate for an EIA screening request to be prepared and submitted to the Local Planning Authority, and for a Screening Opinion to be given in response. The Local Planning Authority subsequently confirmed (16/4254S and 16/4251S) that the LDOs were screened out of requiring an EIA.
- 5.11. As required by Article 38(12) of the Town and Country Planning (Development Management) (Procedure) Order 2015, the LDO does not grant planning permission for development affecting a Listed Building. There are no Listed Buildings within the LDO area and Condition ACH4 precludes any development which is considered to have a detrimental impact on designated and non-designated heritage assets or their setting.
- 5.12. Listed buildings are however located in close proximity to the LDO boundaries and part of the Macclesfield Town Centre Conservation area overlaps the Whalley Hayes site. Consequently consideration has to be given to the Planning (Listed Buildings and Conservation Areas) Act 1990. This includes s.66 which states that a local planning authority must pay special regard to the desirability of preserving the setting of a listed building, and s.72 which seeks special attention to the desirability of preserving or enhancing the character or appearance of the Conservation Area.
- 5.13. The LDO has been informed by Heritage Impact Assessments for both Northside and Whalley Hayes. These take account the existence of heritage assets within and surrounding the two areas and suggest actions to be taken to mitigate any potential negative impacts, which will need to be adhered to at the detailed design stages. Conditions have therefore been attached to the LDO Consent Order to ensure that the designated and non-designated heritage assets are taken into consideration, including Condition AHC4 which seeks a Heritage Statement to be submitted and approved by the Local Planning Authority. Historic England were also consulted upon the Macclesfield LDO to which their initial objection raised on the Whalley Hayes site has been removed. No objection was raised with the Northside site.

- 5.14. From the date of adoption, the Macclesfield LDO will be 'live' for a period of 5 years. The LDO would be reviewed after two years to assess its progress and ascertain if it should continue in its current form, be amended, or revoked.
- 5.15. As with any planning permission, if development lawfully commences but remains incomplete by the time the LDO expires then it may be completed, provided it still complies with the established conditions and criteria for development.

6. Implications of the Recommendations

6.1 Legal Implications

- 6.1.1 The preparation of the LDO is governed by Sections 61A to 61D and Schedule 4A of the Town and Country Planning Act 1990, as amended, and articles 38 and 41 of the Town and Country Planning (Development Management) (Procedure) Order 2015. Key provisions are set out below.
- 6.1.2 Article 38 paragraph (1) of the (Development Management) (Procedure) Order 2015 outlines that where a Local Planning Authority proposes to make a LDO they shall first prepare:
- A draft of the order; and
 - A statement of their reasons for making the order.
- 6.1.3 Article 38 paragraph (2) of the order stipulates that the statement of reasons shall contain:
- A description of the development that the order would permit; and
 - A plan or statement identifying the land to which the order would relate.
- 6.1.4 The Macclesfield LDO, satisfies the requirement of Article 38(1) and 38(2) of the Town and Country Planning (Development Management) (Procedure) Order 2015 as set out in Appendix A and B to this report.
- 6.1.5 For the LDO to take effect it must be adopted by resolution of a local planning authority. There is a statutory requirement to notify (for information, rather than approval) the Secretary of State as soon as practicable after adoption. Once adopted it will appear on the Planning Register.

6.2 Finance Implications

- 6.2.1 The Council has been supported in developing the LDO as part of the Government pilot project on streamlining the planning system. Officers within the Housing and planning teams have been used to assist with public consultation and the production of technical background documents.
- 6.2.2 A fee is payable to the Council for each proposed development of £116 (set nationally), which will go towards the Development Management budget, to consider whether a development proposal complies with the LDO. This is a lower fee that might otherwise be received for conventional planning applications, but the LDO is designed to stimulate growth and development which of itself will have wider financial benefits.
- 6.2.3 Once adopted the LDO will be 'live' for 5 years. Its effectiveness will be monitored. After adoption it can be revoked prior to the day on which it is identified to expire however, compensation may be claimed by someone who suffers loss from their subsequent planning application being refused which would have been granted by the Order.

6.3 Policy Implications

- 6.3.1 The National Planning Policy Framework (July 2018) encourages Local Planning Authorities to use LDOs to set the planning framework for particular areas or categories of development where the impacts would be acceptable, and in particular where this would promote economic, social or environmental gains for the area.
- 6.3.2 The areas included within the boundary of the LDO are identified as part of Strategic Location LPS12 (Central Macclesfield) which seeks to maximise opportunities for improvement and regeneration, incorporating the introduction of new and the improvement of existing green infrastructure. The regeneration and development of Central Macclesfield over the plan period will be achieved through a number of provisions, including: the delivery of new dwellings; supporting new and improved retail and leisure developments that are in-centre; and maximising opportunities to bring disused and underused buildings back into use.
- 6.3.3 The delivery of new residential development and retail and leisure use within this central area will help to support and enhance the town centre, improving natural surveillance in the area and supporting the night time economy. It will also help to maintain a balance of uses

within the area that will help to create and support sustainable communities. The LDO are a means of delivering this strategy.

6.4 Equality Implications

6.4.1 An Equality Impact Assessment has been completed (**Appendix C**) which concludes that there will be no adverse impact on those with protected characteristics.

6.5 Human Resources Implications

5.5.1 There are no HR implications for Cheshire East Council.

6.6 Risk Management Implications

6.6.1 There is a risk that developers might interpret the Order incorrectly and seek to undertake development outside its remit. The description of the development to be permitted by the LDO has therefore been carefully and clearly worded to avoid such circumstances.

6.6.2 The use of conditions and restrictions to ensure development is appropriate helps to minimise any risks that might arise through the implementation of the Order.

6.6.3 There will be ongoing monitoring and review of the effectiveness of the LDO. The Council has the power to revoke the Order if it so wishes before the expiry date and this also helps to manage the risk associated with its implementation.

6.6.4 Landowners/developers have the ability to bring forward an alternative scheme, through the normal planning application route, should they wish to.

6.7 Rural Communities Implications

6.7.1 There are no direct implications for rural communities; the site is located within the urban area of Macclesfield.

6.8 Implications for Children & Young People

6.8.1 The Macclesfield LDO will play a role in making sure that children and young people have access to homes and jobs.

6.9 Public Health Implications

6.9.1 There are no known adverse health implications. The Macclesfield LDO would support positive health and wellbeing outcomes through the opportunity to deliver residential and retail/commercial/leisure development and regenerate underutilised or vacant sites. The

delivery of new development within this central area will help to support and enhance the town centre, improving natural surveillance in the area and supporting the night time economy. It will also help to maintain a balance of uses within the area that will help to create and support sustainable communities. By improving the range of housing within the heart of Macclesfield there will be potential benefits for public health.

7 Ward Members Affected

- 7.1 Macclesfield Central and Macclesfield Tytherington.
- 7.2 Members of the Wards which adjoin or lie within the proposed neighbourhoods have also been suitably briefed on the LDO process.

8 Consultation & Engagement

- 8.1 It is a statutory requirement that LDOs are the subject of local consultation before they can be adopted and brought into effect. The LDO consultation procedures are set out in article 38(1) and 38(2) of the Town and Country Planning (Development Management Procedure) (England) Order 2015. Consultation must include any person with whom the local planning authority would have been required to consult on an application for planning permission for the development proposed to be permitted by the LDO. Following the close of the consultation period the Council must take account of all representations received and consider what modifications should be made to the draft LDO before it is adopted.
- 8.2 The LDO has been prepared by Cheshire East Council in consultation with statutory consultees, including members of the general public. The Macclesfield LDO has been promoted by the Council's Strategic Housing, Spatial Planning and Economic Development teams (and supported by consultants AECOM, e*Scape Urbanists, Hinchcliffe Heritage and Jacobs). The proposals have been appropriately consulted on through a formal public consultation exercise and numerous informal direct engagement stages with Statutory Consultees and the community. The result of these consultations have helped inform the Macclesfield LDO.
- 8.3 An initial period of Public Consultation on the two LDO areas took place over a 6 week period, which ran from August 2016 until September 2016, and was intended to ensure that the correct boundaries were being used for the LDOs and inviting comments on the proposed LDOs. As a result of this consultation the boundaries were amended to reflect feedback from some landowners who did not wish their properties to fall within the LDO area. A large amount of technical work was conducted following the initial

Public Consultation. The comments and new evidence fed into the changes made to the next iteration of the LDO that was subject to formal consultation between April to May 2017. Details of these consultation stages and feedback received on previous drafts of the LDO were collated in a Statement of Consultation at Appendix D.

- 8.4 During this period of Public Consultation a 'drop in' session was also organised to allow people to hear the full details of the proposals and ask questions as well as make comments as appropriate.
- 8.5 Throughout the process of preparing the LDO, ongoing discussions have taken place with internal colleagues who have provided advice and guidance relating to Trees, Landscape, Design, Highways, Ecology and Development Management. They have subsequently signed off the proposed LDO as being appropriate and have suggested conditions which have all been incorporated.
- 8.6 As a result of the consultation undertaken in 2017 a number of changes were made, namely: a reduction in the LDO area and residential unit numbers; amendments to the LDO consent order parameters and conditions; and refinements made to the LDO Strategic Design Statements and Heritage Impact Assessments.
- 8.7 Due to the changes made and having liaised with the Legal Services section, it was considered that a final period of consultation should be undertaken. The final consultation exercise on the amended documents ran from 15 November until 14 December 2018. Comments received during the final consultation period are summarised in Appendix D and have been taken into account before finalising the LDO.

9 Access to Information

- 9.1 Further information on the Macclesfield LDO can be viewed using the following website link:
https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Appendix

- 9.2 Appendix A – Macclesfield Local Development Consent Order
Appendix B - Statement of Reasons
Appendix C – Equality Impact Assessment
Appendix D – [Statement of Consultation](#)

10 Contact Information

10.1 Any questions relating to this report should be directed to the following officer:

Name: Adrian Fisher

Job Title: Head of Planning Strategy

Email: adrian.fisher@cheshireast.gov.uk

Cheshire East Borough Council

Section 61 A of The Town and Country Planning Act 1990

Northside and Whalley Hayes

Local Development Order – 2019

Contents

Local Development Order – 2019 i

Introduction 1

Interpretations and Definitions..... 3

SCHEDULE 1 7

Local Development Order Boundaries 7

Plan 1: Northside LDO 8

Plan 2: Whalley Hayes LDO 10

SCHEDULE 2..... 11

Development Permitted by LDO..... 11

 PART 1..... 11

 The Demolition, Erection or Construction of Buildings 11

 PART 2..... 20

 Changes of Use as defined in The Town and Country Planning (Use
Classes) Order 1987 (as amended) 20

SCHEDULE 3..... 22

Conditions and Informatives 22

APPENDICES 33

Appendix 1 – Self-Certification Form for LDOs 33

Appendix 2 – LDO Checklist 36

Appendix 3 – Northside LDO Strategic Design Statement 37

Appendix 4 – Whalley Hayes LDO Strategic Design Statement..... 38

Appendix 5 – Air Quality and Noise Report 39

Appendix 6 – Northside Heritage Impact Assessment 40

Appendix 7 – Whalley Hayes Heritage Impact Assessment..... 41

Appendix 8 – Phase 1 Preliminary Risk Assessment..... 42

Introduction

1. This Local Development Order (“LDO”) is made by Cheshire East Borough Council (“the Council”) under s61A Town and Country Planning Act 1990 (as amended).
2. It applies only to those areas outlined in red in Schedule 1 - Northside LDO (Plan 1) and Whalley Hayes LDO (Plan 2).
3. Within those areas identified in Schedule 1, this LDO grants planning permission for the types of development permitted in Schedule 2 subject to complete compliance with the conditions specified in Schedule 2. Any development that does not comply with this LDO will require planning permission through the normal planning process. Unauthorised development will be liable to enforcement action.
4. This LDO takes effect on the day it is adopted (13.02.19) and is limited to a five year period following which the LDO will expire (13.02.24). Upon its expiry, the permitted development rights will cease to apply to any development that has not commenced.
5. The Council does have the ability to revise or revoke the LDO at any time, should it lead to undesirable and unforeseen consequences. Development that has commenced under the provisions of the LDO can be completed in the event that the LDO is revoked, revised or expires provided it still complies with the established conditions and criteria for development (commencement is defined as the construction of a foundation trench as a minimum).
6. Before commencement of development and in order to ensure compliance with the LDO, applicants must complete and submit to the Local Planning Authority the self-certification form attached to this Order (**Appendix 1**), together with the plans and documents identified in Schedule 3 and in the accompanying checklist (**Appendix 2**). The development permitted by this Order shall not be carried out other than in complete accordance with the criteria and conditions set out within this LDO and the accompanying Strategic Design Statements, with the exception of material amendments submitted to and approved in writing by the Council. A number of informatives are also provided.

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7. The Council will acknowledge receipt of submissions and within 28 days of this date either issue written confirmation of compliance (or non-compliance), or ask for additional information to which a further 28 days is provided to consider the proposal on receipt of this information. Failure by the Local Planning Authority to issue a response or a request for further information within the set timescale will be seen as automatic acceptance of the proposal.
8. The LDO does not alter, restrict or vary in any way, any form of development already permitted by the Town and Country Planning (General Permitted Development) Order 1995 (and its subsequent amendments).
9. Nothing in this LDO gives consent (other than planning permission) for any activity or development that requires other authorisation (e.g. hazardous substances consent, Environmental permits/licences; building regulations; consents under highways legislation including consent for stopping up or diversion of an adopted highway or footpath..etc). It remains the responsibility of the developers to ensure that all other statutory requirements beyond the scope of the planning system are adhered to.
10. The applicant is reminded that separate consent will be required under the Town and Country Planning (Control of Advertisements) Regulation 1992 for any advertisements requiring express consent which the applicant may wish to display on the permitted retail/commercial/leisure part of the premises.

Interpretations and Definitions

“Development” has the same meaning as defined in Section 55 of the Town and Country Planning Act 1990 (as amended).

“Eaves Height” is measured from ground level at the base of the outside wall to the point where that wall (if projected upwards) would meet the lowest point of the upper surface of the roof. The overhang should be ignored for the purposes of the measurement.

“Flat Roof” – means a roof with a slight camber but no pitches, sometimes contained by a parapet.

“Floorspace” refers to usable internal floor area which is defined in the Technical Housing Standards – nationally described space standard (NDSS). The NDSS’s standards sets out Gross Internal Floor Area (GIA) of new dwellings which is defined as the total floor space measured between the internal faces of perimeter walls that enclose the dwelling. This includes partitions, structural elements, cupboards, ducts, flights of stairs and voids above stairs. The measures do not include apartment circulation spaces.

“Ground level” means the level of the surface of the ground immediately adjacent to the building or plant or machinery in question or, where the level of the surface of the ground on which it is situated or is to be situated is not uniform (for example the ground is sloping), the level of the highest part of the surface of the ground adjacent to it.

“Highest part of the Roof” is defined as the highest point of the roof structure, excluding any chimneys, antenna or other structures attached to the roof.

“Mono-Pitched Roof” is a single-sloped roof surface.

“Principal Elevation” is that part which fronts (directly or at an angle) the main highway serving the property.

“Pitched Roof” means a roof that slopes downwards, typically in two parts at an angle from a central ridge.

“Storey” means one of the buildings different floors, which is situated above or below other floors. A two storey building would comprise a ground and first floor. A three-storey building would comprise a ground, first and second floor.

“Site Investigation” - works for the purpose of investigating ground conditions, including the provision on land of buildings, moveable structures, works, plant and machinery required temporarily in connection with and for the duration of such works.

“Use Class A1 Shops” means use for the retail sale of goods other than hot food; as a post office; for the sale of tickets or as a travel agency; for the sale of

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sandwiches or other cold food for consumption off the premises; for hairdressing; for the direction of funerals; for the display of goods for sale; for the hiring out of domestic or personal goods or articles; for the washing or cleaning of clothes or fabrics on the premises; for the reception of goods to be washed, cleaned or repaired; as an internet café; where the primary purpose of the premises is to provide facilities for enabling members of the public to access the internet; where the sale, display or service is to visiting members of the public.

“Use Class A2 Financial and Professional Services” means financial services; professional services (other than health or medical services); any other services which it is appropriate to provide in a shopping area, where the services are provided principally to visiting members of the public.

“Use Class A3 Restaurants and Cafes” means for the sale of food and drink for consumption on the premises.

“Use Class A4 Drinking Establishments” means use as a public house, wine-bar or other drinking establishment.

“Use Class C3 Dwellinghouses” means use as a dwellinghouse (whether or not as a sole or main residence) by: (a) a single person or by people to be regarded as forming a single household, (b) not more than six residents living together as a single household where care is provided for residents, (c) not more than six residents living together as a single household where no care is provided to residents (other than a use within Class C4).

The **“Northside LDO area”** is defined as the area comprised within the red edged boundary shown on Plan 1- Northside LDO Boundary, contained in Schedule 1. It encompasses development parcels and also part of the highway which is highlighted in yellow.

The **“Whalley Hayes LDO area”** is defined as the area comprised within the red edged boundary shown on Plan 2- Whalley Hayes LDO Boundary, contained in Schedule 1. It encompasses development parcels and also part of the highway which is highlighted in yellow.

“Development Parcel A” comprises the area of land highlighted in green within Northside LDO Plan 1. It is bounded by:

- To the north by the side curtilage of property No. 23 Beech Lane, the rear curtilage of properties No.18 to 22 Fowler Street, and the southern curtilage of the adjacent car park and car wash area;
- To the east by the adjacent car park and car wash area, and includes part of Pearl Street;
- To the south by side curtilage of 11 Beech Lane and the gable elevation of the detached garage with flats above; and
- To the west by the pedestrian footpath along Beech Lane and the rear curtilage of properties No. 23 to 39 Beech Lane.

“Development Parcel B” comprises the area of land highlighted in orange within Northside LDO area. It is bounded by:

- To the north by the side elevation of a detached garage with a flat above;
- To the east by Foden Street;
- To the south by pedestrian footpath along Hibel Road; and
- To the west by the side curtilage of No.4 Hibel Road as defined by the LDO boundary ‘C’.

“Development Parcel C” comprises the area of land highlighted in blue within Northside LDO area. It is bounded by:

- To the north by the side curtilage of No. 9 Beech Lane;
- To the east by the side curtilage of the Magistrates Court as defined by LDO boundary ‘B’;
- To the south by the pedestrian footpath along Hibel Road; and
- To the west by the pedestrian footpath along Beech Lane.

“Development Parcel D” comprises the area of land highlighted in pink within Northside LDO area. It is bounded by:

- To the north by the side curtilage of No. 6 Beech Lane and No.54 Brock Street;
- To the east by the pedestrian footpath along Beech Lane;
- To the south by the pedestrian footpath along Hibel Road; and
- To the west by the pedestrian footpath along Brock Street.

“Development Parcel E” comprises the area of land highlighted in beige within Whalley Hayes LDO area. It is bounded by:

- To the north by the side curtilage of No.1 Brocklehurst Court and open space;
- To the east by the pedestrian footpath along King Edward Road;
- To the south by the pedestrian footpath along King Edward Street; and
- To the west by the curtilages of No.49 King Edward Street; No.1, 2, 3 Court No.4 and Macclesfield Methodist Church.

“Development Parcel F” comprises the area of land highlighted in lilac within Whalley Hayes LDO area. It is bounded by:

- To the north by the pedestrian footpath along Cumberland Street;
- To the east by the pedestrian footpath along Churchill Way;
- To the south by the pedestrian footpath along King Edward Street; and
- To the west by the pedestrian footpath along King Edward Road.

“Development Parcel G” comprises the area of land highlighted in orange within Whalley Hayes LDO area. It is bounded by:

- To the north by the pedestrian footpath along King Edward Street;
- To the east by the pedestrian footpath along Churchill Way;
- To the south by the pedestrian footpath along Chestergate; and
- To the west by Little Street.

“Development Parcel H” comprises the area of land highlighted in pink within Whalley Hayes LDO area. It is bounded by:

- To the north by the pedestrian footpath along King Edward Street;
- To the east by the elevation of No. 40B and 42 King Edward Street;
- To the south by the side alleyway located to the rear of properties No.79-85 Chestergate and boundary of properties 3 Westminster Street and 73A Chestergate; and
- To the west by the pedestrian footpath along Westminster Street.

“Development Parcel I” comprises the area of land highlighted in green within Whalley Hayes LDO area. It is bounded by:

- To the north by the pedestrian footpath along King Edward Street;
- To the east by the pedestrian footpath along Westminster Street;
- To the south by the rear boundary line of No. 103, 105, 115 and 115a Chestergate; and the parking area located to the north of No.93 Chestergate; and
- To the west by the side of Georges Court. The boundary excludes No. 68 King Edward Street and its curtilage.

“Northside LDO Strategic Design Statement” is defined as the document in Appendix 3.

“Whalley Hayes LDO Strategic Design Statement” is defined as the document in Appendix 4.

“Macclesfield LDO Air Quality and Noise” is defined as the document in Appendix 5.

“Northside Heritage Impact Assessment” is defined as the document in Appendix 6.

“Whalley Hayes Heritage Impact Assessment” is defined as the document in Appendix 7.

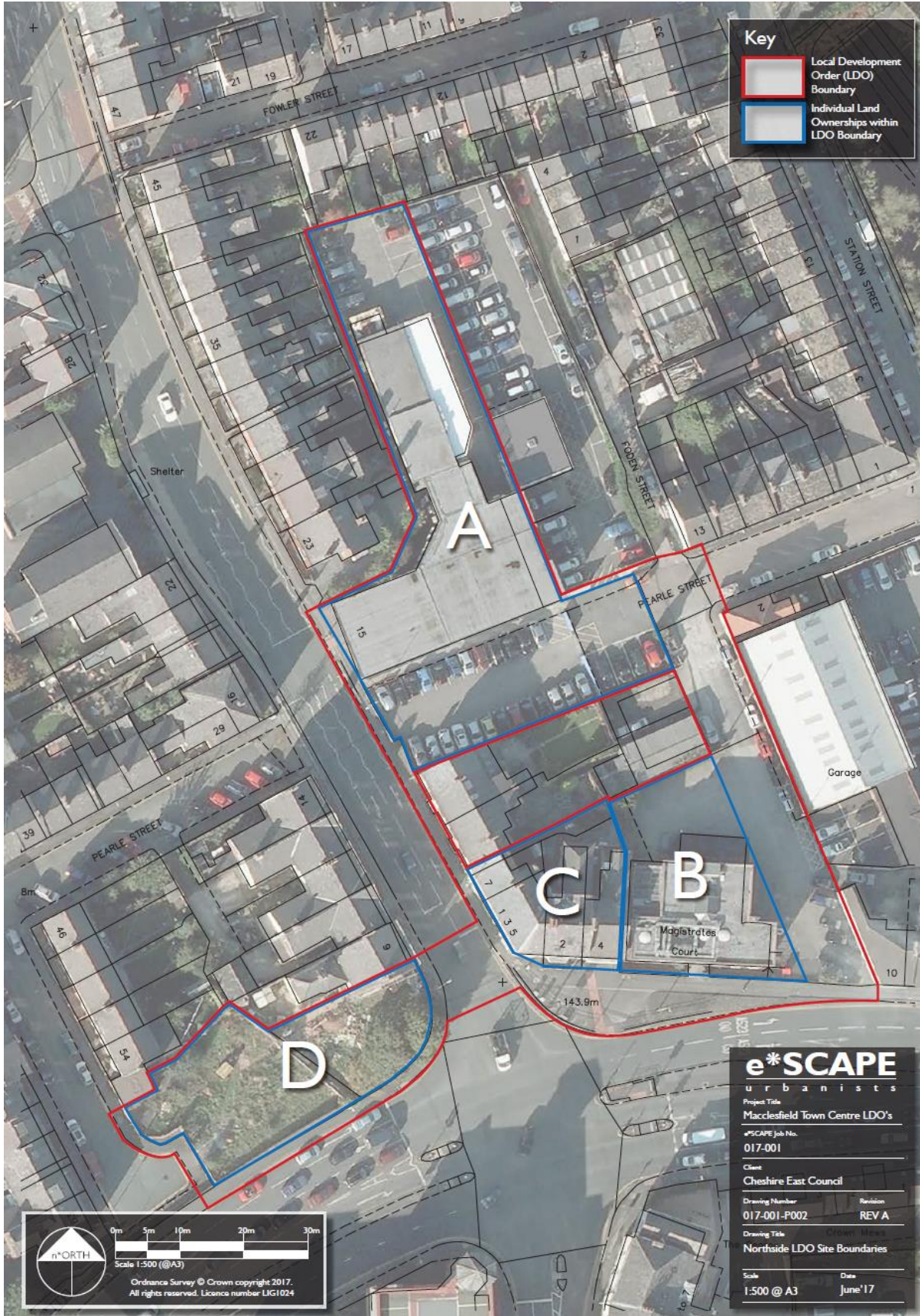
“Phase 1 Preliminary Risk Assessment” is defined as the document in Appendix 8.

SCHEDULE 1

Local Development Order Boundaries



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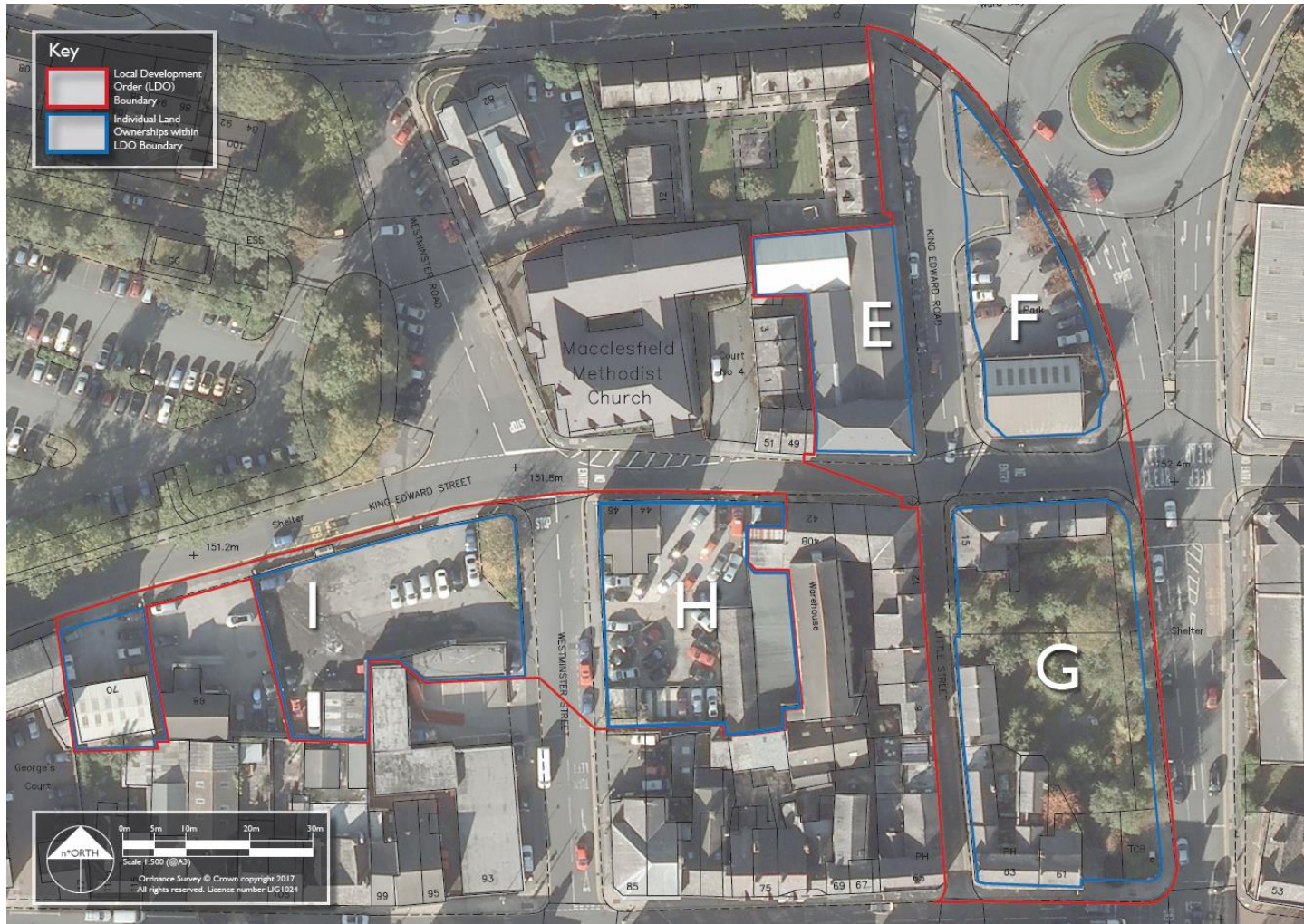


Plan 1: Northside LDO

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Plan 2: Whalley Hayes LDO

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SCHEDULE 2

Development Permitted by LDO

PART 1

The Demolition, Erection or Construction of Buildings

NORTHSIDE

NORTH OF HIBEL ROAD (Development Parcels A, B, C AND D)

Permitted Development:

- 1.1 Within Northside (Development Parcels A, B, C & D shown on Plan 1 in Schedule 1):
- a) the erection of buildings for Use Class C3: Dwellinghouses
 - b) site investigation and demolition directly required by development permitted in Paragraph 1.1 a
 - c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.1a.

Development not permitted:

- 1.2 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.
- 1.3 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.
- 1.4 Within Development Parcel A:
- The number of apartments within the building exceeds 18 units (five 1-bed apartments; eleven 2-bed apartments; and two 3-bed apartments with a total net floorspace of 10,118sq ft).
 - The height of development exceeds 4 storeys on the Pearle Street frontage and an overall maximum height of 11m to the highest part of the roof.
 - The height of development exceeds 3 storeys on the Beech Lane frontage and an overall maximum height of 9m to the highest part of the roof.
 - The step back from the second floor apartments is less than 2m on the western elevation.

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- The step back from the second floor apartments on Beech Lane frontage is less than 2.2m on the northern elevation.
 - The elevation along Beech Lane is not set back by a minimum of 1.4m from the back edge of the footpath. The building façade on Beech Lane that curves back into Pearle Street does not provide a maximum distance of 4.5m from the back of the footpath fronting Beech Lane.
- 1.5 Within Development Parcel B:
- The number of apartments within the building exceeds 11 units (three 1-bed apartments; and eight 2-bed apartments with a total net floorspace of 7,212sq ft).
 - The height of development exceeds 3 storeys and an overall maximum height of 9m to the highest part of the roof.
 - The building is not set back by a minimum of 0.5m from the back edge of the footpath.
 - Any third storey is not set back by 1 metre from the back edge of the footpath, or 0.5m from the principal elevation of the building.
- 1.6 Within Development Parcel C:
- The number of dwellinghouses exceeds 4 units (three 3-bed townhouses; and one 4-bed townhouse with a total net floorspace of 6,781sq ft).
 - The height of the one 4-bed townhouse exceeds 3 storeys in height on its principal elevation. The overall height of the building, including its roof, exceeds 11m (7.5 to 8m to eaves).
 - The height of the three 3-bed townhouses exceeds two and half storeys on its principal elevation. The overall height of the building, including its roof exceeds 10.5m (5.5 to 6.0m to eaves).
 - The buildings pitched roof has a pitch of less than 50 degrees.
 - Any chimney exceeds 0.75m in height above the highest part of the roof.
 - The principal elevation along Hibel Road is set back more than 0.25m from the back edge of the footpath.
- 1.7 Within Development Parcel D:
- The number of apartments and dwellinghouses exceeds 10 units (six 2-bed apartments; two 3-bed townhouses; and two 4-bed townhouses with a total net floorspace of 8,848sq ft).
 - The 3-bed and 4-bed townhouses exceed three storeys in height. The buildings pitched roof has a pitch of less than 40 degrees. The overall height of the building, including its roof, exceeds 11m (7.5 to 8m to eaves). Any chimney exceeds 0.75m in height above the highest part of the roof.
 - The apartment building exceeds 3 storeys in height and does not provide a flat or shallow mono pitch roof. This section of development exceeds an overall maximum height of 9m to the highest part of the roof.
 - The principal elevation along Hibel Road is set back more than 0.25m from the back edge of the footpath.

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Conditions:

- 1.8 Development is permitted under Paragraph 1.1a, b and c subject to the following conditions which is set out in further detail under Schedule 3:
- a) General Conditions GC1, GC2, GC3, GC4, and GC5.
 - b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7, and EC8.
 - c) For Site C - Archaeology and Heritage Condition AHC2
 - d) For Sites B, C and D – Archaeology and Heritage Condition ACH4.
 - e) Highways Conditions HC1 and HC2.

WHALLEY HAYES

KING EDWARD ROAD (Development Parcels E & F)

Permitted Development:

- 1.9 Within Whalley Hayes (Development Parcels E & F shown on Plan 2 in Schedule 1):
- a) the erection of buildings for Use Class C3: Dwellinghouses
 - b) site investigation and demolition directly required by development permitted in Paragraph 1.9a
 - c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.9a.

Development not permitted:

- 1.10 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.
- 1.11 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.
- 1.12 Within Development Parcel E:
- The number of dwellinghouses and apartments exceeds 7 units (five 3-bed townhouses; one 4- bed townhouse; and one bed apartment above the accessway with a total net floorspace of 7,374sq ft).
 - The height of development exceeds two and half storeys.
 - The buildings pitched roof has a pitch of less than 50 degrees.
 - The overall height of the building, including its roof exceeds 10.5m (5.5 to 6m to eaves).
 - Any chimney exceeds 1m in height above the highest part of the roof.
 - The development fronting King Edward Street and King Edward Road is set back more than 0.25m from the back edge of the footpath.
- 1.13 Within Development Parcel F:
- The number of apartments within the building exceeds 13 units (four 1-bed apartments; and nine 2-bed apartments with a total net floorspace of 8,235sq ft).
 - The height of development exceeds 3 storeys on the corner of King Edward Street and Churchill Way. The overall height of the building, including the flat or shallow mono pitched roof, exceeds 9m (7.5 to 8m to eaves).
 - The remaining elevation to Churchill Way exceeds two storeys. The buildings pitched roof, has a pitch less than 36.5 degrees. The overall height of the building, including the roof, exceeds 9m (5.5m to eaves).

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- Any chimney exceeds 1m in height above the highest part of the roof.
- The development fronting King Edward Street and Churchill Way is set back more than 0.25m from the back edge of the footpath.

Conditions:

- 1.14 Development is permitted under Paragraph 1.9a, b and c subject to the following conditions which is set out in further detail under Schedule 3:
- a) General Conditions GC1, GC2, GC3, GC4, and GC5.
 - b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7 and EC8.
 - c) Archaeology and Heritage Condition ACH4
 - d) Highways Conditions HC1 and HC2.

WHALLEY HAYES
THREE PIGEONS (DEVELOPMENT PARCEL G)

Permitted Development:

- 1.15 Within Three Pigeons (Development Parcel G shown on Plan 2 in Schedule 1)
- a) The erection of building for:
 - Use Class A1: Shops
 - Use Class A2: Financial and Professional Services
 - Use Class A3: Restaurants and Cafes
 - Use Class A4: Drinking Establishments
 - Use Class C3: Dwellinghouses
 - b) site investigation and demolition directly required by development permitted in Paragraph 1.15a
 - c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.15a.

Development not permitted:

- 1.16 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.
- 1.17 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.

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1.18 Within Development Parcel G:

- The total ground floor for non-residential floorspace (A1, A2, A3, and/or A4) development contained in the commercial units fronting Chestergate/Churchill Way frontages (as shown within the Whalley Hayes Strategic Design Statement) exceeds a total floor area of 382sq.m.
- The number of apartments exceeds 21 units (three 1-bed apartments; sixteen 2-bed apartments; two 3-bed apartments). Along King Edward Street and Little Street development exceeds 6 units (two 2-bed townhouses; a 3-bed unit siting over a pedestrian accessway; two 3-bed semi-detached; and a 3-bed corner Turner townhouse). The total net floorspace exceeds 20,1289sq ft.
- The height of the commercial building with apartments above, including the flat or shallow mono-pitched roof, which is located near the corner of Chestergate Street and Churchill Way exceeds 9m (7.5 to 8m to eaves). The remaining part of this building, including the pitched roof, as illustrated in Whalley Hayes Strategic Design Statement, exceeds 11m (7.5 to 8m to eaves).
- The commercial and apartment buildings, that has its principal elevation along Chestergate Street and Little Street, exceeds 3 storeys in height. The buildings pitched roof has a pitch of less than 35 degrees. The overall height of the building, including its roof, exceeds 11.5m (7.5 to 8m to eaves).
- The townhouses and semi-detached dwellings located in the northern and eastern part of the block exceeds two storeys in height. The buildings pitched roof has a pitch of less than 37 degrees. The roof is not hipped at the Little Street/King Edward Street junction. The overall height of the building, including the pitched roof, exceeds 8.5m (5.5m to eaves). Any chimney exceeds 1m in height above the highest part of the roof.
- Development fronting any highway is set back more than 0.25m from the back edge of the footpath.

Conditions:

1.19 Development is permitted under Paragraph 1.15a, b and c subject to the following conditions which is set out in further detail under Schedule 3:

- a) General Conditions GC1, GC2, GC3, GC4, GC5, and GC6.
- b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7, EC8, and EC9.
- c) Archaeology and Heritage Condition AHC1, AHC2, AHC3 and ACH4.
- d) Highways Conditions HC1 and HC2.
- e) The space to the southeast of the plot at the junction of Chestergate and Churchill way shall be landscaped and maintained as public realm accessible to the general public in accordance with the Whalley Hayes Strategic Design Statement.

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WHALLEY HAYES
EAST OF WESTMINSTER STREET (DEVELOPMENT PARCEL H)

Permitted Development:

- 1.20 Within Whalley Hayes (Development Parcel H shown on Plan 2 in Schedule 1):
- a) the erection of buildings for Use Class C3: Dwellinghouses
 - b) site investigation and demolition directly required by development permitted in Paragraph 1.20a
 - c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.20a.

Development not permitted:

- 1.21 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.
- 1.22 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.
- 1.23 Within Development Parcel H:
- The number of dwellinghouses and apartments exceeds 9 units (three 3-bed apartments on the corner; one 3-bed apartment siting over the accessway; five 4-bed townhouses with a total net floorspace of 1,0549sq ft).
 - The 3-bed apartments and five 4-bed townhouses that have its principal elevations along King Edward Street and Westminster Road exceeds 3 storeys in height. The overall height of the building, including its pitched roof, exceeds 12m (7.5 to 8m to eaves). The buildings pitched roof has a pitch less than 40 degrees.
 - The building at the southern end of the townhouse row, with its principal elevation along Westminster Street, exceeds 2 storeys in height. The overall height of the building, including its pitched roof exceeds 9.5m (5.5m to eaves).
 - The building is set back more than 0.25m from the back edge of the footpath.

Conditions:

- 1.24 Development is permitted under Paragraph 1.20a, b and c subject to the following conditions which is set out in further detail under Schedule 3:
- a) General Conditions GC1, GC2, GC3, GC4, and GC5.
 - b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7 and EC8.
 - c) Archaeology and Heritage Condition AHC1, ACH2, AHC3 and ACH4.
 - d) Highway Conditions HC1 and HC2.

WHALLEY HAYES
WEST OF WESTMINSTER STREET (DEVELOPMENT PARCEL I)

Permitted Development:

- 1.25 Within Whalley Hayes (Development Parcel I shown on Plan 2 in Schedule 1):
- a) the erection of buildings for Use Class C3: Dwellinghouses
 - b) site investigation and demolition directly required by development permitted in Paragraph 1.25a
 - c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.25a.

Development not permitted:

- 1.26 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.
- 1.27 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.
- 1.28 Within Development Parcel I:
- o The number of dwellinghouses and apartments exceeds 22 units (five 1-bed apartments; thirteen 2-bed apartments; two 3-bed apartments; and two 3-bed townhouses with a total net floorspace of 16,039sq ft).
 - o The smaller western parcel of land containing two 3-bed townhouses exceeds 3 storeys in height. The overall height of the building, including its pitched roof, exceeds 12m (7.5 to 8m to eaves). The buildings pitched roof has a pitch less than 40 degrees. Any chimney exceeds 1m in height above the highest part of the roof. The two three-bed townhouses do not provide a set back of 1.5m from the back edge of the footpath.
 - o The L-shaped apartment located on the larger eastern parcel of land, with its principal elevation along Westminster Street and King Edward Street, exceeds 3 storeys in height. The overall height of the building,

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including its pitched roof, exceeds 12m (7.5 to 8m to eaves) and is not hipped at the corner. The buildings pitched roof has a pitch less than 40 degrees. The building is set back more than 0.25m from the back edge of the footpath.

Conditions:

1.29 Development is permitted under Paragraph 1.25a, b and c subject to the following conditions which is set out in further detail under Schedule 3:

- a) General Conditions GC1, GC2, GC3, GC4, and GC5.
- b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7 and EC8.
- c) Archaeology and Heritage Condition ACH4
- d) Highway Conditions HC1 and HC2.

PART 2

Changes of Use as defined in The Town and Country Planning (Use Classes) Order 1987 (as amended)

NORTHSIDE

NORTH OF HIBEL ROAD (Development Parcel B)

Permitted Development:

1.30 Within Whalley Hayes (Development Parcel B shown on Plan 1 in Schedule 1):

- a) development consisting of a change of use from the existing court building (D1 Use Class) to Dwellinghouses (Use Class C3).
- b) any building operations reasonably necessary to convert the building referred to in Paragraph 1.30a to a use falling within Use Class C3 (dwellinghouses).
- c) Car parking, hard standing, landscaping, and public realm works ancillary to the use permitted in Paragraph 1.30a.

Development not permitted:

1.31 Any development which fails to comply with the requirements of, or does not supply all the information required in Schedule 3.

1.32 Development is not permitted unless the site is considered to have a low potential for containing a bat roost or the works are considered to have a low potential for impacting on bats, or a satisfactory bat survey has been received.

1.33 The height of development exceeds 3 storeys and an overall maximum height of 9m to the highest part of the roof. Any third storey exceeds a set back of 1 metre from the back edge of the footpath, or 0.5m from the principal elevation of the building.

Conditions

1.34 Development is permitted under Paragraph 1.30a, b and c subject to the following conditions which is set out in further detail under Schedule 3:

- a) General Condition GC1, GC2, GC3, GC4. Details of the rear elevation including external treatment shall be submitted to and approved in writing by the Local Planning Authority.
- b) Environmental Conditions EC1, EC2, EC3, EC4, EC5, EC6, EC7, EC8

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- c) Highway Conditions HC1 and HC2
- d) A third storey element on the original elevation can be developed but this shall be set back from Hibel Road by a maximum of 1 metre, or 0.5m from the existing front elevation of the building. Prior to the commencement of development all details shall be submitted and approved in writing by the Local Planning Authority.

SCHEDULE 3

Conditions and Informatives

GENERAL CONDITIONS

GC1 – Confirmation of Compliance

No development permitted by this LDO shall commence until:

1. The Self Certification Form (“SCF”) attached to this Order (Appendix 1) together with all the required supporting plans and documents identified in this schedule, and in the accompanying LDO checklist (Appendix 2), have been submitted to the Local Planning Authority.
2. The Local Planning Authority has sent written acknowledgement to the applicant confirming:
 - a) the receipt of a valid LDO Self Certification Form; and
 - b) the start and expiry date of the 28 day assessment period.
3. Following the written acknowledgement, described above, either:
 - a) The 28 day period has elapsed and the Local Planning Authority has neither certified that the proposal is compliant or non-compliant with the terms of the LDO.
 - b) The Local Planning Authority has issued written confirmation of compliance within 28 days of the receipt of the SCF, or of the receipt of additional information requested.

For the purposes of calculating the 28 days, any Bank Holiday and any day between and inclusive of Christmas Eve and New Year’s Day each year shall not be taken into account.

The development permitted shall be carried out in accordance with the approved plans and documents, submitted alongside the SCF.

Reason – *To assess whether the proposed development complies with this Order, and for the avoidance of doubt and in the interests of proper planning.*

GC2 - Conformity with Strategic Design Statement

The siting, height, materials and appearances shall be carried out in full accordance with Northside and Whalley Hayes LDO Strategic Design Statement (Appendix 3 & 4).

Reason: *For the avoidance of doubt, in the interest of proper planning and responding to the character and appearance of the development and the surrounding area.*

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GC3 - Affordable Housing

Any development that provides 15 units or more on each development parcel, as identified in Schedule 1, will be required to provide a minimum of 30% on-site affordable housing. No development shall commence until a scheme for the provision of affordable housing as part of the development has been submitted to and approved in writing by the Local Planning Authority. The affordable housing shall be provided in accordance with the approved scheme and shall meet the definition of affordable housing in Annex 2 of the National Planning Policy Framework 2018 or any future guidance that replaces it. The scheme shall include:

- i. the numbers, type, tenure and location on the site of the affordable housing provision to be made, which shall consist of not less than 30% of housing units/bed spaces;
- ii. the timing of the construction of the affordable housing and its phasing in relation to the occupancy of the market housing;
- iii. the arrangements for the transfer of the affordable housing to an affordable housing provider [or the management of the affordable housing] (if no RSL involved);
- iv. the arrangements to ensure that such provision is affordable for both first and subsequent occupiers in perpetuity of the affordable housing; and
- v. the occupancy criteria to be used for determining the identity of occupiers of the affordable housing and the means by which such occupancy criteria shall be enforced.

Reason: *In the interests of securing affordable housing, having regard to Policy SC5 (Affordable Homes) of the Cheshire East Local Plan Strategy, and the definition in Annex 2 of the National Planning Policy Framework.*

GC4 – Construction Management Plan

No development shall commence until a method statement for the demolition and/or construction of the development has been submitted to and approved in writing by the Local Planning Authority. The demolition and construction works shall be carried out in accordance with the approved method statement. The details shall include, amongst other things, details of wheel cleaning facilities, a scheme to minimise dust emissions arising from construction activities on the site; noise reduction measures; hours of working; details of the means of recycling material; and the provision of a means of storage and/or delivery for all plant, site huts, site facilities and materials.

Reason: *To ensure that the construction and demolition process is carried out in a safe manner, which will not adversely impact on the amenities of nearby residents and business owners, or on the safety of the adjacent highway network in accordance with Policy SD1 (Sustainable Development in Cheshire East) and the National Planning Policy Framework.*

GC5 - The Removal of Demolition Building Material

All material resulting from the demolition of the existing building(s) on the site shall be completely removed from the site within 3 months of the building(s) being demolished. Any material that is proposed to be recycled in the new build can remain on site.

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Reason: to ensure that demolition materials are removed from the site in an appropriate timescale so that they do not negatively impact on the character and appearance of the area.

GC6 – Hours of Opening

No development shall commence for any commercial/retail/leisure uses (A1, A2, A3, A4), until details of the proposed hours of opening has been submitted to and approved in writing by the Local Planning Authority. The approved hours of opening shall thereafter be adhered to.

Reason: To ensure that the uses do not adversely impact on the amenities of nearby residents.

ENVIRONMENTAL CONDITIONS

EC1 - Drainage & Services

No development shall commence until a surface water drainage scheme, based on the hierarchy of drainage options in the National Planning Practice Guidance with evidence of an assessment of the site conditions has been submitted to and approved in writing by the Local Planning Authority. The surface water drainage scheme must be in accordance with the Non-Statutory Technical Standards for Sustainable Drainage Systems (March 2015) or any subsequent replacement national standards and, unless otherwise agreed in writing by the Local Planning Authority, no surface water shall discharge to the public sewerage system either directly or indirectly. The development shall be completed in accordance with the approved details.

The service/drainage layout to ensure total separation of the foul and surface water drainage systems, with only foul water flows being allowed to emanate from the site and to communicate with the public sewerage system.

Reason: To promote sustainable development, secure proper drainage and to manage the risk of flooding and pollution in accordance with the National Planning Policy Framework; and to comply with requirements of United Utilities Water Limited and to protect the security and safety of the public sewerage system.

EC2 - Landscaping

No development shall commence until a scheme of hard and soft landscaping works has been submitted to and approved in writing by the Local Planning Authority. This shall include inter alia the positions of all existing trees and hedgerows within and around the site, indications of any to be retained together with measures for their protection during the course of development, also the number, species, heights on planting and positions of all additional trees, shrubs and hedges to be planted, grass areas to be established, boundary treatments, surfacing materials (including roadways, drives, patios and paths). The approved boundary treatments and hard landscaping details shall be implemented prior to the occupation of the building(s)/commencement of the use(s).

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All planting, seeding or turfing comprised in the approved details of landscaping shall be carried out in the first planting and seeding season following the occupation of the building or the completion of the development, whichever is sooner, and any trees, shrubs or plants which within a period of five years from the completion of the development die, are removed, or become seriously damaged or diseased shall be replaced in the next planting season with others of similar size and species unless the Local Planning Authority gives written consent to any variation.

Details of the public realm, where applicable, shall also be submitted to and approved in writing by the Local Planning Authority prior to the commencement of development. Details of the approved public realm shall be implemented prior to the occupation of the building(s)/commencement of the uses(s).

Reason: *To secure a high standard of landscaping and public realm in the interests of the appearance of the development in the locality and in accordance with Policy SE4 (The Landscape) and SE1 (Design) in the Cheshire East Local Plan Strategy; the Macclesfield LDOs Strategic Design Statement; and the Cheshire East Borough Design Guide. To ensure that the approved landscaping scheme is efficiently implemented and subsequently maintained in the interests of the appearance of the development in the locality.*

EC3 - Contamination

No development shall commence until:

- a) A scope of works for the addressing of risks posed by land contamination is submitted to and approved in writing by the Local Planning Authority and;
- b) A Phase II ground investigation and risk assessment has been completed. A Phase II report shall be submitted to and approved in writing by the Local Planning Authority; and
- c) If Phase II ground investigations indicate that remediation is necessary, a Remediation Strategy shall be submitted to and approved in writing by the Local Planning Authority.

Prior to the occupation of development:

- d) The remedial scheme in the approved Remediation Strategy shall be carried out.
- e) A Verification Report prepared in accordance with the approved Remediation Strategy, shall be submitted to and approved in writing by the Local Planning Authority.

Soil Import:

- f) Any soil or soil forming materials to be brought to site for use in garden areas or soft landscaping shall be tested for contamination and suitability for use prior to importation to site.
- g) Prior to first occupation or use, evidence and verification information (for example, laboratory certificates) shall be submitted to, and approved in writing by the Local Planning Authority.

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Unexpected Contamination:

If, during the course of development, contamination not previously identified is found to be present, no further works shall be undertaken in the affected area and the contamination shall be reported to the Local Planning Authority as soon as reasonably practicable (but within a maximum of 5 days from the find). Prior to further works being carried out in the identified area, a further assessment shall be made and appropriate remediation implemented in accordance with a scheme also agreed in writing by the Local Planning Authority. Prior to first occupation/use of the development, confirmation should be provided to the Local Planning Authority that no such contamination was found, and if so what remedial measures were agreed and implemented.

Reason: *To protect public health, groundwater and ensure that land is suitable for its intended end use in accordance with policy SE12 (Pollution, Land Contamination and Land Instability) of the Cheshire East Local Plan Strategy, and the National Planning Policy Framework.*

EC4 - Noise

No development shall commence until a noise scoping assessment has been submitted to and approved in writing by the Local Planning Authority. This shall be in accordance with the Macclesfield LDO document 'Air Quality and Noise' (Appendix 5) to determine whether there will be any unacceptable impacts from noise either to new occupants within the development, or caused by the development itself (for example air conditioning units). Where required as a result of the scoping report a suitable noise impact assessment shall be undertaken identifying suitable mitigation to ensure that internal noise levels, and noise levels within private external amenity spaces meet the requirements of BS8223:2014 (Guidance on sound insulation and noise reduction for buildings). Any mitigation required as a result of the noise impact assessment shall be installed prior to the first occupation of the units which require such mitigation and shall be maintained throughout the life of the development.

Reason: *To avoid noise from giving rise to unacceptable health and quality of life impacts In accordance with policy SE12 (Pollution, Land Contamination and Land Instability) of the Cheshire East Local Plan Strategy, and the National Planning Policy Framework.*

EC5 - Local Air Quality

Development shall be carried out in accordance with the Macclesfield LDO Document Air Quality and Noise (Appendix 5).

No development shall commence until details of Electric Vehicle Charging Points to be provided has been submitted to and approved in writing by the Local Planning Authority. The works shall be carried out in accordance with the approved details prior to the first occupation of the development and retained thereafter in accordance with the approved details.

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Prior to first occupation, a Residents' Sustainable Travel Information Pack shall be submitted to and agreed in writing by the Local Planning Authority. The pack shall incorporate local information on the following:

- (i) Public facilities (including schools) within a 5km radius of the local centre;
- (ii) Bus services operating in the vicinity of the development including service timetables and connections with any other public transport service provider;
- (iii) Improvements to public transport provision which are being promoted as part of the development;
- (iv) The location of secure storage facilities for bicycles within the development and elsewhere within a 5 km radius of the local centre of the site;
- (v) Information regarding existing and proposed cycle and pedestrian routes to and from the public facilities included in (i) above;
- (vi) Car sharing incentives such as www.liftshare.com

Reason: *To ensure that new development is undertaken in accordance with the Council's Air Quality Strategy, and provision is made for the increased uptake of ultra-low emission vehicles in accordance with policy SE12 (Pollution, Land Contamination and Land Instability) of the Cheshire East Local Plan Strategy and the National Planning Policy Framework.*

EC6 - Lighting

No external lighting shall be installed within the boundary of the LDO until details have first been submitted to and approved in writing by the Local Planning Authority. Such details shall include the location, number, luminance, angle of illumination and type of each luminaire or light source and a lux diagram showing the light spill from the scheme. The external lighting shall be installed, operated and maintained in accordance with the details thereby approved.

Reason: *To safeguard residential amenity, wildlife, the character of the area and the setting of the Conservation Area in accordance with policy SE12 (Pollution, Land Contamination and Land Instability) of the Cheshire East Local Plan Strategy, and the National Planning Policy Framework. .*

EC7 - Ecology

Prior to the removal of any vegetation, or the demolition or conversion of buildings between 1st March and 31st August in any year, a detailed survey shall be carried out to check for nesting birds. Where nests are found in any building, hedgerow, tree or scrub or other habitat to be removed (or converted or demolished in the case of buildings), a 4m exclusion zone shall be left around the nest until breeding is complete. Completion of nesting shall be confirmed by a suitably qualified person and a report submitted to and approved in writing by the Local Planning Authority before any further works within the exclusion zone takes place.

Features for nesting swifts are to be incorporated into all buildings which are in excess of 5m in height. Groups of 5 Swift bricks should be provided on either north, east or west facing elevations and installed at a minimum height of 5m. The boxes should be positioned so birds have a clear flight line into the brick.

No demolition or alteration of any buildings shall commence until an inspection to assess the roosting potential for bats has been submitted to and approved in writing by the Local Planning Authority. If the inspection finds a likelihood of greater than limited or low potential for bats then a further emergence and re-entry/activity survey will be required to be submitted to the Local Planning Authority.

Reason: *To protect and enhance protected species in accordance with the National Planning Policy Framework and policy SE3 (Biodiversity and Geodiversity) of the Cheshire East Local Plan Strategy.*

EC8 - Refuse Storage and Recycling

No development shall commence until details of the provisions for the storage and recycling of refuse have been submitted to and approved in writing by the Local Planning Authority. Such provisions shall be made/constructed prior to the first occupation of the buildings and shall thereafter be made permanently available for the occupants of the buildings.

Reason: *To satisfactorily protect the character and appearance of the area and the residential amenities of nearby occupiers.*

EC9 – Extraction Flue (A3 Use)

No development shall commence for any A3 use (restaurant and cafes) and A4 use (drinking establishments), until details of the proposed external kitchen extraction system has been submitted to and approved in writing by the Local Planning Authority. The equipment shall be operated in its approved form prior to first occupation and retained for so long as the use remains on the site.

Reason: *To satisfactorily protect the character and appearance of the area and the residential amenities of nearby occupiers.*

ARCHAEOLOGY AND HERITAGE CONDITIONS

AHC1 - Archaeological Watching Brief

No demolition or development shall commence until a Method Statement incorporating a watching brief have been submitted to and approved in writing by the Local Planning Authority. The development shall take place in accordance with the 'watching brief' proposals agreed. The watching brief will be carried out by a professional archaeological/building recording consultant or organisation in accordance with the approved details.

Reason: *To safeguard the heritage of the Borough by providing an adequate opportunity to investigate and excavate archaeological remains on the site before development is carried out in accordance with policy SE7 (The Historic Environment) of the Cheshire East Local Plan Strategy and the National Planning Policy Framework.*

AHC2 – Building Recording

No demolition or development shall commence until an appropriate programme of historic building recording and analysis has been submitted to and approved in

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writing by the Local Planning Authority. The required level of archaeological work will be in accordance with guidance as set out in 'Understanding Historic Buildings: A guide to good recording practice'. For Site C this shall be conducted at Level 2. For Site G and H this shall be conducted at Level 3.

Reason: *To safeguard the identification and recording of any features of architectural, historic and archaeological interest associated with the fabric of the building.*

AHC3 – Demolition in the Conservation Area

For sites G and H the works of demolition shall not be carried out before a valid contract for the carrying out of the works of the redevelopment of the site has been made and approved by the Local Planning Authority.

No demolition or development shall commence unless a 'Schedule of Works' including a phasing plan for the new build has been submitted to and approved in writing by the Local Planning Authority.

Reason: *To prevent premature demolition in the interest of the character and appearance of the Conservation Area.*

ACH4 – Heritage Statement

No development shall commence until a Heritage Statement has been submitted and approved in writing by the Local Planning Authority. The Heritage Statement shall outline details of any harm or loss of designated and non-designated heritage assets and their significance (including significance derived from its setting) and to provide a clear and convincing justification as to why that harm is considered acceptable. Any development that is considered to have a detrimental impact on designated and non-designated heritage assets and its setting will not be permitted through the Order.

Reason: *To safeguard protected heritage in accordance with Policy SE 7 (The Historic Environment) and Strategic Location LPS 12 (Central Macclesfield) in the Cheshire East Local Plan Strategy 2017.*

HIGHWAY CONDITIONS

HC1 – Vehicular Access

No development shall commence until full details of the proposed vehicular access(es) has been submitted to and approved in writing by the Local Planning Authority. The access(es) shall be constructed in accordance with the approved details prior to the first occupation of the development which they will serve and shall be retained as such thereafter.

Reason: *To ensure that suitable access is provided in the interests of highway safety in accordance with Policy SD1 (Sustainable Development in Cheshire East) and the National Planning Policy Framework.*

HC2 – Parking Provision

No part of the development shall be brought into use or occupied unless parking provision has been provided in accordance with the Macclesfield LDO Strategic Design Statement. As a minimum 100% parking shall be provided for 1&2 beds and 200% for 3 beds. The provision made for parking shall thereafter be permanently retained.

***Reason:** To ensure that sufficient parking is provided to serve the approved development and ensure that vehicles enter and leave the highway in a forward gear in the interests of highway safety in accordance with Policy SD1 (Sustainable Development in Cheshire East).*

INFORMATIVES

1. The majority of conditions will require prior approval before work starts on site with full details to be supplied. All information is to be provided together for each LDO site to avoid delays in prior approval and to minimise the cost of discharging as individual conditions. Compliance with this approach will incur the Council's standard discharge of condition fee currently £116 or as updated and published on the Council's website.
2. The LDO does not exclude applicants from applying for planning permission for developments that are not permitted by this Order.
3. The LDO does not grant planning permission for any developments other than those expressly listed. Normal planning application requirements will apply to those developments that fall outside the scope of the LDO.
4. The Council will review progress with the LDO on the second anniversary of its adoption. This will allow the Local Planning Authority to fully reflect on the continuing suitability of the order in light of any changes to planning policy. The review will be completed within 28 days of the trigger event and at the end of the review the Council will determine whether to:
 - a) Retain the LDO as it stands for the remaining period of its life;
 - b) Retain but revise some elements; or
 - c) Revoke and Cancel the LDO.
5. Any development which requires an individual Environmental Impact Assessment (EIA) would need to be assessed through a formal planning application submission, such developments would fall outside the scope of this LDO.
6. Any development that does not comply with the terms and conditions of this LDO will be liable to formal enforcement proceedings. Any 'formal enforcement proceedings' will be subject to safeguards for developers enshrined in the National Enforcement Charter, where a reasonable opportunity will be given for developers to co-operate and quickly rectify any genuine mistakes where possible.
7. The applicant is reminded that compliance with the conditions attached to this consent does not preclude the Council from taking action under any of Principal Statutes as necessary.
8. All developments within the LDO area are not liable to the Community Infrastructure Levy (CIL) requirements.
9. The applicant is advised that the scheme for affordable housing under GC3 will result in a s106 Agreement, as will the public realm in condition 1.19e.
10. Where a Phase 2 contaminated land assessment is required under Condition EC3 above, the developer is advised that this will be required after any demolition works.
11. The applicant is advised that they have a duty to adhere to the regulations of Part 2A of the Environmental Protection Act 1990, the National Planning Policy Framework 2018 and the current Building Control Regulations with regards to contaminated land. Any investigation / remedial / protective works carried out in relation to this application shall be carried out to agreed timescales and approved by the Local Planning Authority in writing. The responsibility to ensure the safe development of land affected by contamination rests primarily with the developer.

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12. Any development requiring new or altered vehicular access, prior to first development the developer will enter into and sign a Section 184 Agreement under the Highways Act 1980 to provide a new vehicular crossing over the adopted footway/verge in accordance with Cheshire East Council specification. The developer should contact: CEHNorth@cheshireeasthighways.org

APPENDICES

Appendix 1 – Self-Certification Form for LDOs

Applicant Details	
Name	
Company Name (optional)	
Address	
Town	
County	
Country	
Post Code	
Telephone (landline)	
Telephone (mobile)	
Email	

Agent Details (if applicable)	
Name	
Company Name (optional)	
Address	
Town	
County	
Country	
Post Code	
Telephone (landline)	
Telephone (mobile)	
Email	

3. LDO Site Reference	
LDO Site (A-I)	
Site Reference/Address	
Confirmation of Site Area	
Total Proposed Floorspace	

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4. Description of the proposal

Please provide a summary description of the proposal (200 words)

5. Compliance with the Local Development Order

Please provide a brief statement of how the proposal complies with the Local Development Order

6. Employment – For LDO Site G please provide details of proposed employment

	Full Time	Part Time

7. Industrial or Commercial Processes and Machinery

Please describe the activities and processes that would be carried out on the site and the end products, including details of plant, ventilation or air-conditioning. Please indicate the types of machinery that would be installed in the site:

8. Notice to Landowners		
The landowner's must have received 28 days written notice prior to submitting this scheme. Please provide details below:		
Name of Owner	Address	Date Notice Served on Owner
Signed – Applicant	Or Signed – Agent	Date

9. Declaration		
I/We hereby apply for certification of compliance with the Macclesfield Local Development Order (Northside and Whalley Hayes) as described in this form and the accompanying plans/drawings and additional information in accordance with planning conditions attached to the LDO.		
Signed – Applicant	Or Signed – Agent	Date

Send this completed form by email to: MacclesfieldLDOs@cheshireeast.gov.uk

Appendix 2 – LDO Checklist

Submission Documents (Required for All Applications)	Enclosed (Please Tick)
Signed and dated copy of declaration form	
A 1:1250 location plan showing direction of north, based upon an up-to-date map which identifies the site edged red	
A site layout plan to an appropriate metric scale (including access, turning and parking arrangements)	
Topographical survey of site showing existing and proposed finished levels	
Detailed elevations and floor plans of all buildings to an appropriate metric scale	
A written statement demonstrating how the development accords with the Strategic Design Statement(s) (Appendix 3 and 4) and Heritage Impact Assessment(s) (Appendix 6 and 7)	
A schedule of external facing materials and finishes	
LDO planning fee	

It is important to note that no development is permitted to commence under the Macclesfield Local Development Order until all relevant conditions specified in Schedule 2 and detailed in Schedule 3 have been approved and a letter stating that the proposal complies has been received.

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Appendix 3 – Northside LDO Strategic Design Statement

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Appendix 4 – Whalley Hayes LDO Strategic Design Statement

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Appendix 5 – Air Quality and Noise Report

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

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Appendix 6 – Northside Heritage Impact Assessment

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Appendix 7 – Whalley Hayes Heritage Impact Assessment

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Appendix 8 – Phase 1 Preliminary Risk Assessment

This Appendix is available online at:

https://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

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1. LEGISLATIVE FRAMEWORK GOVERNING THE LDO PROCESS

Cheshire East Council (“CEC”) is proposing to make a Local Development Order for parcels of land within Macclesfield.

Local Development Orders (“LDOs”) were introduced through the Planning and Compulsory Purchase Act 2004 and, in effect, grant planning permission for the specific form / type of development detailed in the Order either conditionally or unconditionally. More detailed provision on LDOs are contained in sections 61A to 61D and Schedule 4A of the Town and Country Planning Act 1990, as amended, and articles 38 and 41 of the Town and Country Planning (Development Management) (Procedure) Order 2015 (the “DMPO”).

The Growth and Infrastructure Act 2013 simplified the LDO process by removing the requirement to formally consult the Secretary of State prior to adoption enabling local authorities to approve an LDO immediately after reviewing and taking account of the results of local consultations. This was replaced by a requirement to notify the Secretary of State, via the National Planning Casework Unit, as soon as practicable after adoption. The Act also removed the requirement for LDOs to be reported on as part of Authorities’ Monitoring Reports. However, CEC will closely monitor development progress.

The DMPO came into force on 15 April 2015 as a consolidation of the Town and Country Planning (General Development Procedure) Order 1995 and instruments which have amended that Order. Article 38 paragraph (1) of the DMPO outlines that where a Local Planning Authority proposes to make a LDO they shall first prepare:

- (a) A draft of the order; and
- (b) A statement of their reasons for making the order.

Article 38 paragraph (2) of the order stipulates that the statement of reasons shall contain:

- (a) A description of the development that the order would permit; and
- (b) A plan or statement identifying the land to which the order would relate.

This document contains the statement of reasons for making the LDO. The LDO will relate to development parcels within two neighbourhood areas in Macclesfield - Northside and Whalley Hayes. A map identifying the area of land to which the Order relates can be seen in Appendix 1.

2. BACKGROUND & CONTEXT

The Cheshire East Local Plan Strategy (“LPS”) which was adopted 27 July 2017 identifies Central Macclesfield as a priority area. CEC are seeking to maximise opportunities for improvement and regeneration. The regeneration and development of Central Macclesfield over the plan period will be achieved through the delivery of new dwellings and where appropriate new and improved retail and leisure developments that are in-centre. Central Macclesfield presents a valuable opportunity to maximise the assets and enhance the character of Macclesfield town centre and central area, this is covered by the policy for Strategic Location LPS 12 (Central Macclesfield) within the adopted LPS.

The delivery of new residential development and retail and leisure uses within this central area will help to support and enhance the town centre, improving natural surveillance in the area and supporting the night time economy. It will also help to maintain a balance of uses within the area that will help to create and support sustainable communities. High quality

public spaces will support the vitality of this area and help to create successful urban environments. The LDOs are a means of delivering this strategy.

3. PROPOSED LDOs IN MACCLESFIELD TOWN CENTRE

The LDO is proposed to cover nine development parcels within two neighbourhood areas within central Macclesfield known as Northside and Whalley Hayes. The areas to which permitted development relates are highlighted in the red line boundary (Appendix 1) and outlined briefly below:

Northside:

- Development Parcel A – Building adjoining Beech Lane and Pearle Street¹
- Development Parcel B – Former Magistrates Court
- Development Parcel C – Buildings on the corner of Beech Lane and Hibel Road
- Development Parcel D – Vacant land between Brock Street and Beech Lane

Whalley Hayes:

- Development Parcel E – Buildings on the corner of King Edward Street and King Edward Road (west)
- Development Parcel F – Buildings on the corner of King Edward Street and King Edward Road (east)
- Development Parcel G – Site known as ‘The Three Pigeons’
- Development Parcel H – Buildings on the corner of King Edward Street and Westminster Street (west)
- Development Parcel I – Buildings on the corner of King Edward Street and Westminster Street (east)

Development beyond the LDO areas is excluded from the order and will be subject to the normal planning control processes.

4. AIMS & OBJECTIVES

In accordance with National Policy and the LPS, the aims and objective of the LDO project is to ensure that brownfield sites are brought forward for residential-led development where they are suitably located and deliverable. Bringing these sites forward for development would reduce the need for development on greenfield land and support the regeneration of Macclesfield town centre. It is hoped that this pilot LDO will act as a catalyst to bringing forward brownfield sites within Macclesfield and could result in owners of sites, which otherwise would not have been considered for residential use, to explore this as a viable option.

The purpose of the LDO is to provide confidence in the proposed developments and attract the necessary investment. This in turn has a number of strategic implications for the wider borough as well as wider economic benefits:

- It will help to increase local employment opportunities and investment in the area;
- It seeks to reduce the time and costs associated with the planning application process and increase certainty for the development of sites;
- Collates and summarises baseline site information to provide upfront information on development considerations and constraints; and
- Contribute to a strategic approach to planning for key regeneration area.

¹ Terryberry Reward, and ISFitness building

5. PERMITTED DEVELOPMENT

The LDO Consent Order contains the specific classes of permitted development which are granted planning permission by the order. The development permitted by different classes is outlined briefly below and described in more detail in Schedule 2 of the LDO Consent Order.

The nine development parcels for Northside and Whalley Hayes are for new build development. Site B however also permits a change of use from the existing court building (D1 use) to residential (C3 use).

The permitted new build is predominantly for residential, with a limited quantum of non-residential use. The non-residential use is within Site G and permits commercial/retail/leisure uses on the ground floor fronting Chestergate Street and Churchill Way with apartments above. The LDO does not seek to be prescriptive in relation to the type of use that would be suitable within the A1, A2, A3 and/or A4 use class.

The uses permitted for each development parcel, as defined in the Use Class Order 1987 (as amended), are shown below:

LDO Development Parcel ref.	Function	Maximum Units / Floorspace	Use Class
A	Residential	18	C3
B	Residential	11	C3
C	Residential	4	C3
D	Residential	10	C3
E	Residential	7	, C3
F	Residential	13	C3
G	Residential and commercial/retail/leisure	27/382 sq.m	A1, A2, A3, A4, C3
H	Residential	9	C3
I	Residential	22	C3

5. LDO CONDITIONS

Where a development scheme is proposed, written confirmation should be sought from the local planning authority that the proposals are in compliance with the LDO. A Self Certification Form which is attached to the LDO Consent Order needs to be completed and submitted to the Council for every proposed development coming forward under the Order. A copy of this form along with a checklist of the information that is required for all development is provided in Appendix 1 and Appendix 2 of the LDO Consent Order. Development cannot be considered lawful development until, amongst other things (including other provisions of Schedule 3), the Self-certification form has been undertaken and that the proposal complies with the Order.

The Local Development Order contains a number of conditions relevant to the each LDO development parcel. Further details of this can be seen in Schedule 3 of the LDO Consent Order. Some conditions of the LDO require further details to be submitted and approved by the local planning authority prior to the commencement of development. Where details are required, it is because the site conditions suggest there may be an environmental or amenity

issue which needs extra consideration and controls placed upon them to minimise the harm to these features.

The Order does not remove the requirements of other relevant legislation, for example, Building Regulations, Hazardous Substances Consent, Listed Buildings Consent, and Advertisement Consent. These will need to be obtained where appropriate through the existing regimes.

6. LIFESPAN OF THE LDO

The LDO and the terms within it will be active for a period of 5 years following the day of its adoption and will expire following this period. It will therefore cease to apply on the day following the fifth anniversary of the adoption of this order.

CEC propose to review progress with the LDO on the second anniversary of its adoption to be able to fully reflect on the continuing suitability of the order in light of any changes to planning policy. The review will be completed within 28 days of the second anniversary and at the end of the review the Council will determine whether to:

- a. Retain the LDO as it stands for the remaining 3 years of its life;
- b. Retain but revise some elements; or
- c. Revoke and Cancel the LDO.

Development which has commenced under the provisions of the LDO can be completed in the event that the LDO is revoked, revised or expires. Development which has commenced under the provisions of the LDO can be completed following expiry of the LDO after the end of the 5 year period; provided it still complies with the established conditions and criteria for development. Any developments commenced within the area after this date will require the submission of a formal planning application.

Standard enforcement practices will apply to development brought forward under the provisions of the Order.

7. PLANNING POLICY CONTEXT

The LDO supports the implementation of existing strategic plans and policies at a national level and local level.

NATIONAL POLICY

National Planning Policy Framework (Adopted July 2018)

The National Planning Policy Framework (“NPPF”) sets out in a comprehensive document the Government’s economic, environmental and social planning policies for England. It was published in July 2018 and Local Authorities are required to take its contents into account when preparing Development Plans and also when making decisions on planning applications and appeals.

The key principle of the NPPF is the presumption in favour of sustainable development, taking into account the economic, social, and environmental benefits that development can bring. It states that the planning system should be used to play an active role in guiding development towards sustainable solutions through delivering a sufficient supply of homes, building a strong and competitive economy, ensuring the vitality of town centres, promoting healthy and safe communities, promoting sustainable transport, making effective use of land, and achieving well-designed places.

Paragraph 51

Local planning authorities are encouraged to use Local Development Orders to set the planning framework for particular areas or categories of development where the impacts would be acceptable, and in particular where this would promote economic, social or environmental gains for the area.

Paragraph 85

Planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation. Planning policies should recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites.

Paragraph 117

Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic policies should set a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or 'brownfield' land.

Paragraph 118

Planning policies and decisions should give substantial weight to the value of using suitable brownfield land within settlements for homes and other identified needs, and support appropriate opportunities to remediate despoiled, degraded, derelict or contaminated or unstable land; and promote and support the development of under-utilised land and buildings, especially if this would meet identified need for housing where land supply is constrained and available sites could be used more effectively (for example converting space above shops, and building on or above service yards, car parks, lock-ups and railway infrastructure). And support opportunities to use the airspace above existing residential and commercial premises for new homes. In particular, they should allow upward extensions where the development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, is well-designed (including complying with any local design policies and standards), and maintain safe access and egress for occupiers.

LOCAL PLANNING POLICY**Cheshire East Local Plan Strategy, 2010-2030**

The Cheshire East Local Plan Strategy (LPS) was adopted in July 2017. It was found sound and therefore in accordance with those elements of the NPPF supporting regeneration and the brownfield first approach. The LDO will help to implement the strategy for Central Macclesfield found under policy LPS 12 (Central Macclesfield) which seeks to deliver:

- New dwellings;
- New and improved retail and leisure developments that are in-centre and improve the quality of the shopping experience;
- Other commercial uses including B1 office use;
- Enhanced cultural offering;
- New restaurants and cafés, to increase footfall throughout the evening;
- Delivery of landmark, well designed buildings;
- Appropriate car parking;
- Improvements to the public realm;

- Incorporation of Green Infrastructure;
- Improved pedestrian and cycle links to the railway station and bus station;
- Infrastructure improvements;
- Revitalised buildings (bringing underutilised or unused buildings back into use); and
- High quality design that pays regard to the need to conserve and enhance the character and appearance of the listed buildings/conservation areas/locally important buildings and spaces.

8. PLANNING HISTORY

The town centre Conservation Area is a key feature of the Whalley Hayes area with listed buildings in close proximity, whilst Northside has been in predominantly mixed commercial, residential and civic use. The development contained within the proposed LDOs will conserve the setting and context of the listed buildings and characteristics of the Conservation Area, whilst delivering much needed new development (as per policy LPS 12 in the LPS).

Alongside the formal Consent Order to the LDO there are a number of evidence based documents which have informed decisions made through the preparation of the LDOs. Of critical importance is the Northside and Whalley Hayes LDO Strategic Design Statements (prepared by e*Scape) which sets out the parameters to be adhered to in design terms including location and orientation, scale and mass, access and movement, materials and appearance and landscape. There is also supporting Heritage Impact Assessments (HIA) prepared by Hinchcliffe Heritage which identifies potential heritage sensitivities that should be considered at the design stage. These documents suggest actions to be taken to mitigate any potential negative impacts, which will need to be adhered to at the detailed design stages.

There have been a number of individual planning applications submitted within the red line boundaries of the proposed LDOs since 2009 which covers a range of application types. The table below provides a summary of these applications:

Planning Application Reference	Description of Development
15/4549M	Shop Unit King Edward Road – Removal of current external signage and installation of x3 fascia signs – Approved with conditions 11/11/15
14/1597M	Land adjacent to 6 Beech Lane – Erection of 9 no. flats with associated parking, recycling facilities and planting leisure area – Withdrawn 07/05/14
12/1560M	Unit 1, King Edward Street – Advertisement Consent for installation of 1 fascia sign – Approved with conditions 03/07/12
12/0655M	Churchill Way / King Edward Street – Advertisement Consent for the installation of 2 fascia signs – Approved with conditions 23/03/12
11/1828M	42 King Edward Street – Conversion of dental surgery into 2 no. apartments – Approved with conditions 02/09/11
11/0532M	42 King Edward Street – Conversion of vacant dental surgery into two number flats – Approved with conditions 05/07/11
10/0908M	Single storey laboratory extension to existing laboratory – Approved with conditions 01/06/10
09/1868M	Single storey side extension to laboratory and re-siting of stand-alone storage unit – Approved with conditions 04/09/09

NB. Many of the applications detailed above have since been built out.

9. SUPPORTING EVIDENCE BASE

LDOs are subject to the same technical scrutiny of planning applications and the Local Planning Authority has to be satisfied on the suitability of an area for the proposed development and its future sustainability.

The LDOs have been drawn on a range of surveys and studies that have de-risked a large part of the development process for landowners and developers with an interest in the LDO areas. The critical supporting evidence is set out in the following documents:

- Environmental Impact Assessment Screening Opinion Request Letters prepared by AECOM;
- Traffic Impact Assessment prepared by Jacobs;
- Air Quality Impact Assessment prepared by Jacobs;
- Heritage Impact Assessments (HIAs) prepared by Hinchcliffe Heritage;
- Northside and Whalley Hayes LDO Strategic Design Statements prepared by e*Scape Urbanists; and
- Phase 1 Preliminary Risk Assessment (PRA) prepared by Cheshire East Council.

Copies of all these documents can be inspected at Macclesfield Library and have also been made available on Cheshire East Councils website.

10. ENVIRONMENTAL IMPACT ASSESSMENT – SCREENING OPINION

The Environmental Impact Assessment Regulations 2015 set out the thresholds for new development that may need to be screened to determine whether a full Environmental Impact Assessment is required.

The proposed LDOs do not fall within Schedule 1 of the Town and Country Planning (Environmental Impact Assessment) Regulations 2011 (“The EIA Regulations”). However, the proposed LDOs do fall under Schedule 2, as defined in Part 10(b) ‘*Urban development projects, including the construction of shopping centres and car parks, sports stadiums, leisure centres and multiplex cinemas*’.

The EIA Regulations were amended in April 2015 increasing the development area EIA screening thresholds for certain projects. In the case of ‘urban development projects’, the existing threshold of 0.5 ha was raised and amended such that a project will only usually need to be screened if:

- The development proposed includes more than 1 ha of development that is not dwelling house development; or
- The development includes more than 150 dwelling houses; or
- The area of the development exceeds 5 ha.

Given the characteristics of the proposed LDOs, it was considered appropriate for an EIA screening request to be prepared and submitted to the Local Planning Authority, and for a Screening Opinion to be given in response.

Potential environmental impacts across a range of environmental topics were considered in the Screening Opinion Request Letters (“SORL”) sent to the Local Planning Authority. The letters took into account the location of sensitive receptors, including neighbouring residential properties and designated sites. The SORL confirmed that construction of the proposed LDO developments will adhere to suitable impact avoidance and standard mitigation measures which will be included in a Construction Environmental Management

Plan (“CEMP”) to be prepared and implemented by the contractor(s). The SORL concluded that operational effects of the proposed LDOs will be slight when considered in the context of the existing land uses, and the proposed LDOs are anticipated to have a beneficial effect on Macclesfield town centre.

Taking these issues into account, it was considered that no likely significant environmental effects will be associated with the proposed LDOs, and the LDOs do not constitute EIA development. The Local Planning Authority was invited to review the details contained within the EIA SORL in accordance with the EIA Regulations. The Local Planning Authority subsequently confirmed (16/4254S and 16/4251S) that the LDOs were screened out of requiring an EIA².

11. CONSULTATION PROCESS

It is a requirement that LDOs are the subject of local consultation. LDO consultation procedures are set out in article 38 of the Town and Country Planning (Development Management Procedure (England) Order 2015. Consultation must include any person with whom the Local Planning Authority would have been required to consult on an application for planning permission for the development proposed to be permitted by the LDO.

The draft LDOs have been prepared by Cheshire East Council in consultation with the affected landowners. Statutory stakeholders have been consulted alongside development of the technical appraisal work and during informal pre-consultation engagement efforts. An initial period of Public Consultation on the two LDO areas took place over a 6 week period, which ran from August 2016 until September 2016, and was intended to ensure that the correct boundaries were being used for the LDOs and inviting comments on the proposed LDOs. As a result of this consultation the boundaries were amended to reflect feedback from some landowners who did not wish their properties to fall within the LDO area. A large amount of technical work was conducted following the initial Public Consultation. The comments and new evidence fed into the changes made to the next iteration of the LDO that was subject to formal consultation between April to May 2017. Details of these consultation stages and feedback received on previous drafts of the LDO are presented in the Statement of Consultation (December 2017)³. The LDOs are now subject to a final round of public consultation as a result of additional changes made. Any comments received during this consultation will be taken into account when the LDO is finalised for adoption.

² Accessed at:

<http://planning.cheshireeast.gov.uk/applicationdetails.aspx?pr=16/4251S&query=2ac019c7-d408-4e32-84ea-0da8f4a50441>
and <http://planning.cheshireeast.gov.uk/applicationdetails.aspx?pr=16/4254S&query=c270ec31-97ab-43f5-b520-7fb7c6c8375c>

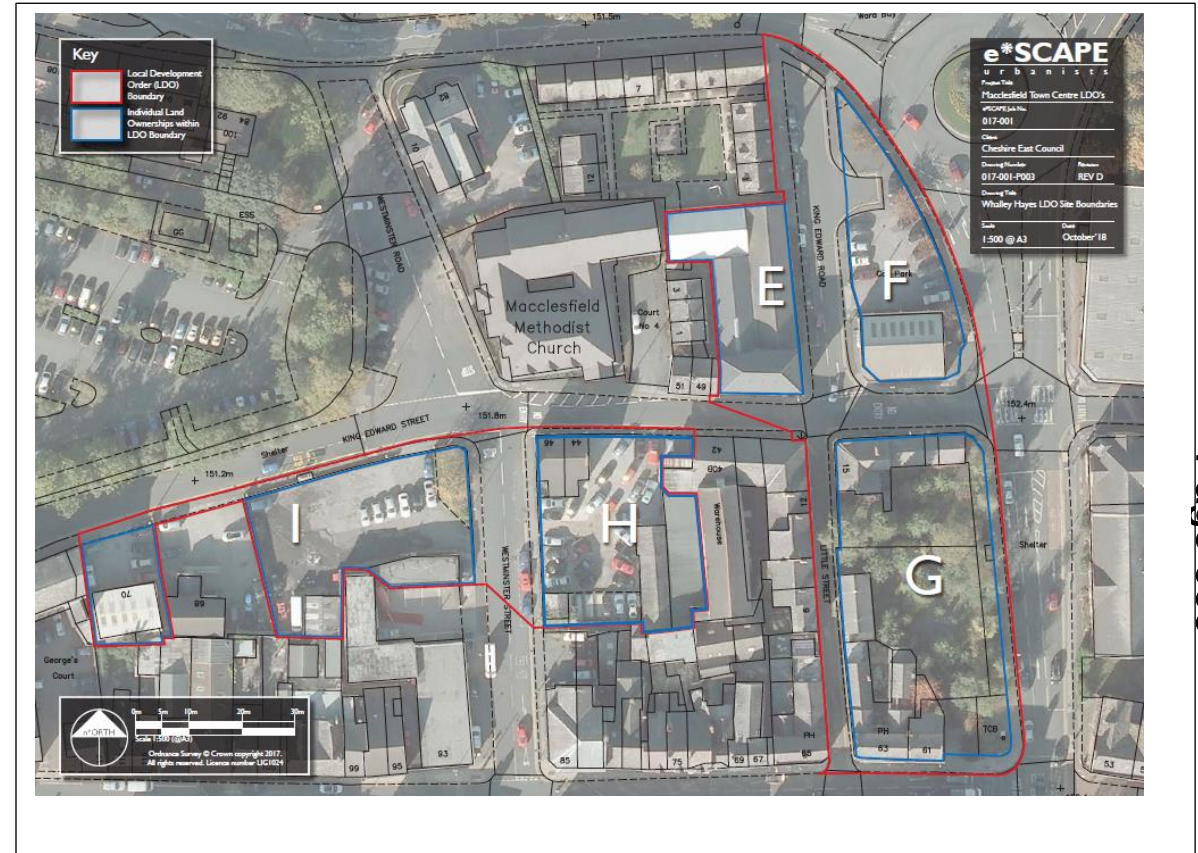
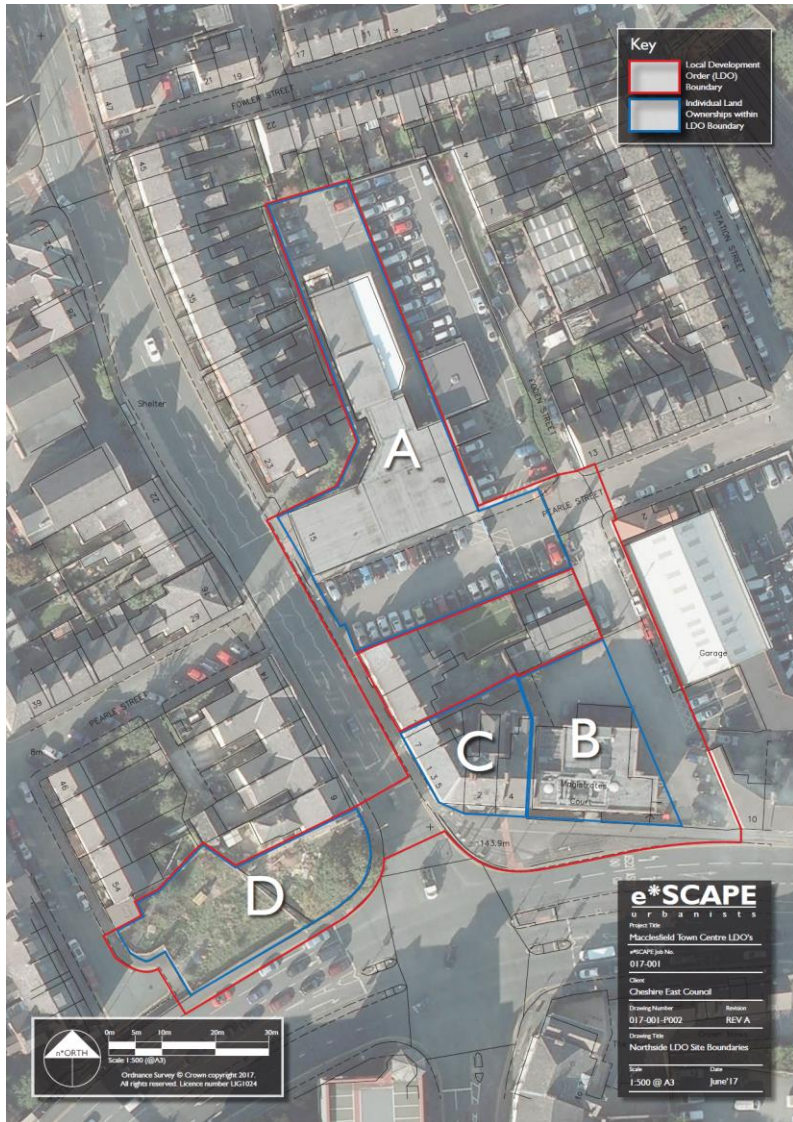
³ Accessed at: http://www.cheshireeast.gov.uk/planning/spatial_planning/local-development-orders-ldos.aspx

Macclesfield Town Centre: Northside and Whalley Hayes Local Development Order (LDO) – Statement of Reasons



APPENDIX 1 Northside:

Whalley Hayes:



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Equality Impact Assessment			
Name of policy, procedure function being assessed	Local Development Order for Macclesfield (Northside and Whalley Hayes)	Is this a new or existing policy, procedure, practice, function or a financial decision?	New policy
Department/Service	Spatial Planning		
Date	22/11/18		
What are the aims, objectives or purpose of the policy/procedure/practice/function or financial decision?	Local Development Order (“LDO”) for sites at Macclesfield (Northside and Whalley Hayes). A LDO is a mechanism by which a local planning authority can grant permitted development rights for a specified use or development proposal on a defined site. They typically set out the type of development permitted subject to a series of planning conditions, and so, instead of submitting a planning application for the specified development proposal on that site, an applicant simply submits their proposals to the local planning authority (which must be completed within 28 days) to ensure that the proposals are in line with the LDO before development commences. The Macclesfield LDO will help to support and enhance the town centre, improving natural surveillance in the area and supporting the night time economy.		
Are there any statutory requirements?	Local Development Orders need to be in conformity with national legislation and be subject to public consultation.		
Who is intended to benefit from this policy/procedure/practice/function or financial decision?	Developers will have the opportunity to avoid a lengthy planning application process, with clear guidance on what is expected on each of the sites before purchasing. Removing risk and encouraging development.		
Who are the main users/stakeholders in relation to the policy-procedure-function?	Some land and property developers will be affected by the introduction of a Local Development Order, along with residents surrounding the site.		
What sources of data including consultation results have you used to analyse the impact of the work being carried out on users/stakeholders?	National legislation - sections 61A to 61D and Schedule 4A of the Town and Country Planning Act 1990, as amended, and articles 38 and 41 of the Town and Country Planning		

	(Development Management) (Procedure) Order 2015.
If any further data/consultation is needed and is to be gathered, please specify	To seek approval of the Macclesfield Local Development Order.
Which of the protected characteristics are most relevant to the work being carried out:	
Age	No
Gender	No
Disability	No. Any development that were to be implemented through the Local Development Order would still need to satisfy building regulations governing appropriate access for disabled people.
Race and Culture	No
Sexual Orientation	No
Religion or Belief	No
Gender Assignment	No
Marriage and Civil Partnership	No
Pregnancy and Maternity	No
Conclusion: The implementation of the Local Development Order within Macclesfield (Northside and Whalley Hayes) would not have a negative impact or discriminate in any way against any members of the local community. The Macclesfield LDO will impact positively on prospective developers and positively to the local communities surrounding the sites by regenerating the area including some sites that are vacant or derelict.	Is a full assessment required? No
Signed: Henrietta Hopkins – Planning Officer	Date 22/11/2018
Agreed: Adrian Fisher – Head of Planning Strategy	Date 22/11/2018



Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Proposed Expansion of Elworth Church of England Primary School

Portfolio Holder: Councillor Jos Saunders, Portfolio Holder Children and Families

Senior Officer: Mark Palethorpe, Acting Executive Director People

1. Report Summary

- 1.1 As the Strategic Commissioner of School Places, Cheshire East Council has a statutory duty to ensure a sufficiency of school places for children resident in its area. An analysis of the latest pupil forecasts identified the need to provide additional primary school places in Sandbach in response to increasing pupil numbers. The data analysis indicates the need for an extra 105 school places (Reception to Year 6) which, if agreed, would provide 15 more class places in this area per year group.
- 1.2 This paper reports on the outcome of the statutory public notice, which ran for four weeks between 22 November 2018 and 20 December 2018.
- 1.3 The Headteacher and Governing Body of the school are fully supportive of the proposed increase of Elworth Church of England Primary School and have confirmed their continued commitment to support their growing local community.

2. Recommendation

- 2.1 That Cabinet approve the proposed expansion of Elworth Church of England Primary School from 1.5 form entry (315 pupil places) to 2 form entry (420 pupil places) for implementation in September 2020, having given due consideration to the response to the statutory public notice.

- 2.2 That Cabinet delegate authority to the Executive Director People to enter into a construction contract for additional places at Elworth Church of England Primary School.

3. Reasons for Recommendation

- 3.1 This recommendation is made on the basis of the publication of a public notice and the outcomes of the subsequent statutory 4 week representation period.

4. Other Options Considered

- 4.1. Prior to publication of the proposal several meetings have taken place with the headteachers of the Sandbach and Haslington schools. Updated information on forecasts and housing implications has been shared at every meeting and the headteachers have been part of the decision making process to expand Elworth Church of England Primary School.
- 4.2. In addition, to the Elworth Church of England Primary School expansion, a small expansion will take place at St Johns Church of England Primary School, this does not require formal consultation or cabinet decision as it is not a significant expansion and expected to cost less than £500K.

5. Background

- 5.1 Sandbach Planning Area consists of 8 primary schools, 6 located in and around Sandbach and 2 serving the Haslington area.
- 5.2 The current forecasts, based on the October 2017 School Census data, indicated a surplus across the 8 schools of 33 places for 2020 reducing to 23 places by 2022. However, these forecasts don't include the desired 2% level of operational surplus, which is a level of spare capacity intended to accommodate reasonable journey times to school, some degree of parental choice and flexibility to allow for mid-year entrants. When the 2% operational surplus is included the surplus places become a small shortfall of 11 places by 2020 increasing to 21 places by 2022.
- 5.3 Although Sandbach Planning Area covers both Sandbach and Haslington, due to the distances between the 2 villages, and the potential impact on transport should parents be unable to secure a local school, the situation for each area is also considered separately.
- 5.4 The forecasts for the 6 schools across Sandbach indicate a shortfall of 29 places from 2020 increasing year on year whilst Haslington indicates an overall surplus. These figures exclude the desired 2% operational surplus,

which for the Sandbach area equates to a further 31 places, thus making the overall shortfall of places across Sandbach 60 places by 2020.

- 5.5 Elworth Church of England Primary School is a Cheshire East voluntary controlled school rated “Good” by Ofsted at the last inspection in September 2018.
- 5.6 Elworth Church of England Primary School underwent a small expansion in 2013 increasing it from 280 places to 315. At that time it was anticipated that further expansions may be required, dependent on housing, and consequently some of the infrastructure for a 420 place school was included in the expansion. The proposed project for this expansion will include an additional 4 classrooms and internal reconfiguration.

6. Implications of the Recommendations

6.1 Legal Implications

6.1.1. The DfE statutory guidance accompanies the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and (Establishment and Discontinuance of Schools) Regulations 2013 that came into force on 28 January 2014. It provides information on the processes involved in making significant changes to maintained schools (e.g. expansion), establishing new provision and school closure.

6.1.2. Local authorities are under a statutory duty to ensure the sufficiency of school places in their area. They can propose an enlargement of the premises of community, foundation and voluntary schools. When doing so they must follow the statutory process as set out in the Prescribed Alterations Regulations (2013) if:

The proposed enlargement of the premises of the school is permanent (longer than three years) and would increase the capacity of the school by:

- *more than 30 pupils; and*
- *25% or 200 pupils (whichever is the lesser).*

6.1.3. The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 that came into force on 28 January 2014 describe the procedures that must be followed when making prescribed alteration proposals and state that local authorities must make decisions about any expansions that they propose.

6.1.4. The 2014 statutory process for making significant changes to schools now has four stages, as set out below:

Stage 1	Publication	Statutory proposal published – 1 day.
Stage 2	Representation (formal consultation)	Must be 4 weeks, as prescribed in regulations.
Stage 3	Decision	The decision-maker (usually the LA) must decide proposals within 2 months of the end of the representation period or decision defaults to Schools Adjudicator (OSA). Any appeal to the adjudicator must be made within 4 weeks of the decision.
Stage 4	Implementation	No prescribed timescale, but must be as specified in the published statutory notice, subject to any modifications agreed by the decision-maker.

6.1.5. If a local authority fails to make a decision about a proposal within 2 months of the end of the Representation Period the local authority must forward the proposal, and any representations received, excluding those withdrawn in writing, to the Schools Adjudicator for a decision.

6.1.6. The regulations further provide that the local authority must have regard to the statutory guidance given from time to time by the Secretary of State when they take a decision on proposals. Guidance is issued by the Department for Education entitled School Organisation Maintained Schools Annex B: Guidance for Decision Makers.

6.1.7. Cabinet members are advised that they must have regard to the Guidance when making their decision, in accordance with Regulation 7 of The Regulations. The Department for Education’s guidance makes it clear that the Guidance should not be treated as exhaustive because the importance of each factor will vary depending on the proposal and as such all proposals must be considered on their individual merits.

6.2. Finance Implications

6.2.1. The proposed expansion will be funded through Section 106 contributions and Basic Need Grant. Section 106 education funding contributions are those agreed with new housing developers specifically to fund the additional pupil places needed due to the new housing development.

6.2.2. An initial feasibility has been undertaken to identify a provisional budget for the proposal, in the region of £1.8 million. A detailed feasibility study

will be commissioned to identify more accurately the costs of implementation once a decision has been reached on the proposal.

6.2.3. Currently the project is funded as follows:-

- £1.15m Section 106 contributions received
- £650,000 Basic Need (potential to be changed to Section 106 funding once further contributions have been received).

6.2.4. An increase in pupils during the year may mean the school qualifies for a growth fund payment to assist with additional running costs. This will be determined later in 2019. Pupils on role in October 2019 will determine funding levels from April 2020.

6.2.5. The School is currently forecasting a deficit budget in 2020/21. However, it is estimated that the proposed increase in pupil numbers will support the school in achieving a balanced budget.

6.2.6. All schools with deficit budget are expected to have in place robust plans to ensure overall costs are manageable within the funding available.

6.3. **Policy Implications**

6.3.1. The Local Authority will determine an increase in the PAN from 45 to 60 pupils per year group, in line with the statutory timescales set out in the School Admissions Code (2014)

6.4. **Equality Implications**

6.4.1. An Equality Impact Assessment has been completed for this proposal and this concluded that the proposal would have an overall positive impact on several of the areas - specifically parents and carers, young people and a neutral impact on the remaining factors.

6.5. **Human Resources Implications**

6.5.1. There are no additional human resource implications for the Council but the school are aware that increased numbers on roll could require additional staffing costs which would be funded through their formula funded budget.

6.6. Risk Management Implications

- 6.6.1. The proposed expansion is identified to address a Basic Need for school places within Sandbach. This is in order to ensure that the Council meets its statutory duty to provide sufficient school places within 2 miles and with safe routes to schools.
- 6.6.2. If additional places are not provided in Sandbach, parents of Cheshire East children who are resident in the Sandbach area may be unable to secure places at their local school and may be required to travel over 2 miles to other Cheshire East schools requiring transport assistance.
- 6.6.3. Should the proposal be approved the required building works will be subject to the necessary planning permissions. In addition, the proposed expansion will require approval under Section 77 of School Standards and Framework Act as the building solution will encroach onto areas deemed as “playing field” under the DFE definition.
- 6.6.4. All the building works will be planned carefully and contractors will work with the school to ensure that’s works are scheduled to keep disruption to a minimum and ensure the health and safety of the children, staff, parents and visitors to the school
- 6.6.5. Elworth Church of England Primary School will be required to develop or update a school travel plan.

6.7. Rural Communities Implications

- 6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People / Cared For Children

- 6.8.1. Sandbach is an area that is currently experiencing an increased number of “in year” applications from families moving into Cheshire East. Based upon current numbers on roll a number of the year groups across the Sandbach schools are already full or over subscribed. The schools have accommodated additional numbers where possible and admitted over their Published Admission Number but some families have being offered places at the next nearest schools with places available which can be more than 2 miles away thus resulting in the authority incurring transport costs.

6.8.2. Providing additional places at this school will help ensure that local children, including cared for children, can be offered a place at a local school.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. Local ward members were informed of the proposal during the statutory representation period.

8. Consultation & Engagement

8.1 In accordance with the guidance issued by the Department for Education, the statutory publication notice was published in the Chronicle on 22 November 2018 and the statutory four-week representation period ran from 22 November 2018 to 20 December 2018. Information was made available on the County website and the representation period was notified to key stakeholders including Ward Members, MP, Diocese and neighbouring parish and town Councils. Information was emailed to local schools and schools were issued with letters for distribution to their staff, governors and parents.

8.2 In addition a public drop in session was held at the school on 4 December 2.30 to 4.30 p.m. and representatives from the school and local authority were available to discuss the proposal and seek views.

8.3 Cabinet members are advised that this statutory process provides the opportunity for any person with an interest to submit representations, which can be objections as well as expressions of support for the proposals. Cabinet members must take any views received into account when deciding whether to approve the proposal.

8.4 During the representation period only 1 response was received from Fiona Bruce MP which commented. "I write in support of the above planned expansion of Elworth CE Primary School. There is a clear need for more primary places in Sandbach with the current increase in building and I am aware that Elworth has needed more places from Year one for a while now. Of course, I would support any funding increases that can be allocated to assist in the growth of the school.

9 Access to Information

9.1 Copies of the Public Notice, Statutory Proposal and Equality Impact Assessment are available by contacting the report writer.

9.2 [DfE Guidance - Making significant changes \(prescribed alterations's\) to maintained schools.](#)

[DfE Guidance - Guidance for Decision Makers.](#)

[DfE Guidance – Schools Admissions Code](#)

10 Contact Information

10.1 Any questions relating to this report should be directed to the following officer:

Name: Val Simons

Job Title: Pupil Place Planning Officer

Email: val.simons@cheshireeast.gov.uk



Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: 0-19 Healthy Child Programme

Portfolio Holder: Councillor Jos Saunders, Portfolio Holder Children and Families
Councillor Liz Wardlaw, Portfolio Health

Senior Officer: Mark Palethorpe, Acting Executive Director People

1. Report Summary

- 1.1. The Council commissioned Wirral Community Trust (CWT) to supply the 0-19 Healthy Child Programme from 30th of September 2015. The initial contract term for this contract was three years and in accordance with the terms and conditions of contract has been extended until 30th of September 2020.
- 1.2. The health and wellbeing of children and young people is central to delivering Cheshire East Council's Outcome 5 identified in the three year plan – people live well for longer – care and health services focus on prevention early intervention of a child's wellbeing and health. The commissioning of 0-19 Healthy Child Programme has a positive impact on the safety, health and wellbeing of our children and young people, and supports our local communities to be strong and supportive.
- 1.3. This specialist commission directly influences children and young people's health and wellbeing. An effective procurement process will ensure that partnerships are strengthened, increasing efficiency, effectiveness and the sustainability of the future programme.
- 1.4. This report recommends the re-commissioning of the 0-19 Healthy Child Programme. Any future service will be co-produced, co-designed and led by the service user journey.
- 1.5. The key milestones for the successful delivery of the project are aligned to the 6 stages of the commissioning cycle and pipeline thresholds for the Procurement and Commissioning Board (see Appendix 1).

2. Recommendations

That Cabinet:

- 2.1. Approves the commissioning of a 0-19 Healthy Child Programme;
- 2.2. Delegate authority to the Executive Director of People, in consultation with the Portfolio Holder for Children and Families, and the Portfolio Holder for Health, to award the 0-19 Healthy Child Programme contract to the successful supplier or suppliers.

3. Reasons for Recommendations

- 3.1. The 0-19 Healthy Child Programme is a universal offer available to all children and young people. The programme aims to ensure that every child gets the good start they need to lay the foundations of a healthy life. The programme recognises the importance of building on the support in the early years and sustaining this across the life course for school-aged children and young people to improve outcomes and reduce inequalities through universal provision and targeted support.
- 3.2. The 0-5 element is a mandated Public Health element of the programme is led by health visiting services. The 5-19 element is led by school nursing services. These professional teams provide the vast majority of Healthy Child Programme services. The universal reach of the Healthy Child Programme provides an invaluable opportunity from early in a child's life to identify families that are in need of additional support and children who are at risk of poor outcomes.
- 3.3. To ensure service consistency, the Council commissioned the immunisation and vaccination service on behalf of NHS England. The delivery of this service is via the 0-19 Healthy Child Programme and is a key element to maintaining children's health and wellbeing.
- 3.4. The proposed strategy is to re-commission the 0-19 Healthy Child Programme, to take a fresh look at the Service ensuring coherent, effective; life course services for children and young people aged 0-19 across Cheshire East which are value for money. The aim is to achieve some efficiency savings via transforming and re-designing the current offer, doing things differently eg; exploring a digital offer, more intergrated working with Early Years settings. The go live date for new service delivery and contract will be 1st October 2020.

4. Other Options Considered

Option 1 - Continue to deliver the 0-19 Healthy Child Programme with existing Provider.

The contract has already been extended until 30th September 2020 and has no further options to extend. This option does not allow for service transformation, improved outcomes and further efficiencies to be made and is therefore not recommended.

Option 2 - De-commission the 0-19 Healthy Child Programme

Local Authorities have statutory responsibilities to deliver Public Health Services to 0-5 services within the 0-19 Programme. De-commissioning this service would impact on children and young people in all Wards and on the statutory responsibilities of the Council. De-commissioning this service would not provide value for money due to the cost implications for the wider health and social care economy, therefore is not recommended.

5. Background

- 5.1. The Health and Social Care Act 2012 sets out a local authority's statutory responsibility for delivering and commissioning public health services for children and young people aged 5-19 years. Responsibility for children's public health commissioning for 0-5 year olds, specially health visiting, transferred from NHS England to local authorities on the 1st of October 2015.
- 5.2. On the 30th of September 2015, Wirral Community Trust was awarded the 0-19 Healthy Child Programme contract for an initial three year period. In accordance to the terms and conditions of the contract this term has been extended until the 30th of September 2020.
- 5.3. Cheshire East's 0-19 Healthy Child Programme consists of the following componentparts:
 - 5.3.1. Health Visiting;
 - 5.3.2. Family Nurse Partnership;
 - 5.3.3. School Nursing;
 - 5.3.4. National Child Measurement Programme and;
 - 5.3.5. Targeted Breastfeeding Support Service.

- 5.4. The 0-19 services is delivering directly within schools and early year settings within Cheshire East, in some instances staff are co-located within these settings. In addition, the service leads on a number of Parenting Journey stops including the health visiting mandatory stops of:
- Antenatal health visit;
 - New baby review;
 - 6/8 week assessment;
 - 1 year review;
 - 2 to 2.5 year review.
- 5.5. The programme works in partnership with Public Health England, Children and Families (Parent Pathway), CCGs (Women and Children's Group) and Schools.
- 5.6. To ensure the consistency for service users the Council commissioned the immunisation and vaccination programme on behalf of NHS England in 2015. The service is commissioned on the terms and conditions of contract set out by NHS England, who are responsible for the management and quality assurance of the service.
- 5.7. The 0-19 Healthy Child Programme delivers the immunisations and vaccination services for NHS England. Therefore, the 5-19 school nursing teams provide HPV, Meningitis C, Tetanus, Diphtheria and Polio, and MMR catch up vaccinations to school children. The annual value from the NHS England to deliver this contract is £71,000 paid directly to CWT.
- 5.8. This represents just over 5% of the total value of the school nursing service. However the time spent by the service in administering the vaccinations significantly exceeds 5% and can take up a significant proportion of the school year. It is likely that some of the service delivery of the 0-19 contract has been subsidising the immunisation and vaccination service, preventing the service from delivering on some of the prevention activities required by the contract.
- 5.9. In addition, from 2017/18 the provision of the Fluenz vaccination for reception age children has transferred from primary care to school nursing. NHS England has worked with the Trust to develop a delivery model which, it is hoped, will minimise the impact on the wider service. This involves providing training for school nurse screeners to administer the vaccine under the supervision of a school nurse. Nonetheless, this has created significant additional work for the service.

5.10. The Quality and Contract Assurance Team have requested that the Provider produces a time and costing exercise to establish the actual cost of delivering the total immunisation and vaccination element of the service (including the Fluenz programme). This will support the open dialogue and negotiation with NHS England over a possible increase in their contribution towards the value of the immunisation and vaccination contract. This would therefore provide further efficiencies, and effectiveness of the current service.

5.11. The following table demonstrates the contract value and 0-19 population in our neighbouring authorities;

Local Authority	0-19 Contract Value per annum	0-19 Population figures for LA (2016 population estimates, latest available)
Cheshire East	Intended recommissioning budget £5,490,667	83,075
Halton	£3,450,000	31,104
Bolton	0-5 is £5,000,000 5-19s is £3,300,000 = 8,300,000	73,813
Cheshire West	£5,700,000 per year with £200,000 additional for the school-age imms and vaccs services commissioned by NHSE.	74,362
Sefton	£5,570,700	59,265
Knowsley	£3,622,116	36,394

5.12. Further benchmarking will be undertaken during the recommissioning process to identify learning and best practice from other Local Authority areas.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The procurement process will need to be undertaken in accordance with the Public Contracts Regulations 2015 and the Council's own Contract Procedure Rules. Legal Services will continue to support the

commission of new services to ensure the Council meets requirements in this regard.

6.2. Finance Implications

6.2.1. The full year costs for the initial first 3 years starting in 2015 were £5.993m which have been reduced by £352k to £5.641m, meaning a saving of £704k over the last two years of the contract.

Contract Year	Cost	Savings Achieved
Year 1 ending 30 th Sep 2016	£5,992,667	
Year 2 ending 30 th Sep 2017	£5,992,667	
Year 3 ending 30 th Sep 2018	£5,992,667	
Year 4 ending 30 th Sep 2019	£5,640,667	£352,000
Year 5 ending 30 th Sep 2020	£5,640,667	£352,000
Total	£29,259,335	£704,000

6.2.2. When this service is recommissioned from the 1st Oct 2020 the intended recommissioning budget will be £5,490,667 per year, which would deliver a further reduction of £150k per year.

6.2.3. This contract is fully funded and budgeted for within the Public Health ring fenced grant.

6.3. Policy Implications

6.3.1. Joint Strategic Needs Assessment.

6.3.2. People Live Well for Longer Commissioning Plan.

6.4. Equality Implications

6.4.1. All public sector authorities are bound by the Public Sector Equality Duty as set out in section 149 of the Equality Act 2010. An Equality Impact Assessment will be carried out and the Council will need to take into account the needs of persons with protected characteristics as set out in equalities legislation during the course of the commissioning process.

6.5. Human Resources Implications

6.5.1. Whilst the proposals do not envisage any HR implications for the Council, TUPE may apply to the existing provider workforce at the point of recommissioning.

6.6. Risk Management Implications

6.6.1. The key risks related to the commissioning are:

- Failure to deliver services which protects health;
- Failure to use Council resources in the most effective way;
- Reputational damage to the Council as commissioner and contract manager should a serious incident occur.

These risks are managed through a risk register.

6.7. Rural Communities Implications

6.7.1. It is important that providers promote service provision to people who experience isolation whether that is geographic or social. This includes improved use of technology and working through local connected communities and networks.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are direct, significant and lasting implications for children and young people. Children's safety, health and wellbeing are directly linked to this commission.

6.9. Public Health Implications

6.9.1. Ensuring every child has the best start in life is one of Public Health England's seven key priorities. Getting a good start in life and throughout childhood, building resilience and getting maximum benefit from education are important markers for good health and wellbeing throughout life. The 0-19 Healthy Child Programme contributes to a wide range of Public Health Outcome Framework (PHOF) indicators relating to children and young people as follows:

- School readiness;
- Pupil absence;
- Reduce low birth weight of term babies;
- Increase breastfeeding initiation rate and breastfeeding prevalence at 6 – 8 weeks;
- Reduce smoking rate at time of delivery;
- Reduce under 18 year old conceptions;
- Child development at 2 – 2.5 years;
- Child excess weight in 4-5 and 10-11 year olds;
- Reduce hospital admissions caused by unintentional and deliberate injuries in under 25's;
- Emotional wellbeing of looked after children;

- Smoking prevalence – 15 year olds;
- Self-harm;
- Alcohol-related admissions to hospital;
- Chlamydia detection rate (15-24 year olds);
- Infant mortality;
- Proportion of 5 year old children free from dental decay.

7. Ward Members Affected

7.1. All wards are affected.

8. Consultation & Engagement

8.1. This work is driven by both ongoing consultation and specific engagement about this commissioning cycle and further details are outlined in section 1.5 of this report.

9. Access to Information

9.1. People Live Well for Longer Commissioning Plan.

9.2. Joint Strategic Needs Assessment.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Liz Smith

Job Title: Senior Commissioning Manager

Email: Liz.Smith@cheshireeast.gov.uk

Key Milestone and Commissioning Cycle**1. What is the question:**

- The development of the Project Initiation Document (PID) and Initial Business Case – October 2018
- Cabinet Paper – October 2018
- Service Review – October to December 2018
- Initiate EIA – October 2018

2. Know your customers:

- Comprehensive Engagement and Co-production Plan – January - September 2019
- Needs Assessment – October to December 2018
- Review Business Case – December 2018

3. Outcomes and Priorities:

- Engagement and Coproduction – October onwards 2018
- Outcomes Framework – September 2019
- Strategic Commissioning Plan – November 2018
- Review Business Case – December 2018

4. What will it look like:

- Draft Service Specification, Contract and Performance Management Framework – September 2019
- Procurement Strategy – July 2019

5. How will we get there:

- Finalise Service Specification, Contract and Performance Management Framework – October 2019
- Procurement – November 2018 – March 2020
- Award Contract – April 2020

6. Measure the impact:

- Service Mobilisation – April – September 2020
- New service goes live – 1st October 2020
- Contract Management and Quality Assurance

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Working for a brighter future together

Cabinet

Date of Meeting: 05 February 2019

Report Title: Re-Commissioning of Integrated Lifestyle Services

Portfolio Holder: Cllr Liz Wardlaw, Health

Senior Officer: Mark Palethorpe, Acting Executive Director of People

1. Report Summary

- 1.1 This report recommends the re-commissioning of integrated lifestyle services in order to continue to improve health outcomes for the local population. This would be done by reviewing the current service model with the aim of simplifying it in order to achieve greater value for money and effectiveness for residents. In doing so, it would address the following commissioning question:

“How can we improve the long term health of the population of Cheshire East through a lifestyle service which offers effective interventions, maximises uptake and ensures strong value for money?”

- 1.2 The Council currently commissions an integrated lifestyle service known as ‘One You Cheshire East’. This aims to improve the long term health of the people of Cheshire East whilst also reducing health inequality. This addresses Corporate Outcome 5 – People Live Well and For Longer and is also key to the Council meeting its responsibility to take appropriate steps to improve the health of the population under the Health and Social Care Act. This primary prevention approach is also fundamental to the Commissioning Strategy; ‘People Live Well, For Longer’.

2. Recommendations

- 2.1 It is recommended that Cabinet:
- 2.1.1 Agrees that a new procurement exercise is undertaken for the provision of lifestyle services in Cheshire East, funded at circa £1,264,038 per year;
 - 2.1.2 Delegates authority to the Executive Director of People to award lifestyle related contracts for a period of 3 years (with options to extend for up to a further 2 years).

3. Reasons for Recommendations

- 3.1 There are numerous benefits to the health of the local population through the provision of lifestyle services. This includes reduced incidence of heart attack, stroke, diabetes, obesity and cancer, and therefore improved life expectancy, improved mental health, reduced morbidity and sickness absence. It also reduces demand for statutory services including adult, children and young people's social care, as well as NHS services.
- 3.2 The Council has a statutory responsibility to improve the health of the population under the Health and Social Care Act 2012. The One You Cheshire East integrated lifestyle service is a primary means by which this is achieved. There are also key indicators set in relation to this in the Public Health Outcomes Framework.

4. Other Options Considered

- 4.1 De-Commission the Services – this would mean increased pressure on social care and health services in the future and poorer life expectancy for residents.

5. Background

- 5.1 One You Cheshire East is currently delivered via two major contracts. The first which is held by Peaks and Plains known as the 'Provider Plus' contract involves identifying, screening and referring residents. The contract also encompasses marketing of the service locally, general health promotion, and outreach by four Lifestyle Support Workers.
- 5.2 The second contract, held by Everybody Sport and Recreation, relates to running a series of lifestyle programmes. These include healthy eating, weight management (both adult and family), physical activity, falls prevention services, as well as a lifestyle programme aimed at pregnant women.
- 5.3 A total of £100k per annum savings will be realised to the overall budget for the contracts (through stepped reductions in 2019/20 of £50k and a further £50k in 2020/21) as part of the recommissioning process.
- 5.4 Smoking cessation services are also offered under the One You service. However, in this case provision is split between organisations. Specialist smoking provision is delivered under the Peaks and Plains Provider Plus contract which serves people with mental health problems and pregnant women. Community smoking provision (aimed at the general population) is delivered by Well Pharmacy and Rowlands Pharmacy.
- 5.5 The name 'One You Cheshire East' derives from national Public Health England 'One You' branding. This offers the key advantage of exploiting awareness from the national Public Health England campaign, as well as

allowing use of pre-established marketing materials. Cheshire East Council were one of the first Local Authorities in the country to adopt this approach. It would be logical to take this forward into any newly commissioned service.

- 5.5 Referral pathways have been put in place with a range of professionals to One You Cheshire East services including social care assessors and GPs. The latter includes a 'health optimisation' pathway in which individuals who are due to have routine or non-urgent operations are referred to appropriate One You Cheshire East services thereby improving their prospects of recovery. This has been developed in partnership with Eastern Cheshire and South Cheshire Clinical Commissioning Groups.
- 5.6 The programmes offered within One You (such as the physical activity, weight management and healthy eating programmes) target the main lifestyle factors that affect long term health and life expectancy amongst residents in the Borough. As such, they address risk relating to obesity, cardiovascular disease (including heart disease and stroke), type 2 diabetes, hypertension, some cancers, as well as mental health and wellbeing.
- 5.7 Smoking cessation services are of particular note, given that people who smoke live less than ten years on average than non-smokers. As such, getting a smoker to quit is one of the easier ways to have a substantial impact on the long term health of an individual. It also has established short term benefits such as boosting the immune system and improving circulation. The current Cheshire East smoking rate is estimated to be 16.4%, with a national target set by the Department of Health of 5%¹.
- 5.8 Of additional note, is that falls are the most common cause of death from injury in the over 65s. They are also the most likely reason that an individual ends up going into long term care.² As such, provision of strength and balance classes has relatively short term benefits on the health of an older person, as well as helping to delay or prevent individuals from requiring health or social care services in the future. A strategy is currently being consulted on for Falls Prevention in Cheshire East which links with this programme.
- 5.9 In 2017/18 there were: 1,048 completers of the Physical Activity Programme (Adult and Pregnant Women) 64% of these participants had moved from physically inactive to active; 197 completers of the weight management programme with 42% of participants losing over 5% in body weight; 265 completers of the falls prevention programme with 58% stating their fear of falling had reduced and 52% having improved balanced. The average customer satisfaction score for programmes was 9 (the rating was 0-10 with 10 being the highest); 69% also stated that they had improved

¹ <https://www.gov.uk/government/publications/towards-a-smoke-free-generation-tobacco-control-plan-for-england>

² <https://publichealthmatters.blog.gov.uk/2014/07/17/the-human-cost-of-falls/>

mental wellbeing.

- 5.10 As part of the re-commissioning process a full review is being undertaken of One You Cheshire East. This will have the objective of achieving enhanced outcomes for the people of Cheshire East and maximum value from the service. It will also apply NICE guidance and be conducted with liaison with Public Health England. Review work will include investigating the scope for a simplified model of provision, which may therefore generate greater economies of scale.
- 5.11 It should be noted that NHS Health Checks and Community Sexual Health Services were originally commissioned under the One You Cheshire East name. However, these are now being treated as separate to this commission.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1 Any re-procurement of these services will need to be undertaken in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015. Ongoing legal support will be given to ensure the Council meets requirements in this regard.

6.2. Finance Implications

- 6.2.1 The current MTFS which is at the Pre-Budget Consultation phase currently contains a reduction of £50k in 2019/20 rising to £100k in 2020/21 in the current investment made in One You services. It is envisaged these savings will be fully achieved through both contract management savings already implemented and this proposed re-commissioning exercise. Elements of the One You contracts are activity based, but the spend in 2017/18 was £1,136,285, and the forecast spend for 2018/19 is £1,264,038. The contract is funded by, and affordable within the ring fenced Public Health Grant.

6.3. Equality Implications

- 6.3.1 An initial Equality Impact Assessment has been drafted this will be refined during the course of this project.

6.4. Human Resource Implications

- 6.4.1 It is likely that TUPE would apply for staff from existing providers. This would include the Provider Plus Contract (Peaks and Plains) and the Lifestyle Programme Contract (Everybody Sport and Recreation).

6.5. Risk Management Implications

- 6.5.1 Ensuring that re-commissioning (including service re-design, re-procurement, and award) is delivered to time, within the agreed financial envelope and delivers a high quality provider of lifestyle services that maximises uptake as well as long-term outcomes for the population. This will be achieved using a formal project management approach including regular review of a risk log.
- 6.5.2 If a service is not procured, it would mean that lifestyle services would not be offered from October 2019. This would mean that a large number of people would no longer benefit from these services and the Council would be unable to meet its statutory obligations under the Health and Social Care Act to address the health needs of the local population.

6.6. Rural Communities Implications

- 6.6.1 Lifestyle services would need to be continued to be delivered in a range of locations including in rural areas.

6.7. Implications for Children & Young People/ Cared for Children

- 6.7.1 The service currently offers a family weight management service where parents and children or young people of excess weight can receive support. The intention as part of the review is to develop this provision in a more integrated way to improve support provided to children and young people, and cared for children.

6.8. Public Health Implications

- 6.8.1 One You Cheshire East is fundamental to how the Council meets its statutory public health duties. There is an extensive range of evidence to demonstrate the impact that lifestyle services (such as smoking cessation services) can have both on life expectancy and also in terms of the general health of the local population.

7. Ward Members Affected

- 7.1. All Wards

8. Consultation & Engagement

- 8.1. Extensive consultation will take place with a range of stakeholders including residents, Clinical Commissioning Groups and GPs to ensure that any newly commissioned service addresses local need effectively including the use of strong referral pathways. We will also explore the use of Connected Community Centres in engagement work.

9. Access to Information

- 9.1. The following documents have been key to project development:
- Joint Strategic Needs Assessment (JSNA)
 - People Live Well for Longer Commissioning Plan
 - Cheshire East Council Corporate Plan

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

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Job Title: Director of Commissioning

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By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
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