

CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting: 15th October 2009
Report of: Borough Treasurer and Head of Assets
Subject/Title: Supplementary Estimate Approvals
Portfolio Holder: Councillor Frank Keegan

1.0 Report Summary

- 1.1 This report requests formal approval to Supplementary Estimates which have been contained in reports submitted to, and approved by Cabinet during the year. These items require the approval of Full Council in accordance with Finance Procedure Rules. Details of each item are contained in Section 11 of the report.

2.0 Decision Requested

- 2.1 At its meeting on 11 August 2009, Cabinet resolved that Council be requested to approve the following items contained within the Quarter 1 Financial Update report:-
- (i) a Supplementary Capital Estimate of £1,150,000 for the Modernisation Grant 09/10 (para.11.1.1)
 - (ii) Supplementary Capital Estimate of £2,227,195 for the Devolved Formula Capital Grant in Advance (para.11.1.2)
 - (iii) that Cheshire East Borough Council enters into a partnership with Cheshire West & Chester Borough Council and Warrington Council to deliver a sub regional Future Jobs fund programme and a Supplementary Revenue Estimate of £1.440m be approved. (para.11.1.3 – 11.1.5)
- 2.2 Council is requested to approve the following Supplementary Revenue Estimates to be funded by calls on general reserves as approved by the Cabinet:-
- (i) £137,966 for match funding from April 2009 – December 2010 in support of the People into Jobs bid, together with contributions from other partners, equal to the amount from the European Regional Development Fund, as approved by Cabinet on 3 February 2009. (para 11.2.1 – 11.2.4)

- (ii) £331,000 for additional investment linked to the proposals outlined in the Recession Mitigation Action Plan, as approved by Cabinet on 19 May 2009. (para 11.2.5 – 11.2.9)
- (iii) up to £3.8m (originating from unspent Social Care specific grants) as part of the funding package to deliver Adult Social Care redesign implementation, insofar as these costs cannot be contained within the outturn position of the People Directorate. (para 11.2.10 – 11.2.12)
- (iv) up to £125,000, if required, to support the Crewe Masterplanning project, as approved by Cabinet on 14 July 2009. (para 11.2.13 – 11.2.14)

2.3 Council is asked to approve the following Supplementary Capital Estimates, as approved by Cabinet

- (i) a Supplementary Capital Estimate of £1m for the development of Lincoln House in 2009/10, funded from prudential borrowing charged direct to the revenue budget of the Adults service, as approved by Cabinet on 16 June 2009. (para 11.3.1 – 11.3.3)
- (ii) a Supplementary Capital Estimate of £2.2m to acquire land, build and establish a suitable football facility in Sandbach fully funded via a variety of sources, including a grant from the Football Foundation, a contribution from the external football Club and either capital receipt on the sale of existing land owned or internal transfer of existing capital funds from Adults service within Cheshire East, as approved by Cabinet on 11 August 2009. (para 11.3.4 – 11.3.8)

3.0 Reasons for Recommendations

3.1 Finance Procedure Rules require the approval of Council to requests for supplementary estimates in excess of £1m, or which require funding from general reserves, or which have significant financial implications for future years' budgets.

4.0 Wards Affected

4.1 Not applicable.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 None.
- 7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)**
- 7.1 None.
- 8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)**
- 8.1 As covered in the report.
- 9.0 Legal Implications (Authorised by the Borough Solicitor)**
- 9.1 There are no specific legal implications related to the issues raised in this report.
- 10.0 Risk Management**
- 10.1 Financial risks are assessed on a regular basis and will be reported to members quarterly. Remedial action will be taken if and when required.
- 11.0 Background to Items for Approval**
- 11.1 At the Quarter 1 Financial Update, Cabinet resolved to request Council to approve the following items:
- Modernisation Grant
- 11.1.1 This grant is allocated annually to Children & Families. Its purpose is the upgrading and building of new schools and facilities in line with priorities within the local asset management plan. Previously, allocations have been used to implement the Transforming Learning Communities (TLC) programme, and the majority of this year's allocation is also used to fund TLC expenditure, reducing the amount of Prudential Borrowing required. Revenue savings, (from closed/amalgamated schools) over and above what have been used to finance Prudential Borrowing costs (for TLC schemes) have been made and Schools Forum have agreed that £114,000 can be released to fund additional Prudential Borrowing of £1.688m. This would 'free up' an identical amount of Modernisation grant which could then be used to fund a number of improvement schemes within schools. A Supplementary Capital Estimate (SCE) is therefore requested, fully funded from ringfenced borrowing approvals for £1.150m, as Members have previously approved an SCE for Gorsey Bank, using £538,000 of this funding.

Devolved Formula Capital (DFC) – Drawdown in Advance

- 11.1.2 Each year, schools have an amount of DFC devolved directly to them. The allocation can be used for smaller schemes, or 'saved' towards funding larger schemes at the school site. Schools have 3 years and 5 months to spend each years allocation. Central Government have announced an early drawdown of 2010-11 DFC, encouraging schools to commit to construction projects during the recession. An SCE of £2.227m fully funded from grant is requested.

Future Jobs Programme

- 11.1.3 A draw down of £1.3million of external funding from the Department of Work and Pensions (DWP) is requested to deliver a Future Jobs fund programme in the Cheshire East area. The Future Jobs Fund is a new £1.2 billion Government initiative to help generate jobs for young people who are approaching 12 months unemployment or live in areas of high unemployment. The maximum contribution available is £6,500 per job created and must cover the costs of 6 months employment for a minimum of 25 hours per week at a national minimum wage or more plus any material and supervision costs required to undertake the job. This can be supplemented by funding from other sources.
- 11.1.4 Working with local partners, the Regeneration Service of Cheshire East Council will deliver 200 new jobs over 17 months starting in October 2009. The thrust of these jobs will be to provide young people with a practical work experience supplemented by training and mentoring support to lead to a permanent position. The Council will also work in partnership with Cheshire West & Chester Council and Warrington Council to deliver a sub regional Future Jobs Fund programme.
- 11.1.5 £1.3 million of Future Jobs Funding will be made available to Cheshire East to support 200 jobs for six months (£6,500 per job created). The nature of the Cheshire East bid is unique in that it includes 20 jobs within the engineering industry. Due to the complex nature of these jobs, the employers feel that the placements should be extended to 12 months. As the DWP fund can only cover 6 months of employment, an approach has been made to the Northwest Development Agency for £100,000 of additional funding to top up the Future Jobs Fund allocation. The Recession Task Group has already approved £40,000 from its budget to be allocated to the programme.
- 11.2 Council is requested to approve the following Supplementary Revenue Estimates to be funded by calls on general reserves as approved by the Cabinet.

People into Jobs

- 11.2.1 A bid for European Regional Development funding had been submitted by the Cheshire and Warrington Alliance on behalf of the Cheshire Districts and Warrington Borough Council and had been approved subject to match funding and contract arrangements by the North West Development Agency.
- 11.2.2 The total amount of match funding required from Cheshire East Council for April 2009 – December 2010 is £137,966. The partners may also be given the opportunity to bid for a further 3 years ERDF funding for the period January 2011 to December 2013 to continue the project. The funding would require matching in the region of £90,000 per calendar year. This match funding may be requested from Cheshire East Council. If however the project did not continue beyond December 2010, there would be no further implications.
- 11.2.3 The project is a joint proposal from Cheshire West & Chester, Warrington and Cheshire East unitary authorities working in partnership with other public, private voluntary organisations to complement existing provision aimed at moving workless people back into employment and /or training. Warrington Borough Council will become the accountable body for the project, with Groundwork Cheshire having a service level agreement to deliver the project on behalf of the partners in Cheshire East.
- 11.2.4 The project aims to complement Jobcentre Plus/ Learning & Skills Council and other agency approaches to getting the long term unemployed back into work and/or training, by focusing on employers rather than individuals. There are all sorts of barriers put up by employers, often inadvertently, to employing people on benefits - lone parents, people with disabilities, ex-offenders, etc. This project aims to employ two suitably qualified people to approach several hundred employers in the area. They will provide one to one advice and support to break down those barriers and encourage employers to consider interviewing / recruiting people from the priority target groups and to participate in other initiatives such as Local Employment Partnerships with Jobcentre Plus. In addition they will also provide them with advice on the development of their HR policies and procedures.

Recession Mitigation Action Plan

- 11.2.5 At its meeting on 19 May 2009, Cabinet endorsed the Recession Mitigation Action Plan, which contained a programme of activities which will mitigate the impact of the recession on trading businesses and local communities. The Action Plan contains a number of proposals designed to address the impact of the recession in terms of our local economy and unemployment statistics.
- 11.2.6 The proposals have been developed specifically to address recession mitigation and are therefore short-term by nature. All new investment

will be delivered by end March 2010, and have also been developed to ensure there are no on-going revenue implications for future years.

11.2.7 The Task Group will also actively seek investment from other sources to match the Council's commitment including accessing the funding to support empty premises in town centres recently announced by the Department for Communities and Local Government. The approach of NWDA will also seek to draw in additional investment.

11.2.8 The investment proposals include:

- Recession Busting Information Campaign– use of web portals and local information centres to provide signposting advice and top tips to businesses and vulnerable groups. Will provide a one stop shop linked to the main Cheshire East website.
- Think Local – an information/PR campaign which targets businesses and residents to shop/buy/supply locally.
- Supporting our Town Centres – a package of support to spruce up our town centres to make them a more enticing environment for retail customers. This will include seeking new uses for empty shops as well as floral campaigns linked to the Tatton Flower Show.
- Business Support – provision of additional business advice for high – risk businesses.
- Boost to the Cheshire East Visitor Economy – a package of events and I – guides/ website developments to support local visitor attractions under the Discover Cheshire umbrella.

11.2.9 The Cabinet approved additional investment of £331,000 linked to the proposals outlined in the Action Plan, and delegated authority for the individual investment decisions arising from the Action Plan is given to the Portfolio Holder for Prosperity in consultation with other relevant Cabinet Members.

Adult Social Care Redesign

11.2.10 At its meeting on 16 June 2009, Cabinet approved the implementation of a new model of Social Care services for Adults which involves the development and establishment of locality teams across East Cheshire by March 2010, and the phased introduction of a Resource Allocation System.

This model is based on nationally-driven principles of personalisation for Adult Services, as well as the adoption of prevention approaches, lean systems and more customer focused processes.

The Adult Services budget was set at £72m for 2009-10, and incorporates a reduction of £4.1m (6%). The budget contains an underlying overspend against adults under the age of 65, and an underspend against adults over 65. There are emerging growth pressures across the board.

11.2.11 Central Government has provided Local Authorities with Social Care Reform Grant for three years from 2008-09 in recognition of the magnitude of changes required to move away from traditional models of care and in order to drive through those changes. The Department of Health has made it clear that social care services (in the widest sense) must transform as outlined in Local Authority Circulars 2008 (1) and 2009 (1).

11.2.12 Cheshire East has been allocated £1.2m Social Care Reform Grant in 2009-10, which will have to be repaid if not spent as intended. In addition, there is a sum of £3.8m (in general reserves) which emanates from unspent Social Care specific grant monies carried forward from the County Council's Community Services budget, and £1.9m one-off budget allocated to transform social care from previous budget settlements. Cabinet approved that Social Care Reform Grant and other carried forward Social Care specific resources up to a maximum of £6.9m be earmarked to deliver the changes required, insofar as these costs can not be contained within the People Directorate's outturn position.

The use of these resources will provide essential pump priming and transitional support in order to deliver the new model of social care within the challenging budget set and against the backdrop of growth. Target savings are unachievable without this phased funding, and will put services at risk.

Crewe Masterplanning

11.2.13 At its meeting on 14 July 2009, Cabinet approved the overall approach to a masterplanning process for regeneration in Crewe. Members were informed that the Northwest region is currently debating future spatial, economic and transport priorities. Crewe currently features on the fringe of regional discussions largely due to the lack of clarity and awareness on the true economic and connectivity potential of this key gateway.

11.2.14 The total cost of the masterplanning process including the additional staffing resource could be up to £200k during 2009/10. £75k has already been agreed in principle by NWDA. Every effort will be made to accommodate the remainder of the budget up to £125k through current budgets within the Places Directorate. However, Cabinet agreed to underwrite up to £125k from balances, if required, to support this project in order that it can be progressed in accordance with the ambitious timetable outlined in the report.

11.3 Council is asked to approve the following Supplementary Capital Estimates:

Lincoln House

- 11.3.1 At its meeting on 16 June 2009, Cabinet considered a report on the Council's response to the National Dementia Strategy, and agreed that commissioning the Council's Community Support Centres is fundamental to its implementation of that strategy.
- 11.3.2 The Cabinet agreed that the development of new and enhanced services at Lincoln House in Crewe and Hollins View in Macclesfield should constitute the first phase of the Council's implementation plan, with services currently provided at Santune House being transferred to Lincoln House.
- 11.3.3 Cabinet approved a Supplementary Capital Estimate of £3m for the development of Lincoln House (£1m) in 2009/10 funded from prudential borrowing charged direct to the revenue budget of the Adults service. The residual £2m will form part of the later years of the Council's MTFS process and will be agreed at the relevant point in time.

Sandbach Football

- 11.3.4 At its meeting on 11 August 2009, Members considered a report detailing the partnership working which has taken place between Cheshire East Council, Sandbach United Football Club and the Football Foundation to develop football facilities within the Sandbach area, and seeking a decision to take forward the opportunity to secure both leisure provision and Extra Care Housing for older people.
- 11.3.5 Directly linked to the projects are a series of options for the funding sources, including grant funding and the use of Council owned land or capital receipt. As part of the partnership working the Council will realise either a capital receipt on the disposal of surplus land or alternatively the reuse of the land in support of one of the Council's key corporate priorities. Marrying that with a grant from the Football Foundation can create an important asset for the community. The Council will retain ownership of a new site at Hindheath Road and any buildings erected, thus increasing the overall asset value for the Council by approximately £1m.
- 11.3.6 The progression of the project by the Council will ensure that the sale or transfer of the Newhall Avenue site can proceed by fulfilling the planning requirement for an alternate pitch provision.
- 11.3.7 The project will enable the Extra Care Housing Round 5 PFI Outline Business Case to proceed for Treasury consideration and approval,

resulting in £60m PFI credits to be shared in partnership with Cheshire West and Chester Council.

- 11.3.8 The projected total cost of the scheme is just under £2.2 million. This will be funded from a number of sources. The grant from the Football Foundation will be up to £1m. Sandbach United Football Club has raised £100,000. The residual £1.1m will, if both schemes proceed, be vired from existing capital programme within Adults. This value reflects both the anticipated capital receipt, but also reflecting the additional element of cost that would inevitably be incurred by the Council in sourcing and scoping an alternative site within the borough within the timescale available.

For further information:

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Background Documents

Documents are available for inspection at:

Quarter 1 Financial Update report

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002480/AI00005800/\\$07FinancialUpdatereport.doc.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002480/AI00005800/$07FinancialUpdatereport.doc.pdf)

People into Jobs

<http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.asp?ID=2294>

Recession Mitigation Action Plan

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002476/AI00004882/\\$RecessionMitigationTaskGroup2Cabinet190509.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002476/AI00004882/$RecessionMitigationTaskGroup2Cabinet190509.docA.ps.pdf)

Adult Social Care redesign

<http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.asp?ID=3256>

Crewe Masterplanning

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005502/\\$CreweMasterplanningJuly2009.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005502/$CreweMasterplanningJuly2009.docA.ps.pdf)

Lincoln House - National Dementia Strategy

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002477/AI00005272/\\$03NationalDementiaStrategyreport.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002477/AI00005272/$03NationalDementiaStrategyreport.docA.ps.pdf)

Sandbach Football - this report is restricted. Item 82 Minutes available on:
[Cheshire East Council - Agenda for Cabinet on Aug 11 2009 2:00PM](#)