

CHESHIRE EAST COUNCIL

REPORT TO: COUNCIL

Date of Meeting:	17 th December 2009
Report of:	Borough Treasurer and Head of Assets
Subject/Title:	Supplementary Estimates Approvals
Portfolio Holder:	Cllr Frank Keegan

1.0 Report Summary

- 1.1 At its meeting on 10 November, Cabinet considered the Financial Update - Quarter 2 report which set out the financial position of the Council at the mid-year stage. Cabinet recommended that Council approve Supplementary Capital and Revenue Estimates in excess of £1m, those which require funding from later years, and those funded from reserves, in accordance with Finance Procedure Rules.
- 1.2 Since the mid-year review, a further request for a Supplementary Capital Estimate (SCE) is now required relating to a bid for the Common Assessment Framework Demonstrator Site in Adults Services.
- 1.3 Consequently this report seeks Council approval to the items shown below.

2.0 Decision Requested

- 2.1 Cabinet requests Council to approve the following SCE and Virement requests over £1.0m, or which require funding from later years, or which are funded from reserves, as detailed in Section 11 and Appendix 1 :-
- | | |
|---|------------|
| a. Christ the King Catholic & C of E Primary School | £3,039,000 |
| b. Stapeley Broad Lane Primary School | £906,000 |
| c. Offley Primary School | £845,000 |
| d. Energy Efficiency – Invest to Save | £75,000 |
- 2.2 Council are asked to approve, subject to grant approval, an SCE of £2.2m to be fully funded by Connected for Health grant for the Common Assessment Framework Demonstrator Bid, as detailed in Section 11;
- 2.3 Cabinet requests Council to approve the use of General Reserves to fund the following items as detailed in Section 11 :-
- a. £75,000 in 2009-10 for energy efficiency measures to reduce Carbon Emissions.

- b. Round 2 Voluntary Redundancy costs of up to £5m, together with the additional future payment of actuarial costs.
- 2.4 Cabinet requests Council to approve the use of General Reserves to create the following new earmarked reserves as detailed in Section 11 :-
 - a. Invest-to-Save Projects (£2m)
 - b. Enabling Local Working (£625,000)

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 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.

11.1 Requests for Supplementary Capital Estimates

11.1.1 Common Assessment Framework (CAF) Demonstrator Site Bid

On 3 November 2009, Cabinet approved Phase 2 of the Transformation of Adults Services, incorporating a number of radical and progressive proposals to accelerate changes required to deliver more personalised, lean, local and integrated services.

Within that report reference was made to the intention to apply for funding to become a CAF demonstrator site for a number of critical ICT developments which support that transformation programme in general, but the aspiration to streamline the social care assessment process in particular:

'Members are also asked to note that the service intends to bid for Specific Government Grant of £2.2m to support a common assessment framework and related critical ICT implementation and integration of systems such as PARIS and Sharecare. This will require the Council to operate as a demonstrator site but there are benefits in taking this approach to deliver the redesign and improve current systems and information as well as taking pressure off the current capital programme. The outcome of the bid will be known in December.'

Cheshire East Council's initial expression of interest to Connected for Health (CfH), which relates to the Department of Health, has been well received and the Council has been shortlisted to the final seven authorities being considered due to the strength of its business case. Four authorities will be selected to receive the funding available.

If successful, the funding will replace provision made in the Council's forthcoming capital programme as these are essential developments which will improve our responsiveness and information to users, streamline processes for all staff (including health partners) and enhance performance and financial monitoring information.

The Council is asked to be the Accountable Body for the programme however the main deliverable is to provide learning regarding the development of Common Assessment for other interested parties and as such does not carry a high risk. There may be some ongoing commitments arising from the work in terms of system maintenance and development but these would exist for the Council in any event as it needs to undertake this programme of work. Such commitments will be incorporated into the Council's budget setting process at the appropriate stage. A Memorandum of Understanding is currently being agreed between the Council and CfH, and the Council has been reassured that flexibility exists within the arrangement in terms of how the funding is deployed and how the programme is run, within a broadly agreed framework.

Overall this is seen as an exciting opportunity to adequately resource key ICT developments for the Council and demonstrate its progress to others.

Subject to the grant approval, it is recommended that: Council approves a supplementary capital estimate of £2.2m to be fully funded by CfH grant.

11.1.2 Christ the King Catholic & Church of England Primary School

Council is asked to approve a Supplementary Capital Estimate of £3.039m for this scheme to develop the new school on the former St Edwards site. The scheme will be fully funded from the Primary Capital Programme, schools Devolved Formula Capital (DFC) and a contribution from the Diocese (LCVAP).

11.1.3 Stapeley Broad Lane Primary School

Council is asked to approve a Supplementary Capital Estimate of £906,000 for this new scheme to replace 3 temporary classrooms with permanent accommodation. The scheme is fully funded from Modernisation grants and schools DFC.

11.1.4 Offley Primary School

Council is asked to approve a Supplementary Capital Estimate of £845,000 for this scheme to refurbish the infant and junior schools and provide covered links between the buildings. The scheme will be fully funded from the Primary Capital Programme and DFC.

11.1.5 Energy Efficiency Invest to Save Scheme

Council is asked to approve a Supplementary Capital Estimate of £75,000 for this scheme to fund energy efficiency measures such as boiler controls, lighting controls, voltage optimisation and insulation that are calculated to reduce energy bills by nearly £34,000 per annum. The investment will be recouped in 2.2 years and will be funded from capital reserves.

11.2 **Use of General Reserves**

11.2.1 The report to Cabinet contained the updated Reserves Strategy. Taking account of the latest available data, including budgeted use of reserves and the requests contained in this report, forecast balances at 31 March 2010 are £23.725m. This is sufficient to cover the assessed value of potential risks facing the reserves of the council.

11.2.2 The council has budgeted for changes to the reserves position, allowing for items such as transitional costs, and for their repayment. Approval is now sought for the following additional changes in the use of General Reserves:

(a) Carbon Reduction Commitment (2009/2010)

The council is embarking on a program of energy efficiency measures to reduce Carbon Emissions. £75,000 is anticipated to be spent within 2009/2010.

(b) VR Round 2 (and ongoing actuarial costs)

The establishment of structures and service priorities within Cheshire East has created a need for further Voluntary Redundancy measures. £5m is currently recommended to support this requirement, with the additional future payment of actuarial costs also being met from General Reserves.

11.3 Earmarked Reserves

11.3.1 Cabinet have recommended that two additional earmarked reserves are created at this stage:

(a) Invest-to-Save Projects

The council is committed to promote efficient ways of working that can be demonstrated by a genuine business case. Following the identification of un-allocated balances in September, the proposal is to earmark £2m of general reserves to support invest-to-save projects.

(b) Enabling Local Working

Local working forms part of the business case for re-organisation and this reserve will enable activity in this area to be developed. £625,000 of the general reserve is proposed to be earmarked to support this.

12.0 Access to Information

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

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