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DATE: 29 January 2018

OUR REF:

YOUR REF:

Dear Councillor

CORPORATE OVERVIEW AND SCRUTINY COMMITTEE - THURSDAY, 1ST FEBRUARY, 2018

I am now able to enclose, for consideration at next Thursday, 1st February, 2018 meeting of the Corporate Overview and Scrutiny Committee, the following reports that were unavailable when the agenda was printed.

Quarter Three Performance Report Medium Term Financial Strategy

Yours sincerely

Scrutiny Officer

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Cheshire East Council

Cabinet

| | |
|--------------------------|--|
| Date of Meeting: | 06 February 2018 |
| Report of: | Interim Executive Director of Corporate Services (Section 151 Officer) |
| Subject/Title: | Third Quarter Review of Performance 2017/18 |
| Portfolio Holder: | Cllr Paul Bates |

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2017/18 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 2017 to 2020.
- 1.2. 2017/18 is presenting a challenging year for local authorities across the UK as revenue budgets come under severe pressure due to the combined effects of rising inflation, increased demand for services and continuing reductions in government funding. Demand led financial pressures in the People Directorate are currently exceeding forecasts in both Children and Adults Services. This pressure is more significant as previous one-off mitigation, such as financial contributions from health services, are unlikely to continue, which exposes an additional underlying shortfall in certain budgets.
- 1.3. At the third quarter the Council's forecast overspend is estimated at £0.1m compared to the 2017/18 Budget. This is an improvement of £5.7m compared to quarter two due to continued robust mitigation and remedial action. The reduction within services during the quarter is £0.5m, with a forecast overspend of £9.4m. The improvement is mainly due to reduced costs in Children's Social Care Services.
- 1.4. Further options to reduce Central Budgets by £5.0m have been included in the forecast outturn at quarter three. These include the part release of the collection fund management reserve relating to a review of non-collection and appeals and use of capital receipts to fund transformation activity. Additional grants of £0.3m have been received in the quarter giving an overall forecast underspend of £9.3m within central budgets.

- 1.5. This is a significant improvement compared to quarter one where the forecast included £17.7m of potential financial pressures, which were partially mitigated by services, to leave a potential overspend of £10m.
- 1.6. At mid-year the changes to Capital Financing and early redemption of the pension deficit were resolved and were included within the forecast outturn reducing the potential overspend to £5.9m.
- 1.7. As reported above at quarter three there is a small forecast overspend of £0.1m. Robust action continues to further reduce the forecast deficit, returning the budget to a balanced position.
- 1.8. Against this extremely 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.
- 1.9. In quarter three, a few examples of good performance were:
 - The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both became Connected Communities Centres
 - The Council introduced Public Spaces Protection Order to tackle dog fouling and control of dogs
 - A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'
 - Latest Gross Value Added (GVA) figures estimate the local economy at £11.59bn, a growth of 2.9% per annum during the period 2012-16
 - The Council scooped Best Tourism Marketing Project of the Year at the Marketing Cheshire Awards for Stage Three of the Tour of Britain
 - Cheshire East has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK
 - The 'Emotionally Healthy Schools' programme launched across Cheshire East
 - The Housing Strategy 2018-2023 went out for consultation during the quarter
 - Our recycling rate was confirmed at 55.2%, placing us in the top 10% of all authorities in England
 - Crewe Lifestyle Centre was shortlisted for the Community benefit category by the Royal Institute of Chartered Surveyors
 - The Carers' Living Well Fund pilot scheme was launched on 1st November 2017 and is available until 31st March 2018
 - The Council approved a new constitution, marking its first update since 2009
- 1.10. Areas requiring further improvement also identified as:
 - The need to increase the number of Adult Social Care assessed within 28 days to above 50%
 - To improve the percentage of staff Personal Development Reviews completed for the previous year and initiated for the current year

- To reduce the inquiry and legal costs related to planning appeals
- Recovery of invoiced Housing Benefits overpayments
- To increase the number of children that have a health assessment by a paediatrician within 20 working days of entering care
- To reduce the percentage of referrals to Children Social Care

1.11. The attached report, **Annex 1**, sets out details of how the Council is performing in 2017/18. 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 2017/18 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. Recommendation

2.1. Cabinet is asked to consider and comment on the third quarter review of 2017/18 performance, in relation to the following issues:

- The summary of performance against the Council's six Strategic Outcomes (**Section 1**);
- The projected service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Section 2**);
- The delivery of the overall capital programme (**Section 2, paragraphs 156 to 165, Appendix 4 and Appendix 5**);
- Fully funded supplementary capital estimates up to £500,000 approved in accordance with Finance Procedure Rules (**Appendix 6**);
- Capital virements up to £1,000,000 approved in accordance with Finance Procedure Rules (**Appendix 6**);
- Changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 9**);
- Treasury management investments and performance (**Appendix 10**);
- Supplementary revenue estimates to be funded by additional specific grant (**Appendix 11**).
- Management of invoiced debt (**Appendix 12**);
- Use of earmarked reserves (**Appendix 13**);
- Update on workforce development and staffing (**Section 3**);

3. Other Options Considered

- 3.1. The 2017/18 Budget sets out a financial framework for Council services, which is approved and then adjusted in-year in accordance with the Constitution. Approval limits within the Constitution may require approval by members of the authority and non-financial changes, such as options to vary ways of working, staffing changes and reviews to levels of services delivery are applied within an approved policy framework.
- 3.2. Options such as a freeze on spending, or stopping fulfilment of vacancies are considered as part of the management review of expenditure throughout the year.

4. Reasons for Recommendation

- 4.1. The Council monitors in-year expenditure through a quarterly reporting cycle, which includes outturn reporting at year-end. Quarterly reports 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.
- 4.2. 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 must be properly authorised and this report sets out those areas where any further approvals are now required.

5. Background/Chronology

- 5.1. Monitoring performance is essential to the achievement of outcomes for local residents. This is especially important in 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 370,000 local people. Gross annual spending is over £720m, with a balanced net budget for 2017/18 of £264.8m.
- 5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's quarterly reporting structure provides forecasts of a potential year-end outturn within each directorate during the year.
- 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 £0.1m (0.05%) against a net revenue budget of £264.8m. Forecast capital expenditure in the year is £111.0m.

6. Wards Affected and Local Ward Members

- 6.1. All

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Performance management supports delivery of all Council policies. The projected outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2018/21 medium term financial strategy.

7.2. Legal Implications

- 7.2.1. The legal implications surrounding the process of setting the 2017 to 2020 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 in 2017/18. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 7.2.2. In relation to the approach the Council's minimum revenue provision the Council's 151 Officer needs to be content that Regulations 27 and 28 in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 which requiring local authorities to make a prudent amount of minimum revenue provision are complied with. In addition The Secretary of State has issued statutory guidance on determining the "prudent" level of MRP which the Council is required to have regard to.
- 7.2.3. 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.
- 7.2.4. 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.

7.3. Financial Implications

- 7.3.1. 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.
- 7.3.2. Any proposals to amend the calculation of the Minimum Revenue Provision will be reported to Council as part of the process to review the Treasury Management Strategy. Any proposal to use reserves to

support in-year expenditure will be consistent with the Reserves Strategy or otherwise reported to Council.

7.4. Equality Implications

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

7.5. Rural Community Implications

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

7.6. Human Resources Implications

7.6.1. This report is a backward look at Council activities in quarter three (October to December 2017) 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.

7.7. Public Health Implications

7.7.1. This report is a backward look at Council activities in quarter three 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.

7.8. Implications for Children and Young People

7.8.1. The report provides information on financial and non-financial performance of Council services within the Borough, which includes services to Children & Young People. The recommendations of this report do not include specific proposals that will directly impact on Children & Young People, but the narrative within the report does provide relevant information and updates on Council Services to these groups.

7.9. Other Implications (Please Specify)

7.9.1. None

8. Risk Management

- 8.1. 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.
- 8.2. 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 2017/18 budget and the level of general reserves were factored into the 2017/18 financial scenario, budget and reserves strategy.

9. Access to Information/Bibliography

- 9.1. The following are links to key background documents:

[Budget Book 2017/18](#)
[Medium Term Financial Strategy 2017/20](#)
[First Quarter Review of Performance 2017/18](#)
[Mid-Year Review of Performance 2017/18](#)

Contact Information

- 9.2. Contact details for this report are as follows:

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Third Quarter Review of Performance 2017/18

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February 2018

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 370,000 local people with annual spending of over £720m.

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 £0.1m (0.05%) against a budget of £264.8m. 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 2017/18:

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 2017/18 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.

Jan Willis

Interim Executive Director of Corporate Services (Section 151 Officer)

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2017/18 Outturn Forecast at Third Quarter Review - Financial Position

| 2017/18 Third Quarter Review (GROSS Revenue Budget £605.2m) | Revised Budget (NET) £m | Forecast Actual Outturn £m | Forecast Over / (Underspend) £m | Change in Over / (Underspend) from MYR £m | For further information please see the following sections |
|---|---|---|--|--|---|
| SERVICE DIRECTORATES | | | | | |
| People | 155.1 | 163.4 | 8.3 | (0.5) | Section 1 - Paragraphs 103-114 |
| Place | 33.8 | 33.8 | - | - | Section 1 - Paragraphs 115-121 |
| Corporate | 60.9 | 62.0 | 1.1 | - | Section 1 - Paragraphs 122-130 |
| Total Services Net Budget | 249.8 | 259.2 | 9.4 | (0.5) | |
| CENTRAL BUDGETS | | | | | |
| Capital Financing | 14.0 | 8.0 | (6.0) | - | Section 2 - Paragraphs 166-176 |
| Transfer to/(from) Earmarked Reserves | (0.2) | (2.8) | (2.6) | (4.7) | Section 2 - Paragraph 177 |
| Corporate Contributions / Central Budgets | 1.2 | 1.2 | - | 0.1 | Section 2 - Paragraph 177 |
| Total Central Budgets | 15.0 | 6.4 | (8.6) | (4.6) | |
| TOTAL NET BUDGET | 264.8 | 265.6 | 0.8 | (5.1) | |
| Business Rates Retention Scheme | (41.0) | (41.0) | - | - | Section 2 - Paragraphs 150-155 |
| Revenue Support Grant | (13.4) | (13.4) | - | - | Section 2 - Paragraph 137 |
| Specific Grants | (18.0) | (18.7) | (0.7) | (0.6) | Section 2 - Paragraphs 131-137 |
| Council Tax | (191.1) | (191.1) | - | - | Section 2 - Paragraphs 139-149 |
| Sourced from Collection Fund | (1.3) | (1.3) | - | - | |
| CENTRAL BUDGETS FUNDING | (264.8) | (265.5) | (0.7) | (0.6) | |
| FUNDING POSITION | - | 0.1 | 0.1 | (5.7) | |
| | Planned Contribution 2017/18 £m | Forecast Variance Quarter 3 £m | Impact on Reserves Quarter 3 Forecast £m | | |
| Impact on Reserves | - | (0.1) | (0.1) | | |
| | General Reserves Balance 2017/18 Budget (estimated) £m | | Quarter 3 Forecast | | |
| Opening Balance April 2017 | 10.3 | Actual | 10.3 | | |
| 2017/18 Impact on Reserves (see above) | - | Forecast | (0.1) | | Section 2 - Paragraphs 179 - 180 |
| Closing Balance March 2018 | 10.3 | Forecast | 10.2 | | |

Overview of Performance

ACHIEVING THE COUNCIL'S SIX OUTCOMES

Cheshire East Council provides in the region of 500 services, supporting over 370,000 residents, and over 18,500 businesses.

1 ~ Our local communities are strong and supportive

- 19 community grant applications were awarded to organisations across the Borough, totalling £31,870
- The Council introduced Public Spaces Protection Order to tackle dog fouling and control of dogs
- The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both became Connected Communities Centres

2 ~ Cheshire East has a strong and resilient economy

- A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'
- Latest Gross Value Added (GVA) figures estimate the local economy at £11.59bn, a growth of 2.9% per annum during the period 2012-16
- The Council scooped Best Tourism Marketing Project of the Year at the Marketing Cheshire Awards for Stage Three of the Tour of Britain
- Work continued on planning for future regeneration activity in Macclesfield town centre with a 9-week public consultation

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

- Cheshire East has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK
- The 'Emotionally Healthy Schools' programme launched across Cheshire East
- The Special Educational Needs and Disability (SEND) Toolkit was launched

4 ~ Cheshire East is a green and sustainable place

- The Housing Strategy 2018-2023 went out for consultation during the quarter
- Our recycling rate was confirmed at 55.2%, placing us in the top 10% of all authorities in England

5 ~ People live well and for longer

- Consultation on the Homelessness Strategy closed; feedback will inform a new Strategy to go through the Council's approval process
- Crewe Lifestyle Centre was shortlisted for the Community benefit category by the Royal Institute of Chartered Surveyors
- The Carers' Living Well Fund pilot scheme was launched on 1st November 2017 and is available until 31st March 2018
- During November Children's Rights Month (NCRM) staff from across the Council and our partners took part in a number of activities, with this year's theme centred on the Diversity of Children's Rights

6 ~ A Responsible, Effective and Efficient Organisation

- The Council approved a new constitution, marking its first update since 2009.
- In November the Council published its Budget Consultation 2018-21, setting out initial proposals for how the Council could target resources more effectively and save money whilst achieving a balanced budget.

FINANCIAL STABILITY

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

- At quarter three there is a potential forecast overspend of £0.1m against a revenue budget of £264.8m (0.05%).
- A full mitigation plan is in action to ensure delivery of a balanced outturn position by the year end.
- **Service Budgets** – a forecast overspend of £9.4m is reported.
- **Central Budgets** – are currently forecast to underspend by £9.3m due to a revised approach in relation to the capital financing budget, early redemption of the pension deficit, revenue implications of funding transformation activity from capital receipts and use of earmarked reserves to mitigate overspending in 2017/18.
- 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 4.99% in 2017/18 which includes a 3% increase relating to Adult Social Care precept.
- **Investment income** is £205,000 which is in line with budget at quarter three. The average rate earned on investments (1.46%) is higher than the London Inter Bank 7 day rate.
- **General Reserves** - a potential overspend of £0.1m is within the original forecast risks parameters. Further action in relation to using reserves is expected to maintain general reserves at expected levels by year end.
- **Capital Programme** – total capital expenditure of £111m is forecast in 2017/18, which is a reduction of £1.3m since mid year review following a review of in-year forecasts.
- For monitoring purposes, the in-year capital budget for schemes committed or in progress is £97.5m. The in-year forecast has been revised to £92.7m and £4.8m has slipped to future years.
- Outstanding **Debt** (excluding local taxation) is £7.4m, a decrease of £1.1m since quarter two. Debt over 6 months old has reduced by £0.5m to £3.2m (around 4.4% 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 2016 to March 2017 is £738m, 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 2017/18 | | | |
|--|-----------------------|---|-------------------------|
| | Cheshire East £ | Rural East Riding of Yorkshire £ | Urban Liverpool £ |
| Grants (<i>budgeted grants including schools</i>) | 763 | 923 | 1,489 |
| Council Tax (<i>excluding Parish Precepts</i>) | 507 | 445 | 322 |
| Retained Business Rates | 109 | 195 | 513 |
| Total | 1,379 | 1,563 | 2,324 |

2. The Council's Corporate Plan 2017-2020, which was agreed by Council on 23rd February 2017, 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 October 2017 to December 2017. 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. Five Connected Communities Centres have now been opened within the Borough with The Welcome Café, Longridge Estate, Knutsford and Audlem Community Centre both becoming Connected Communities Centres during this quarter.
5. Our Community Development team support local community groups and organisations with a range of projects all designed to build and support strong communities where everyone has the opportunity to live the best life possible. Projects this quarter include:
6. **Self care** – training volunteers and professionals to promote 'self care', enabling people to manage their own health and well-being

as effectively as possible with the ultimate aim of helping people stay independent for longer and reducing the need to attend GPs or hospital.

7. **Help with IT and getting online** – six IT and Chat sessions have been held in Congleton where people can drop in and get help to access services online and chat to our community development officers. This project aims to support everyone in the community to benefit from online services which are especially important in an increasingly digital world.
8. **The Green in the Corner Café, Macclesfield** – a new community café has been opened by local residents on the Moss Estate in Macclesfield. The Council has supported with a grant and advice to the group but the hard work has been done by the community, offering a great space for local people to drop in and connect with each other, reducing social isolation and providing a place to get local information and support if needed.
9. **Winter wellbeing** – the Communities team have supported a number of winter wellbeing events to raise awareness of health and welfare issues as the weather gets colder, particularly taking care of elderly or vulnerable people in our communities. The team has also done work to support homeless people in the area, including distributing around 200 winter coats which were personally donated by Council staff.
10. **Connected to Decision Making Event** – over 250 people attended an event at Congleton Town Hall to give the Council feedback on adult and health services as well as influence our plans as we look to commission future services. The Council is keen to listen to local people, find out what works well, what doesn't and where the gaps are in service provision.

11. 19 community grant applications were awarded to organisations across the Borough, totalling £31,870, and contributing to £259,307 of project costs. Examples of awards include: Red Dragon Karate, a newly established group which was awarded £1,000 for safety equipment and soft floor matting for use during training; Space4Autism being awarded £4,266 for furniture, fixtures and fittings for a new community café which will provide a safe environment for people with autism to meet new people, socialise and make friends without worry or prejudice; and Sandbach Rugby Union Club being awarded £3,000 to resurface their car park area to provide a multi-sports surface for use by the local community as well as the primary school.
12. **Community Cohesion** – the Council hosted a 'Faith and Hope' multi-faith conference at South Cheshire College on 18th November which was attended by around 100 people with representation from local voluntary, community and faith groups. There was a lot of debate and discussion about local community issues and how to work together to make communities resilient and strong. The Council will continue to work with and involve local people as it develops a community cohesion plan for the Borough.

Communities where you are Safe, and feel Safe

13. Following public consultation during September and October, the Council introduced a Borough-wide Public Spaces Protection Order (PSPO) on 1st November to tackle dog fouling and control of dogs. The PSPO applies to all land open to the public and states that it is an offence to not clean up after your dog and dispose of the waste in an appropriate bin. It is also an offence to refuse to put your dog on a lead if asked to do so by an Authorised Officer such as a Police or Council Officer or their authorised contractor. Failure to

comply can result in receiving a Fixed Penalty Notice (FPN) of £100 or if prosecuted in court, a fine of up to £1,000.

14. **Community Payback – Crewe** The Council continues to work with the Community Payback Team to clear and clean areas across the town. Local resident and voluntary groups help to identify new areas to be cleaned and also do their bit by helping to keep newly cleaned areas looking good in the long term. Recently there has been much work in the Valley Park area in Crewe to clear shrubs and tree branches in the park, install new waste bins and repair street lighting, all of which makes the area look better and also helps to reduce anti-social behaviour in and around the park due to improved visibility across the site.
15. The Multi-Agency Action Group (MAAG) is a group of partner organisations including local Police, NHS and Housing Associations which meets monthly to share information about crime and anti-social behaviour with a view to taking preventative measures where possible and early intervention for better outcomes for individuals and communities. The group organised two public community safety events held in ASDA, Crewe and Tesco, Macclesfield to give shoppers personal and consumer safety advice in the run up to Christmas. In addition, safety messages were put out via social media channels during the festive period.
16. Our community protection team were part of the multi-agency 'Operation Hebe' to tackle rogue traders and illegal waste carriers in the Knutsford area in response to local intelligence. The team spot checked vehicles of 15 traders seen carrying and disposing of waste in several areas across the Borough including High Legh, Bucklow Hill, Mere, Pickmere, Ashley, Plumley, Lower Peover, Chelford, Toft, Mobberley, Knolls Green, Ollerton and Marthall. Further investigations are ongoing into one of the trader's activities as a result of the operation.
17. Our community protection team work in partnership with the North West Regional Investigations Team for Trading Standards. This work has led to the arrest and remand of two career 'rogue' traders responsible for a string of illegitimate companies trading across the UK and 'scamming' consumers of over £360,000 over a two year period. An arrest warrant has also been issued in respect of a third trader in connection to the scams. The team have also seized over £21,000 cash and tobacco products worth approximately £34,000 following joint working with local Police. A member of the team also received national recognition for excellence in financial investigation work which led to a successful prosecution.
18. Following joint working between the Council and Police, Crewe Magistrates issued a Criminal Behaviour Order to a teenager from Crewe who had been committing anti-social behaviour and criminal activities in and around the town over a long period of time. The order is a severe penalty with a curfew and restrictions for where and who the teenager is able to visit. Especially in the case of a young person, the Council will always try and seek alternatives to criminal proceedings but will take action where necessary to protect local people from the effects of crime and anti-social behaviour.
19. Following public consultation, the Council is looking to introduce a PSPO for the market area in Congleton to help reduce anti-social behaviour in the town centre. The Council and Police have received complaints from local residents over a number of years and this measure will enable the Police to issue Fixed Penalty Notices of £100 or fines up to £1,000 if prosecuted in court to those committing anti-social behaviour.

2 ~ Cheshire East has a strong and resilient economy

Culture, Heritage and Tourism

20. In November, the Council scooped a tourism award at the Marketing Cheshire Awards, winning Best Tourism Marketing Project of the Year for Stage Three of the Tour of Britain in September 2016. The event generated more than £3.5m for the local economy and 300,000 visitors into towns, villages and Borough venues to watch the race. Organisation of the event required joint working between many different internal departments at the authority as well as working alongside external partners including Cheshire Police.
21. The Lyceum Theatre in Crewe is currently on track for a successful year with its most successful Christmas period ever and audiences up by 22% for the first half of the year.
22. Having received the UK's nomination for World Heritage Status earlier in the year, Jodrell Bank has received funding from Government that secures the future of its 'First Light' project. The proposals would deliver a £20m investment to the area's visitor economy. Jodrell Bank not only provides leading edge scientific research, its heritage is also world-leading, whilst its educational and tourism offers have significant further potential. An expanded welcome and visitor infrastructure at Jodrell Bank could improve capacity which would position it as one of our most significant attractions alongside the likes of Tatton Park. If it achieves World Heritage Status, Jodrell Bank would also then be able to attract valuable international visitors, especially with increasing numbers flying into Manchester Airport.

Jobs and Skills

23. A new report placed Cheshire East as the top performing area in the North West for 'economic wellbeing'. The 'Vibrant Economy Index', developed by consultants Grant Thornton, is a new way of measuring economic wellbeing based on national statistics broken down into categories of: prosperity; dynamism and opportunity; inclusion and equality; health, wellbeing and happiness; resilience and sustainability; and community, trust and belonging. The index also placed Cheshire East highly in the overall national picture as one of the best performing areas outside the South East, and provides insight into a broad range of factors, including skills, educational attainment, health and earnings, economic growth and employment rates.
24. The Skills and Growth Company (SAGC) have continued their role in connecting employers to skills provision on behalf of the Council, with 24 Business Ambassadors recruited to support the Enterprise Adviser Network in 18 of our secondary schools. The annual 'YourSay' careers education survey for young people has also recently been launched. The Transport Infrastructure Board was also launched this quarter, a sector skills board bringing together rail and construction employers and HS2 Ltd. Science, Technology, Engineering and Maths (STEM) and digital employers were also supported, with curriculum mapping undertaken across sub regional provision, and a collaborative bid has been submitted with Northern Powerhouse partners, for a Creative Digital cluster development programme.

Business Growth and Inward Investment

25. Latest Gross Value Added (GVA) figures, issued in December 2017, estimate the local economy at £11.59bn for 2016. Cheshire East's real GVA growth averaged 2.9% per annum during the 2012-16

period. Figures are updated annually, and have been retrospectively revised during the 2012-16 period to: £10.35bn (2012), £10.81bn (2013), £11.14bn (2014) and £11.30bn (2015).

26. **Regeneration North - Macclesfield:** Pre-application community consultation was undertaken in respect of the planned town centre cinema development, with attendance by over 500 local people. The developers are now working towards submission of the formal planning application in spring 2018. The build phase of the Grosvenor Centre Refurbishment also commenced with steel work erected on site. Take up of Shop Front Grants continued with applications now up to 27 and eight completed schemes and a project team was also assembled to develop detailed designs for the upgrading of the public realm on Castle Street. Work has also continued on developing plans for future regeneration activity in the town centre with a nine week public consultation on the draft Macclesfield Town Centre Revitalisation Strategy run during quarter three.
27. **Regeneration South – Crewe:** Following Cabinet approval, officers have moved forward in negotiating final terms of the proposed development agreement for the Royal Arcade scheme, which plays a central role in the Council’s town centre regeneration programme. A consultation was held with current Market Hall traders as part of proposals to redevelop and remodel the building, following which a range of measures have been agreed to mitigate the impact on traders whilst developing more detailed plans for works on the Market Hall to commence. Alongside this, the proposed public realm strategy for Crewe town centre has progressed, with the expectation that this will be consulted upon with key local stakeholders in January 2018. The total cost of this regeneration programme to the Council will be approximately £25m, of which a £10m Local Growth Fund grant has been conditionally awarded by Cheshire & Warrington Local Enterprise

Partnership. In addition there will be commercial investment of £23.6m from developers.

28. On behalf of the Council, the SAGC is working with Alderley Park Ltd to land two major (foreign owned) investors that could result in the creation of 60 new highly skilled roles. This follows the announcement that Cancer Research UK utilises 81,000sqft of lab/office space at Alderley Park securing 300 new skilled Research and Development (R&D) jobs and Royal London confirms its intention to relocate there, securing over 1,200 ‘Fintech’ jobs. Support has also been provided to Barclays to overcome short term parking problems by agreeing a five month lease of 100 spaces at Booths Park, with shuttle service, and an Inward Investment visit from Austrian company seeking a new location for its technical documentation centre.
29. Local business has also been signposted to support or funding opportunities via a series of events held by SAGC including the Digital 2020 Business Support programme, a rural workshop held at Tatton Park, procurement training sessions delivered at South Cheshire College to encourage businesses from Cheshire East to tender for both local and central government work. A major Access to Finance event is also being planned at Alderley Park with over 70 businesses expected to showcase the Northern Powerhouse Investment Funds.

Infrastructure

30. Following the end of the Department for Transport’s consultation on the Crewe Hub in October 2017, a public consultation on the Crewe High Speed Two (‘HS2’) Masterplan Vision was launched on the 20th November. Responses to this consultation are due by mid-January 2018. The Masterplan Vision shows how HS2 will be a catalyst for growth and transformation over the next 30 years

and the consultation is seeking views on the key moves underpinning the vision, which include bringing the Cheshire landscape into the town centre and Hub station area, and also their ambitions for a Crewe Hub station.

31. The National Highways and Transport Network (NHT) Survey Report for 2017 was received in quarter three in which Cheshire East Council received an overall satisfaction level of 49%. The NHT survey is based on a variety of themes, some of which (Accessibility & Public Transport) are outside the control of the Highways Service. The NHT Survey is included in the current Performance Management Framework (PI 2.2 Customer Satisfaction – Average level of satisfaction with Highways Service as measured by the annual NHT Survey) with the target performance level in this financial year set at 48%. The results of the relevant Highways related themes within the NHT survey will be analysed over the next few weeks using the full ‘Question by Question Report’ and by comparing against neighbouring / similar Authorities to determine where improvements can be made in line with the service’s annual priorities.
32. In addition, as part of the ongoing procurement exercise the current Performance Management Framework will be revised to ensure that the new framework is promoting the right behaviours as expected by Cheshire East Council. To ensure fairness, rather than looking at the overall NHT results where themes are included to which Highways has no influence, the current one performance indicator (PI 2.2, as mentioned above) will become four separate indicators, each with their own expected target performance level (based on the 2017 NHT figures) and with appropriate financial incentives:
 - PI 3.1 Customer satisfaction – Walking and cycling theme. Expected performance of 51%
 - PI 3.2 Customer Satisfaction – Tackling congestion. Expected performance of 42%
 - PI 3.3 Customer satisfaction – Road safety theme. Expected performance of 53%
 - PI 3.4 Customer Satisfaction – Highway maintenance / enforcement theme. Expected performance of 46%
33. The winter low season began in October, with the core (high) season beginning on 1st November. The earlier start of the winter season, compared to last year saw 416 winter related enquiries received compared with only 76 enquiries for quarter three in 2016. Up to and including 21st December 2017, 785 treatments were completed. Salt spreading, salt for the hill farmers, filling of salt bins and footway treatments has resulted in a total salt usage of 5,626 tonnes.
34. By the end of quarter three the Highways Service received 10,431 enquiries of which 8,564 are marked as a resolved status (82%) within the Confirm system. The number of enquiries received in quarter three was higher than those of the same period last year (9,265). The top five Highways enquiries with the Confirm reporting system in quarter three were ‘Lights Out’ 2,131 enquiries, ‘Potholes’ 2,100 enquiries, ‘Gully / drainage’ 559 enquiries, ‘Carriageway’ 513 enquiries and ‘Hedge / Tree Maintenance’ 455 enquiries.
35. The number of third party claims made against the Council in quarter three (115), has increased when measured against last year’s quarter three figure (58). An increase of nearly 100%. The first frost of the winter season arrived during the first week in November, these conditions in November have not happened since 2012. These periods of very wet weather, followed by frost or snow have led to the increase in claims we have received during the last quarter. Sustained investment will be required to maintain

the carriageway condition and reduce the impact from the increase in the number of carriageway defects as a result of the inclement weather.

36. Gully emptying is achieving high outputs with 44,228 to date against a target of 55700 (79% completion to date) by the end of March 2018. A targeted approach is being utilised to address defects identified during routine emptying.
37. The British Standards Institution (BSI) audit took place recently with a focus on year to date has seen improvements in the way that the bridge stock, and street lighting assets are managed. The assessor looked at the systems used, processes followed, stock management as well as reviewing a random selection of project folders and completing site visits. The assessor was most impressed with the work completed by the Highways Service. In November it was announced that Cheshire East Highways had won the Project Achievement Award at the Institute of Asset Management Awards for the ISO 55 001 accreditation.
38. The capital maintenance and Managing and Maintaining the Highways Network programmes are on track with all surface dressing, grip fibre, micro asphalt and carriageway re-surfacing programmes completed by early November. Level 2 carriageway patching programmes continues with monthly programmes including works to address carriageway deterioration resulting from recent frost, snow and heavy rain. The patching programmes also prepare the carriageway for the coming year's surface dressing programme.
39. The Footway slurry seal programme is now complete; 'slurry surfacing' is used to repair imperfections and seal footway surfaces to prevent fretting caused by loss or ageing of the binder, and provides an even and consistent surface free from trip hazards.

The flags to flexi programme, which involves removing flags and replacing with tarmac, will continue to run throughout the financial year.

40. Street lighting upgrade to LED lights in residential areas and the structural column replacement programmes were completed in December 2017. Preparations for year three are underway with scheme design and other preparatory works to ensure an early start and completion in 2018.
41. Two main flood alleviation projects are being taken forward in conjunction with the Environment Agency, subject to funding approval by Department for Environment, Food and Rural Affairs (DEFRA). In addition to these a programme of smaller drainage projects are planned to tackle flooding both on the highways and to local communities and will be delivered in year. The draft Local Food Risk Management Strategy (LFRMS) completed its public consultation and minor updates were implemented before being approved by Council for publication on the website in November.
42. The structures programme of bridge, culvert and retaining wall repairs is progressing well and on track to be completed in year. Temporary lights are still in place on the A535 Chelford Road, Goostrey awaiting the cable service owner undertaking works to their cables/ducts before the parapet can be re-installed. Unplanned events are also being dealt with in a timely manner as they occur. Ground investigation work is under way on the A51 Calveley. The design for the cantilever deck scheme to provide improved vehicle restraint system on the A54 high level route is progressing for delivery on site in 2018-19.
43. At the end of quarter three Highways revenue and capital spend remains broadly in line with the available budget and cash flow

expenditure forecast for 2017-18 as reported to Highway Operations Board.

44. The procurement of the next Highway Services Contract (October 2018) is progressing with first round of tender submissions received from the three bidders on 30th November. The Council team evaluated and scored these in December and updated bidders on the results. The next step is negotiation meetings with all bidders in mid-January 2018. The successful bidder will be announced following due process in April 2018.

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

Securing the Best Start in Life

45. UNICEF UK's Rights Respecting Schools Award supports schools across the UK to embed children's human rights in their ethos and culture. It recognises achievement in putting the UN Convention on the Right of the Child (UNCRC) at the heart of a school's practice to improve wellbeing and help all children and young people realise their potential. In quarter three we received confirmation of the number of schools who have achieved the award in Cheshire East. Since September 2016:
 - 4 schools have signed up for the award;
 - 3 schools have achieved a Recognition of Commitment; and
 - 1 school, Puss Bank Primary, has achieved Level 1. This level focuses on the commitment of school leadership, knowledge of the UN Convention on the Right of the Child and the setting up of the infrastructure.
46. September saw the launch of the 'Emotionally Healthy Schools' programme across Cheshire East. The Emotionally Healthy Schools project has been running for nearly two years and is supported by

a number of agencies, including Cheshire East Council, local schools, Cheshire and Wirral Partnership, NHS Eastern Cheshire Clinical Commissioning Group (CCG), NHS South Cheshire CCG and the charities Visyon and Just Drop In. Following a successful initial pilot of six secondary schools, which improved confidence in schools when responding to the emotional needs and mental health of children and young people, the roll out of the programme means that all schools across the Borough can now benefit. The programme has also been shortlisted for a Local Government Chronicle (LGC) award.

Highest Achievement for All Learners

47. Cheshire East has been successful in two applications in Round 2 of the Strategic School Improvement Fund as part of the West Midlands region. The two applications totalled over £1.2m with funding identified to improve outcomes in targeted Cheshire East and Cheshire West and Chester schools. The successful Cheshire East Council led bid of £638,000 aims to reduce the gap in attainment and progress made by disadvantaged pupils with a focus on maths and improving home/school liaison. The project includes 19 Cheshire East schools (14 primary and five secondary) and 19 schools from Cheshire West and Chester (CWAC). The second bid, led by Aspirer Trust (a Cheshire East Teaching School Alliance and Multi Academy Trust), will reduce the attainment gap in writing with a focus on transition between primary and secondary. At a total cost of £601,000, this project will support 23 Cheshire East schools (20 primary and three secondary) and four CWAC schools. In both successful bids, there was very strong emphasis on sector-led working combined with the resources within Teaching Schools, Multi Academy Trusts, Local Authorities and other key providers to secure better outcomes for our learners.

48. Cheshire East Council has achieved the third-lowest level of young people not in education, employment or training (NEET) in the UK. The Council, which has consistently held the best figures across the North West region, now sits only behind Harrow London Borough Council and the Council of the Isles of Scilly – which, in comparison, has a very small sample of people to monitor – in national government statistics. The figures reflect a new government measure combining the NEET figure with what is referred to as the ‘not known’ figure. Under the new measure, there are only 2.2% of young people who are NEET and ‘not known’ in Cheshire East, compared to a national average of 6%.

Inclusion

49. **Alternative Provision Developments** – The local authority is working with head teachers and they have put in place a three year plan for the development of alternative provision across the local authority. Innovative, collaborative joint working has enabled clusters of schools to develop additional strategies and support mechanisms to prevent permanent exclusions and meet the needs of vulnerable learners. The impact of this work will be evaluated on a termly basis and will be supported by the underpinning work of the Welfare, Attendance and Behaviour Network.
50. Changes in pupil premium mean that this is now allocated against specific interventions and actions over and above those already provided by schools to support pupils to make accelerated progress. The changes in the Schools Funding Formula include increasing the amount of funding allocated to each local authority and this will be used in Cheshire East to provide flexible support, including frontline staffing to meet the needs of each child in a timely manner. The remit of the Virtual School will also expand to provide advice and guidance for previously cared for children and to support schools to identify and provide appropriate support for

children's mental health issues. This will be done in collaboration with the Emotionally Healthy Schools Programme.

51. The Special Educational Needs and Disability (SEND) Toolkit was launched in quarter three. The Toolkit outlines the provision and support that Cheshire East Council expects to be in place in all educational settings which support Cheshire East children and young people with special educational needs, and forms an important part of the Cheshire East Local Offer for SEND. Its purpose is to provide detailed guidance on how educational settings can identify children and young people with different types and levels of need, and information on appropriate steps and strategies to support them. It provides clear information about when a request for an Education, Health and Care needs assessment, or specialist services, may be required.
52. Earlier in the year significant work took place to produce a comprehensive ‘Sufficiency Statement’ outlining the supply and demand for education places to support children and young people with special educational needs and disabilities. Based on the needs identified in our Sufficiency Statement, we developed a proposal for what specialist SEN provision we thought we should develop in Cheshire East. We tested out the findings in this Statement in workshops with schools, other settings, and professionals in summer 2017. We also invited schools who were interested in developing or expanding their SEN provision to express their interest in this work going forward. We have now developed a three year plan to develop our Specialist SEN Provision in Cheshire East.
53. The Children and Families Scrutiny Committee has established a task and finish group to look at the effectiveness of implementation of SEND reforms. This has involved meetings with a number of key strategic and operational staff from the Council

and partner agencies, meetings with parent/carers, visits to schools (special and mainstream with resourced provision), along with consideration of key documents, data and finance information. The findings of the group will be published in the New Year.

54. Funding for the free early education entitlement changed from September 2017. In addition to the universal offer of 15 hours free early education entitlement most working parents of three and four year old children are now eligible for an additional 15 hours per week, giving them a total of 30 hours free childcare. The new 30 hours free childcare is intended to support working parents with the cost of childcare and enable parents, where they wish, to return to work or to work additional hours. Take up of the 30 hours in Cheshire East is one of the highest in the country.

4 ~ Cheshire East is a green and sustainable place

Sustainable Development

55. The Housing Strategy 2018-2023 is currently out for consultation and will set out the authority's vision and priorities for housing until 2023. Driven by the Cheshire East Local Plan, the Housing Strategy is a significant contributor to achieving the aims and objectives of the Corporate Plan and its outcomes. It aims to further improve the quality, quantity and choice of housing in Cheshire East.
56. In the Quarter two report the Council identified that reducing the inquiry and legal costs related to planning appeals was an area for improvement. Actions which have taken place include the introduction of Quarterly Appeal Monitoring reports for Planning Committee, the first of which was produced in October 2017. The reports will highlight performance statistics and key lessons learnt from the previous quarter's appeals. Officer awareness and

training for effective decision making were instigated, and a training session for Members was given by legal Counsel on good decision making and material considerations. These actions should reduce the number of unnecessary appeals and therefore reduce costs to the Council. Quarter three appeals allowed were just 17% (well below the national average), demonstrating sound decision making. Further training as part of normal process during quarter four will further strengthen practices.

Waste Management

57. **Waste & Landfill** – We are seeking to realise our Waste Strategy aspirations to end dependency on landfill for disposing of our black bin residual waste. Our wholly owned company, Ansa Environmental Services, is currently in procurement to obtain a contract, to start in April 2018, which will allow access through the Environmental Hub to more sustainable Waste to Energy disposal plants outside the Borough. Black bin residual waste from the north of the Borough continues to be delivered to the energy from waste facility in Stoke.
58. **Reuse and Recycling** – During this quarter we anticipate collecting around 22,000 tonnes of waste for recycling through our silver and green bin schemes and from Household Waste Recycling Centres. Around 350 tonnes of the material is reused through charitable partnerships and the Recycling Centres.
59. It has been confirmed this quarter that our recycling rate is at 55.2%, which places us in the top 10% of all authorities in England. When compared with fellow unitary authorities we are 6th out of 91. This is a similar level to last year and is testament to the hard work of residents and the continued efforts of Ansa and our partners in waste education to reduce, reuse and recycle.

60. **Waste, Recycling Reuse Figures (Quarter 3 indicative draft tonnages)**

| Residual | | |
|--------------|-----------------|-------|
| Landfill | Waste to Energy | |
| 10,000 | 11,000 | |
| Recycling | | |
| Household | HWRC | Reuse |
| 10,000 | 3,000 | 350 |
| Green Garden | | |
| Household | HWRC | |
| 8,000 | 1,400 | |

61. **The Environmental Hub** – Ansa have now begun to move their teams and collection crews into the purpose built hub in Middlewich. The teams from the south have now moved in and are fully operational. The teams from the Macclesfield area will transfer in early 2018.
62. Three £400 Fixed Penalty Notices were issued to fly-tippers in the Crewe area following investigations by Council community enforcement officers. The Council worked closely with local communities to identify problem areas and get information. In all three cases, accurate information from residents led to questioning of offenders and, ultimately, the issue of fines. In one of the cases, CCTV footage was used to identify gas bottles that had been dumped. Two other people were issued with formal warnings. In addition to prosecutions, the Council also gives advice and educational visits with the aim of preventing and reducing environmental crime.

Environment

63. **Playing Pitches** – We continue to work with the Cheshire Football Association developing a playing pitch improvement partnership, aimed at raising the quality of Council-owned playing fields across the Borough.
64. Cheshire East, in partnership with Ansa Environmental Services, has 32 park improvement projects on the programme at this time. These projects are funded from Section 106 developer contributions and with external grants where possible. We are working in partnership with local members and local community groups (Friends of Parks) to deliver schemes across the Borough.
65. **Bereavement Services** – Our bereavement services are undertaken by the Council's wholly owned company Orbitas. The company is reporting compliance with its performance indicators at quarter three and is showing an increase in its overall customer satisfaction figures from this time last year; up from 85% very satisfied in 2016/17 to 89% in 2017/18.

Affordable Energy, Growing Energy Businesses, Independent Energy

66. Cheshire East has novated the Fairerpower contract to the SAGC who have been delivering the scheme for the benefit of Cheshire East's residents, and will continue to do so, along with reaching out to wider geographies including Lancashire, where it was recently launched with Preston City Council.

5 ~ People live well and for longer

Empowering people to live independent, healthier and more fulfilled lives

67. The consultation on the Homelessness Strategy closed on 15th December – feedback was received via an online survey and on 24th November an event was held at Crewe Alexandra which was attended by statutory agencies such as the Police, health and probation along with community groups, providers and faith groups to discuss the contents of the Strategy. The feedback will be analysed and the new Strategy will then go through the Council’s approval process. Work has begun on reviewing the Allocation Policy for Cheshire Homechoice, consultation has been held with the registered providers that are partners to the policy with a view to public consultation on the policy in the New Year.
68. **Crewe Lifestyle Centre:** Although the Centre has now been open for eighteen months and has started to deliver a range of services to improve health outcomes for local residents in the Crewe area, it continues to be recognised nationally, having recently been a finalist in three different competitions including the Royal Institute of Chartered Surveyors, where it was shortlisted for the Community benefit category, and the National Building Excellence Awards in the “Value” category.
69. **Congleton Leisure Centre redevelopment:** The project to upgrade the Leisure Centre including the design and building of a replacement swimming pool continues with the process of selecting a preferred “development partner” currently reaching a conclusion. A decision on the appointment is due to be made by Cabinet in early spring.
70. As well as the capital build programme for Congleton Leisure Centre, the Council continues work with the Leisure Trust to invest in improving the quality of facilities for users. A new gym and studio space was opened at Sandbach Leisure Centre in October, and within the first month membership had grown by 36% from 729 to 990.
71. In addition to recently presenting their third Annual Performance Report to Council, Everybody Sport and Recreation Trust continue to achieve the targets set for them by the Council; latest available data shows an increase in attendances at leisure facilities to 1,633,626 against the target of 1,559,058.
72. Performance on the Bikeability indicator has also remained strong during the year. Latest figures (relating to the first half of the year) show 3,343 young people being trained against a target of 2,444.
73. Once again there has also been an increase in volunteer hours in supporting local sports clubs and events with 3,495 hours against the target of 3,338 hours (during the first half of 2017/18).
74. A service user engagement plan has been developed by East Cheshire NHS Trust Sexual Health service. The plan intends to improve service user engagement from high risk groups and includes the ultimate aim of providing high quality, accessible services that promote self help and independence.
75. The School Nursing service provided by Wirral Community NHS Trust has commenced delivery of the Flu immunisation to up to 22,000 school children across Cheshire East.

Information, Advice & Guidance, Prevention and Early Intervention

76. **Youth Connect 5** – This wellbeing and resilience course for the parents of 10-18 year old children has been delivered to 180 trainers across Cheshire and Merseyside. Courses are now underway and can be found on the new website: <https://youthconnect5.org.uk/>. An evaluation will be published in the New Year which has been undertaken by John Moores University Liverpool.
77. **Suicide Prevention Gatekeeper Training** – Over 250 people in Cheshire East have trained to become ‘Gatekeepers’ reducing stigma and encouraging people to talk about their feelings and spot the signs of a person who may take their own life.

Accessible high quality services, Information & Advice

78. One You Cheshire East aims to improve the life expectancy and long term health of residents by offering a number of programmes aimed at transforming lifestyle behaviours such as healthy eating, weight management, physical activity and smoking cessation services. Falls prevention continues to be well subscribed and physical activity services have also experienced increased take up in the last three months. However, a review of the service has taken place due to the need to improve take up of Healthy Eating and Weight Management services.
79. A Chlamydia Action Plan has been developed by East Cheshire NHS Trust which aims to increase the number of young people (15-24) and particularly young men tested for chlamydia with the aim of meeting the national target for chlamydia diagnoses of 2,300 per 100,000 15-24 year olds. The Action Plan builds on a workshop

provided by Public Health England which identified opportunities to maximise testing and diagnostic rates.

80. A training event has been held with pharmacies who are contracted to provide Quick Start contraception. The service will be launched in December and is designed to encourage women who are given emergency hormonal contraception to adopt a longer term approach to their contraceptive needs.
81. Cheshire East Council, in partnership with NHS Eastern Cheshire and NHS South Cheshire introduced the Carers’ Living Well Fund, a pilot scheme commissioned via the Better Care Fund. It was launched on 1st November 2017 and is available until 31st March 2018. The fund enables Carers within Cheshire East, who meet the eligibility criteria, to access financial help for a range of activities to improve their health and wellbeing.
82. The fund has a dedicated resource from within the Local Area Co-ordinator team and has been exceptionally well received by carers across Cheshire East. To date 233 referrals have been received with 108 Total Wellbeing Budgets completed. The total payments to carers to date is £29,250, funded from NHS South Cheshire and NHS Eastern Cheshire as part of their agreed contributions towards the Better Care Fund. Awareness of the fund has significantly increased, which reflects in the number of referrals received to date. The Carers’ Living Well Fund will form part of the newly commissioned Carers Hub Service from 1st April 2018.
83. Carers’ services are currently being re-commissioned in Cheshire East. The aim is that the new Carers Hub service will go live on the 1st April 2018. The re-commissioning brings together the seven exiting contracts for Carers services into one single point of access. This is in response to feedback from carers in terms of accessibility of Carers services and having to repeat their story to various

organisations. The service will provide information, advice and guidance for carers across Cheshire East and will be aligned to the Carers Live Well website. The aim is that the Carers Hub will act as a trusted assessor for carers, which will be developed with Commissioners and Social Care within the first six months. The Carers Hub will take a whole family approach and will provide support for both young and adult carers.

Public Protection, Health Protection & Safeguarding

84. At the North West Association of Directors of Adult Social Services – Making Safeguarding Personal Conference held on 12th October, officers from Cheshire East helped to produce the agenda, including interactive training from AFTA THOUGHT. Several of our service users attended to ensure that the voice of our service users was heard.
85. Cheshire East and Cheshire Police facilitated two bespoke training events for Care Providers in Crewe and Macclesfield. These events were scenario-based and were attended by over 150 people. The focus was on preserving evidence and promoting good practice.
86. A safeguarding training event was held at Leighton Hospital specifically for newly qualified GPs. Presentations were given by the Police, Adult Social Care, Deprivation of Liberty Team, Prevent, Human Trafficking and Trading Standards.
87. The percentage of Adult Social Care assessments completed within 28 days from referral date stood at around 52% during the third quarter. Work has been undertaken on improving liaison with hospitals and workers to ensure the referral and assessment takes place at appropriate times. There has been a change to ‘front door’ processes enabling the right people to get access to assessment and services in a timely manner which should have a positive impact on performance going forwards.
88. In quarter three a number of committees, including the Health and Wellbeing Board, scrutinised the Children’s Improvement Annual Progress Report. The Annual Progress Report is a self-assessment of our progress to date against the recommendations from the Ofsted inspection in July 2015. Due to the significant progress made, the service is now moving to a model of continuous improvement, but with a continued focus on key areas still requiring improvement.
89. September saw the launch of Signs of Safety, a highly regarded national and international model of social work, which for us is a new way of working with families in need of early help and protection in Cheshire East. Signs of Safety will support us to achieve the type of service that children, young people, parents, carers and professionals have told us they want; one that is child-centred, solution-focused, and respectful and inclusive.
90. For the fourth year running Cheshire East dedicated the month of November to raising awareness of children and young people’s rights and making it clear to them that we value their opinions and rights. This year’s theme centred on the Diversity of Children’s Rights, concentrating on Equality and Diversity for young people. During November Children’s Rights Month (NCRM) staff from across the Council and our partners took part in a number of activities, including raising their hands for children’s rights and taking up the offer of a ‘takeover takeaway’ where young people from Cheshire East Youth Council challenged adults to experience what it is like to be a young person today, including sitting an exam, living on a budget etc. The month included the ‘Star Awards’, an annual event to celebrate the achievements of our cared for children and care leavers.

91. Earlier this year, Cheshire East Local Safeguarding Children Board (LSCB) launched a new Neglect campaign to raise awareness and encourage young people to speak out if they are affected by neglect. Aimed at adolescent neglect, the campaign was designed with the help of students from Eaton Bank Academy in Congleton and includes quotes from some of our young people who have experienced neglect. During quarter three, our strategy was presented to the Annual Conference of the National Association of LSCB Chairs as an example of good practice. The campaign has also been shortlisted for a Local Government Chronicle (LGC) award.
92. On 25th November, Cheshire East Council staff, service users and partner agencies joined together for an event organised by the Cheshire East Domestic Abuse and Sexual Violence Partnership (CEDSAP). The day marked White Ribbon Day, otherwise known as the International Day for the Elimination of Violence against Women. The event was themed around 'change' and those who attended listened to the experiences of people affected by domestic abuse and sexual violence and considered how the services being offered could be changed as a result.

6 ~ A Responsible, Effective and Efficient Organisation

93. The Council has approved a new Constitution – the authority's legal framework which sets out the rules and procedures it must follow. The update is the first since the Council was formed in 2009 and comes into effect from 1st January 2018. The constitution was updated to make it more user-friendly whilst streamlining the legal framework of the authority.
94. In November the Council published its budget consultation report, starting a conversation with residents and other stakeholders about its financial plans for the next three years. The Budget Consultation 2018-21 sets out initial proposals for how the Council could target resources more effectively and save money – while achieving a balanced budget. The deadline for comments to be included in the consultation report was 12 January 2018.
95. At the end of quarter three, the percentage of staff Personal Development Reviews (PDRs) completed for the previous year (2016/17) stood at 64%, a significant improvement on our 2016/17 outturn (for the PDR year 2015/16) of 41%, however still falling short of our stretch annual target of 75%. The percentage of PDRs initiated for the current year (2017/18) stood at 65%, which is in line with corresponding performance at 2016/17 outturn, but short of our annual target of 80%. During the fourth quarter the Council will seek to ensure additional PDRs are completed and initiated across all directorates to provide a sound basis for further improvement in 2018/19.
96. Recovery of invoiced Housing Benefits overpayments (reported in-year as year-to-date) stood at £827,000 at quarter three, against an annual target of £1.35m. Current performance suggests that 2017/18 outturn will be short of the ambitious stretch-target. Targets were exceeded in 2015/16 and 2016/17 in response to a drive from central government to proactively identify benefit overpayments, supported by improved data sharing from other government agencies. This year's performance may be a more realistic expectation as overpayments are now identified more promptly through improved data sharing leading to a lower overall value of overpayment debt.
97. The value of construction projects across Council's assets, managed by the Property Projects team, remained fairly stable from quarter two reporting, at £83,442,158. The Property Services team have completed 41 cases which include requests for occupation or use of Council assets and/or land requiring a legal agreement, and

dealt with 235 ownership or boundary queries, maintaining a one day response rate of 62%.

98. The Council is finalising the disposal of its Redsands site to generate a capital receipt in excess of £3m as planning approval

has now been granted for its proposed scheme. The value of capital receipts obtained through disposals to date this year is £399,613. Planning applications for affordable residential schemes in Gawsworth & Crewe town centre are to be submitted in early 2018.

2. Financial Stability

Introduction

99. 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.
100. 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 a balanced budget position this year will be extremely challenging.
101. **Table 1** provides a service summary of financial performance at quarter three. The current forecast is that services will overspend by £9.4m in the current year. The Financial Narratives provide further details and changes to service net budgets since mid year review are analysed in **Appendix 2**.
102. 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

| 2017/18 Third Quarter Review (GROSS Revenue Budget £605.2m) | Revised Budget (NET) £m | Forecast Actual Outturn £m | Forecast Over / (Underspend) £m |
|---|----------------------------------|-------------------------------------|--|
| SERVICE DIRECTORATES | | | |
| Directorate | 1.5 | 0.9 | (0.6) |
| Children's Social Care | 33.2 | 36.6 | 3.4 |
| Education & 14-19 Skills | 12.5 | 13.2 | 0.7 |
| Prevention & Support | 9.6 | 8.9 | (0.7) |
| Adult Social Care - Operations | 28.1 | 29.8 | 1.7 |
| Adult Social Care - Commissioning | 67.5 | 71.6 | 4.1 |
| Public Health and Communities | 2.7 | 2.4 | (0.3) |
| People | 155.1 | 163.4 | 8.3 |
| Directorate | (1.0) | (1.3) | (0.3) |
| Planning & Sustainable Development | 2.6 | 2.9 | 0.3 |
| Infrastructure & Highways (incl Car Parking) | 13.5 | 13.3 | (0.2) |
| Growth & Regeneration | 15.9 | 16.0 | 0.1 |
| Rural & Cultural Economy | 2.8 | 2.9 | 0.1 |
| Place | 33.8 | 33.8 | - |
| Directorate | 2.0 | 2.0 | - |
| Customer Operations | 8.9 | 9.3 | 0.4 |
| Legal Services | 5.4 | 5.7 | 0.3 |
| Human Resources | 2.4 | 2.2 | (0.2) |
| Finance & Performance | 5.9 | 5.8 | (0.1) |
| ICT | 5.8 | 5.8 | - |
| Communications | 0.6 | 0.7 | 0.1 |
| Client Commissioning | | | |
| Leisure | 2.2 | 2.2 | - |
| Environmental & Bereavement | 27.7 | 28.3 | 0.6 |
| Corporate | 60.9 | 62.0 | 1.1 |
| Total Services Net Budget | 249.8 | 259.2 | 9.4 |

Financial Narratives

People Directorate

103. The number of cared for children stood at 466 at 30th November 2017, having stayed at broadly that level since July 2017 which is positive. This is compared to 410 in November 2016 and it continues to place strain on existing budgets. 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. By third-quarter 116 children left care as a result of adoption, returning home or moving to independent living.
104. The Council increased funding for cared for children in 2017/18 by £2.1m to meet the demand levels at that time and to ensure our cared for children and care leavers achieve the best possible outcomes. However, indications at this stage are that both demand and costs have continued to rise. This is attributed to providers increasing their costs, especially for residential care, and as the number of children entering care has increased more children are now placed in higher costs independent fostering placements. The Service has put plans in place to reduce this cost pressure, which could have reached as much as £4.3m, through increased scrutiny, ensuring senior staff agree new placements and regular reviews. It is forecast this will make a difference by the year end and a prudent forecast of £4m overspend is incorporated into the third quarter review.
105. Several children have entered care with very complex needs and challenging behaviour, which has necessitated them being placed in secure children's homes at unavoidably very high cost.
106. Despite the increase in cared for children, we continue to be towards the lower end of our statistical neighbour group and

nationally for rate of cared for children (per 10,000), in particular lower than Cheshire West and Chester and Warrington Councils.

107. A number of initiatives are being taken forward to reduce the pressures such as commissioning residential children's homes, expanding Project Crewe, establishing Project Macclesfield, joining a regional adoption agency, and starting work on a shared fostering service.
108. Other key pressures for the service include the interagency adoption placements budget which needs to be re-aligned to match a reduced level of activity and delivery of transport savings. A £0.5m growth bid is included in the draft 2018/19 budget to reduce the inter-agency pressure.
109. Across Children's Social Care, Education Services and Prevention Services various pressures are being mitigated by further vacancy management and underspends across the services. This means Children's Services are forecasting a £2.8m overspend overall, compared to budget.
110. The Adult Social Care (Operations and Commissioning) and Public Health and Communities budgets remains under continued pressure across the country. The pressure here in Cheshire East comes from the combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents. Demand for services creates pressure in all areas, in front line teams which in turn, means staff time assessing needs in order to provide the appropriate care and support becomes a 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. Some care

providers are struggling to respond to request for placements and providing care packages remains a daily challenge.

111. Adult Social Care Commissioning is responding to this challenge by commissioning the care home and care home market to ensure there is a better offer to service users and more certainly for providers. In addition to this the Adult Social Care Commissioners are also looking to introduce an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.
112. We are seeing additional support requirements at both ends of 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. This is of course all against the backdrop of our NHS financial challenges locally and the interdependencies between health and social care which can be seen now in Winter which is our most challenging time of the year.
113. The department has commenced work on a number of actions aimed at reducing the extent of any adverse pressure to the budget and continue to meet the outcome. There are projected overspends in Commissioning (£4.1m) and Operations (£1.7m) and an underspend in Communities (£0.3m) against a gross base budget of £153.9m, meaning a variance of 3.5% against gross budget. 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 is already reducing direct funding to both the Council and key partners in the sector which can further add to the Council's financial pressure. These

actions which are being implemented in order to produce a balanced position but are only likely to increase the demand for social care. This means Adult Services are forecasting a £5.46m overspend overall, compared to budget which presents a £263,000 increase to the overspend position reported at quarter two. Overspending for the People Directorate is therefore forecast at £8.3m at third quarter as identified in Table 1 (above).

114. Colleagues in Finance and Performance are working together to support the People Directorate in using new systems, in order to help identify trends and enable appropriate action to be implemented earlier. This work involves a continued commitment to deeper examination of the underlying position and the inherent pressure which has been masked by temporary mitigations.

Place Directorate

115. Place is reporting a pressure of £0.6m against a budget of £33.8m at third quarter review. This is similar to the level reported at mid year although new pressures have been identified.
116. Costs of appeals within Planning have continued to rise and are now £0.4m above budget. Included in this number is a £0.2m estimate for costs associated with the Supreme Court challenge relating to Moorfields.
117. Other pressures have arisen for factors outside the control of the Place management team such as additional costs for sleeping in arrangements at Tatton Park, the relocation of items from West Park Museum and refunds given to Leisure Centre customers as an incentive to use the facilities.
118. Transport Service Solutions Limited (TSSL) is reporting pressures relating to local bus services of £0.2m, it is hoped that this will be closer to budget before the year end.

- 119. It is unlikely that further income from the investment portfolio will be realised before the end of March, this has created an income shortfall of £0.3m.
- 120. Productivity and contract savings in 2017-18 totalled £2.8m for Place. £1.5m of savings against this target have been found to date and a further £1.2m will be covered by the use of earmarked reserves in year. Shortfalls in establishment budgets have also been corrected. This has led to a £0.2m pressure reported for productivity and contracts at this stage, although the directorate is still working to reduce this number.
- 121. A mitigation plan is in place which covers three main areas: a review of major contracts, remedial actions from TSSL and a further review of earmarked reserves. It is expected that Place will have achieved a balanced budget by year end.

Corporate Directorate

- 122. At third quarter, the budget for services within the Corporate Directorate is forecasting a £1.1m overspend, no change since mid year.
- 123. Overall, Environmental Operations, including Bereavement is currently forecasting a £0.6m overspend for 2017/18 against a net £27.7m budget. £0.5m of Ansa's identified contract savings of £850,000 are scheduled to be delivered. Savings, linked to the move to the new Environmental Hub at Cledford, are being deferred to the following year, but this is being partially mitigated by the dry recycling contract forecast improvements. This figure is however, dependent on commodity prices over the remainder of the year and could go up or down at final outturn. The Authority is looking at a best value solution for in-vessel composting to enable the recycling of food waste. Approved Savings of £150,000

associated with the closure of Arclid Household Waste Recycling Centre and charging for rubble waste are on track to be delivered as planned in 2017/18.

- 124. The Crewe Town Centre Regeneration Plans (Cabinet September 2017) involve changes to Market provision and during this period of transition there is a forecast shortfall in markets income for the year of £174,000.
- 125. Customer Operations continues to forecast spend of £0.4m above budget. This is primarily due to the re-profiling of £0.6m of savings in relation to the Digital Customer Services programme. Revenues is experiencing a reduction in the forecast income from court fees of £250,000, signalling a positive reduction in the number of debt cases however, this is being partially offset by a one off refund of revaluation fees paid in a previous year. Overspending is partially offset by activity within the Digital Customer Services programme and savings in Benefits Administration, and Service Development and Systems.
- 126. The forecast outturn for ICT Services is a net nil. Pressure is arising from managing an ageing ICT estate. Mitigations are expected through improved cost recovery, development the Infrastructure Investment Programme and reduced reliance on contractors.
- 127. Legal and Democratic Services remains unchanged from mid year with an overspend of £0.3m being predicted. This is mainly from staffing and Counsel cost pressures related to increasing numbers of childcare cases in Legal Services, and staffing pressures in Compliance. These are being partially offset by underspends in Democratic Services and staffing underspends in the Business Support Unit. In addition, Registrations is forecasting an overachievement of ceremonies income.

128. Finance and Performance, which now includes all services that fall under the Interim Executive Director of Corporate Services, are forecasting a net underspend of £0.1m (£0.1m at mid year). Services in this area now include: Finance, Performance, Project Management, Procurement, Internal Audit, Risk Management and Insurance. Underspends in staffing, from vacancies or completed restructures, have offset allocations of productivity and contracts savings. Vacancies and recovered income, such as from the Local Enterprise Partnership (LEP), contribute further to the overall forecast underspend.
129. At third quarter the Strategic HR Services is forecasting a slightly lower underspend of £0.2m (£0.3m at mid year). Contract and Productivity savings, and pressures within Health & Safety and HR Delivery are being offset by other in year underspends on a number of planned vacancies, mostly within the Workforce Development budget.
130. The Communications Team is forecasting an overspend of £82,000 following implementation of activities identified in the peer review.

Government Grant Funding of Local Expenditure

131. 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 2017/18 was £281.3m.
132. In 2017/18, Cheshire East Council's specific use grants held within the services was budgeted to be £251.0m based on Government announcements to February 2017. This figure was revised up at first quarter to £260.4m (an increase of £9.4m). This was due to all the Council's ring-fenced grants held in service being reported, as opposed to just those recorded at budget setting, which are mainly schools related. The figure was subsequently revised down at mid year to £258.2m, mainly due to a reduction in the allocation of Early Years funding and the conversion of six schools to academies during the year.
133. The third quarter has seen a further reduction in specific grant to £255.0m, a decrease of £3.2m. This is predominantly due to a reduction in Housing Benefit Subsidy (£2.8m) following the increasing introduction of Universal Credit. As a result, the estimate for Housing Benefit for the year has gone down. There has also been a net reduction in schools-related grants of £0.4m, relating to one academy conversion and an adjusted Dedicated Schools Grant (DSG) allocation from the Education and Skills Funding Agency.
134. Spending in relation to specific use grants must be in line with the purpose for which the funding is provided.
135. General purpose grants were budgeted to be £30.3m, but further in-year grant announcements have increased this figure to £32.0m at third quarter (an increase of £0.4m on mid year).
136. Additional general purpose grants of £0.4m have been received during the third quarter of 2017/18. These include an additional £0.34m in respect of Adult Social Care related grants, £0.05m for the Homelessness Reduction Act and £0.007m for Remand Funding. However, £0.27m of Adult Social Care related grants had already been budgeted for so supplementary revenue estimates are only required for £0.007m of this figure, the remainder going to balances. Requests for the allocation of the additional grants received are detailed in **Appendix 11**.
137. **Table 2** provides a summary of the updated budget position for all grants in 2017/18. A full list is provided at **Appendix 3**.

Table 2 – Summary of Grants to date

| | 2017/18 Revised Forecast MYR £m | 2017/18 Revised Forecast TQR £m | 2017/18 Change £m |
|---|---|---|-------------------------|
| SPECIFIC USE | | | |
| Held within Services | 258.2 | 255.0 | (3.2) |
| GENERAL PURPOSE | | | |
| Revenue Support Grant | 13.4 | 13.4 | - |
| <u>Service Funding:</u> | | | |
| People - Children and Families * | 1.6 | 1.6 | - |
| People - Adult Social Care and Independent Living | 2.4 | 2.7 | 0.3 |
| Place * | 0.1 | 0.2 | 0.1 |
| Corporate – Customer Operations | 2.1 | 2.1 | - |
| Corporate – Chief Operating Officer | 12.0 | 12.0 | - |
| Total Service Funding | 18.2 | 18.6 | 0.4 |
| Total General Purpose | 31.6 | 32.0 | 0.4 |
| Total Grant Funding | 289.8 | 287.0 | (2.8) |

* Change from Mid Year: Lifelong Learning and Extended Rights to Free Transport have now been transferred to Children & Families from Place.

Collecting Local Taxes for Local Expenditure

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

Council Tax

139. Council Tax is set locally and retained for spending locally. Council Tax was set for 2017/18 at £1,324.92 for a Band D property. This is applied to the taxbase.

140. 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 2017/18 was agreed at 144,201.51 which, when multiplied by the Band D charge, means that the expected income for the year is £191.1m.

141. 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 £232.2m.

142. 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.

143. 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 £236.4m.

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

| | £m |
|--|--------------|
| Cheshire East Council | 191.1 |
| Cheshire Police and Crime Commissioner | 23.7 |
| Cheshire Fire Authority | 10.5 |
| Town and Parish Councils | 6.9 |
| Total | 232.2 |

144. **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 | | | |
|----------------|----------------|---------|---------|---------|
| | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| | % | % | % | % |
| After 1 year | 98.1 | 97.9 | 98.1 | 98.3 |
| After 2 years | 99.0 | 98.9 | 99.0 | ** |
| After 3 years | 99.3 | 99.3 | ** | ** |

**data not yet available

145. The Council Tax in-year collection rate for 2017/18 is 76.5%, a small decrease on the previous year (76.8%).
146. Council Tax support payments (including Police and Fire) were budgeted at £16.2m for 2017/18 and at the end of the third quarter the total council tax support awarded was £14.4m. 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.

147. No changes were made to the Council Tax Support scheme for 2017/18. The scheme was agreed by full Council in December 2016.
148. Council Tax discounts awarded are £21.4m which is broadly in line with the same period in 2016/17.
149. Council Tax exemptions awarded total £4.6m which is broadly in line with the same period in 2016/17.

Non-Domestic Rates (NDR)

150. 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.
151. The small business multiplier applied to businesses which qualify for the small business relief was set at 46.6p in 2017/18. The non-domestic multiplier was set at 47.9p in the pound for 2017/18.
152. 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.

153. The Cheshire and GM Pool are also taking part in a pilot scheme where the pool is able to retain locally the 50% of “additional growth” in business rates which in the usual Business Rates Retention Scheme would be paid directly to Central Government.

154. **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

| Financial Year | CEC Cumulative | | | |
|----------------|----------------|---------|---------|---------|
| | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| | % | % | % | % |
| After 1 year | 98.2 | 98.1 | 98.1 | 97.7 |
| After 2 years | 99.2 | 99.3 | 99.1 | ** |
| After 3 years | 99.6 | 99.7 | ** | ** |

**data not yet available

155. The business rates in-year collection rate for 2017/18 has decreased to 73.2% compared to 73.3% for the same period in 2016/17.

Capital Programme 2017/21

156. Since reporting the Capital Programme at mid year the overall forecast expenditure for the next three years has increased by £1.4m as shown in **Table 6**.

Table 6 – Summary Capital Programme

| | Revised MYR Total Forecast Budget 2017/21 £m | Amendments to MYR Forecast Budget 2017/21 £m | Amended TQR Forecast Budget 2017/21 £m | Budget Reductions £m | SCE's £m | Revised Total Forecast Budget 2017/21 £m |
|-----------------------|---|---|---|----------------------------|-------------|---|
| People Directorate | 43.5 | - | 43.5 | - | 0.5 | 44.0 |
| Place Directorate | 283.2 | 4.3 | 287.5 | (3.2) | (0.3) | 284.0 |
| Corporate Directorate | 71.8 | 0.1 | 71.9 | - | - | 71.9 |
| | 398.5 | 4.4 | 402.9 | (3.2) | 0.2 | 399.9 |

157. An Officer Decision record was approved within the quarter, this related to the Strategic Site Development project £1.9m, which has now been transferred from the Addendum to the main programme.

158. Following a review of the capital programme and as part of the business planning process for 2018-21 a number of schemes, totalling £12.3m have been removed from the programme,. Further details are provided in **Appendix 5**.

159. 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

| | MYR Total Forecast Budget £m | TQR Total Forecast Budget £m | Change £m |
|-------------------------|--|--|------------------|
| Grants | 181.9 | 182.0 | 0.1 |
| External Contributions | 54.5 | 55.2 | 0.7 |
| Cheshire East Resources | 162.1 | 162.7 | 0.6 |
| | 398.5 | 399.9 | 1.4 |

Capital Budget 2017/18

160. At the third quarter review stage the Council is forecasting actual expenditure of £111m. The in-year budget for 2017/18 of £118.2m has been revised from the budget book position to reflect the forecast expenditure for the financial year and any slippage reported at outturn and slipped to future years.
161. Since the start of 2017/18, 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 2017/18 and have a detailed forecast expenditure plan in place. Schemes will be monitored on their progress during the year and re-categorised quarterly. This includes the net impact in 2017/18 of supplementary capital estimates, virements and budget reductions listed in **Appendices 6 to 9**.
162. **Table 8** shows the actual expenditure incurred on those schemes against the revised Outturn Budget.

Table 8 – 2017/18 Revised Budget compared to Second Quarter

| Committed Schemes | Revised MYR Budget £m | Revised TQR Budget £m | Forecast Expenditure £m | Current Forecast Over / Underspend £m |
|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---|
| People Directorate | 9.6 | 8.9 | 8.3 | (0.6) |
| Place Directorate | 57.9 | 55.8 | 53.1 | (2.7) |
| Corporate Directorate | 32.8 | 32.8 | 31.3 | (1.5) |
| Total Committed Schemes | 100.3 | 97.5 | 92.7 | (4.8) |

163. At the Third Quarter Review Stage the in-year forecast has been revised and £4.8m has slipped to future years.
164. **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.
165. **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. The most significant of these is a reduction in the Alderley Edge Bypass of £2m as the total scheme costs are finalised.

Central Adjustments

Capital Financing Costs and Treasury Management

166. 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 temporary investment of its cash balances during the year.

167. Investment income to November 2017 is £205,000 which is equal to the budgeted income for the period. However, offsetting this are costs of £101,000 arising from temporary borrowing. The level of cash balances and the need for temporary borrowing has arisen from the decision 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. The forecast benefit over the three year period is around £2m which will support mitigation of future service costs as appropriate. 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 2017 is £31.1m
- The average annualised interest rate received on in-house investments up to the end of November 2017 is 0.36%
- The average annualised interest rate received on the externally managed property fund up to the end of November 2017 is 4.95%
- The average temporary borrowing position up to the end of November 2017 is £36.3m
- The average annualised interest rate paid on temporary borrowing up to the end of November 2017 is 0.42%

168. The Council's total average interest rate on all investments for the period April to November is 1.46%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.21%, and our own performance target of 1.00% (Base Rate + 0.50%).

Table 9 – Interest Rate Comparison

| Comparator | Average Rate to 31/11/2017 |
|--------------------|----------------------------|
| Cheshire East | 1.46% |
| LIBID 7 Day Rate | 0.45% |
| LIBID 3 Month Rate | 0.49% |
| Base Rate | 0.50% |
| Target Rate | 0.75% |

169. It is likely that further borrowing will be required throughout the current year and in future years. At the moment this need is being 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.
170. The Section 151 Officer has explored options to revise the approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Liaison with the Council's treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method to calculate the Minimum Revenue Provision will result in the ability to take an MRP holiday and realise savings of £6m in 2017/18. This approach was approved by Council at its meeting on 14th December 2017.

171. The Section 151 Officer is exploring options to capitalise costs of transformation in line with guidelines issued by the Treasury. This approach can mitigate overspending of the revenue budget. Final details of 2017/18 costs that have met this criteria will be reported in the final outturn position in June 2018.
172. All investments are made in accordance with the parameters set out in the Treasury Management Strategy Statement approved by Council on 23rd February 2017. Further details of counterparty limits and current investments are given in **Appendix 10**.
173. 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 £7.7m which is slightly higher than the original invested amount. However, the fund continues to generate income of 4.95%.
174. Most other investments currently held are short term for liquidity purposes. Following the base rate increase on 2nd November 2017 some of the funds which were achieving higher returns than temporary borrowing were no longer yielding the same results. Cash was, therefore, withdrawn to reduce borrowing and, from December, to invest £2.5 in a Royal London Enhanced Cash Plus Fund. This fund has been consistently achieving over 1% annual returns without significant volatility to its underlying value. Consideration is also being given to investments with Schroders in a high yielding equity fund but with a highly volatile underlying value. This fund has been consistently achieving 7% per year but would need to be held for 5-6 years to manage its volatile nature. This is similar to the recommended time frame for the Property fund.
175. The use of three different funds will generally mitigate the effects of volatility on the underlying value as normally when one type of fund is devalued other types of funds will increase in value. These investments will also provide an annual rate of return which exceeds other types of investments and the costs of borrowing. The Council can borrow up to its Capital Financing Requirement (CFR) but forecasts indicate that borrowing will be comfortably lower than this and will not exceed the authorised limits set in the Treasury Management Strategy Statement.
176. Full details of current investments and temporary borrowings are shown in **Appendix 10**.
- Central Contingencies and Contributions**
177. A budget of £1.2m is held centrally to meet past service Employer Pension contributions relating to staff transferred to the new supplier companies. It was also budgeted that a transfer of £0.2m from earmarked reserves relating Fairer Power would take place in year, however this no longer going to happen. It is now planned that £1.9m of the £6.0m underspend on capital financing will be transferred to reserves. Following a review £3m will be transferred from the collection fund non-collection and appeals reserve. £2m will be transferred from the capital receipts reserve to fund transformation activities. Grants have been received centrally in-year that are additional to budget by £0.7m of which £0.4m relates to business rates that will be transferred to reserves for use in 2018/19.
- Debt Management**
178. The balance of outstanding debt has decreased by £1m since quarter two of 2017/18 mainly due to the settlement of invoice raised by Adults Social Care, Education and ICT. 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

179. The impact of the projected service outturn position is to decrease balances by £9.4m as reported above (**para 101**).
180. Taken into account with the central budget items detailed above (**para 170 and para 177**), the financial impact could result in a reduction in balances of £0.1m as shown in **Table 10**.

Table 10 – Impact on Balances

| | £m |
|----------------------------|--------------|
| Service Net Budget Outturn | (9.4) |
| Central Budgets Outturn | 8.6 |
| Specific Grants Outturn | 0.7 |
| Total | (0.1) |

Management of Council Reserves

181. The Council's Reserves Strategy 2017-20 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 £0.1m.

182. The opening balance at 1st April 2017 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2016/17.
183. Without the planned proactive and robust development of mitigating actions to address the potential overspend on service budgets the current forecast overspend would result in the General Reserves being significantly depleted by the end of this year.
184. 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 2017-20 Reserves Strategy. Overall the Council remains in a strong financial position relative to most Councils.
185. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2017 balances on these reserves stood at £48.9m, excluding balances held by Schools.
186. During 2017/18, an estimated £16.4m 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.
187. A full list of earmarked reserves at 1st April 2017 and estimated movement in 2017/18 is contained in **Appendix 13**.

3. Workforce Development

188. 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 second quarter 2017/18.

Culture and Values

189. The staff survey focus groups took place in July 2017. The groups focused on the broad themes – Leadership and Management, Communication and Engagement, Health and Wellbeing, Development and Opportunities and Culture. The outcomes and actions from the focus groups were shared with the staff across the council in a Team Voice Special Edition.

190. In addition an external independent culture review was commissioned jointly by the Leader and the Acting Chief Executive in October 2017 and this was undertaken by the Local Government Authority (LGA) during November and December 2017. The purpose of the review is to provide an objective assessment of the current culture of Cheshire East Council, aspects of this that are positive and should be built on and identified areas for change and improvement. The review will have particular regard to an ongoing perception that there are significant issues relating to bullying and harassment. The findings and recommendations from the independent cultural review are expected in January 2018.

191. The nominations for the “Making a Difference” employee recognition annual awards opened in October with over 100 nominations, which is the highest number since the scheme

started. The number of people and teams nominated also exceed previous years.

Employee of the year frontline -13 people nominated

Employee of the year support – 15 people nominated

Manager of the year – 20 people nominated

First time Manager of the year – 4 people nominated

Team of the year Innovation – 6 teams

Team of the year Collaboration – 12 teams

Team of the year Outstanding Service – 20 teams

The award event was held on 19th December at Wrenbury Hall with a total of 130 people attending.

192. The first meeting of the Wellbeing in Work Contributors Group has taken place bringing together various representatives from those teams who are involved in wellbeing initiatives across the Council. The Wellbeing Employee Forum also met for the first time bringing together volunteers from across the council to share ideas for the Wellbeing in Work agenda. A programme of work is now moving forward with the first Wellbeing in Work newsletter being shared with all staff in early January.

Building Capability and Capacity

193. 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.

194. Over 50 courses and 79 sessions have been offered to CEC employees over the first two quarters of the year. A further 11 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications in quarter three, seeing over £6,000 investment.
195. Developing management capability at all levels has continued with a cohort of managers being on track to complete the Institute of Learning and Management (ILM) level three and Level five Diploma qualifications. New ILM level three and ILM level five qualifications, funded via the apprenticeship levy, are now being offered organisation wide. A total of 24 members of staff started on the ILM 3 Leadership and Management qualification in November, with cohorts on the level 5 and the new Chartered Management Degree starting in January. Leadership and Management development continues with bespoke team manager skills development days taking place in Corporate and Children's Safeguarding teams and development of an aspiring manager module in Children's Social Care. A Leadership and Management manager resource portal and induction programme are currently under development for release in early 2018 along with a suite of courses for managers at different levels available on the Corporate Training Programme.
196. The Workforce Development Team continues to maintain close relationships with partner universities and Further Education colleges, supporting work experience placements for career starters and changers, course required workplace placements, graduate schemes and mentoring opportunities for young people. Relationships development is further encouraged through

exploring links with universities for staff engagement such as guest lecturing. All employees and apprentices receive up to date training through quality assured processes and methods including internal and external training, e-learning and wider Continuous Professional Development opportunities to ensure they surpass expectations of external verification and examination boards, and feel fully supported throughout all stages of their career.

Resourcing and Talent

197. Four graduates previously undertaking their course placements at Cheshire East Council have secured permanent roles within Children's Social Care and a further 30 undergraduate placements have been confirmed in quarter three, predominantly within Social Care teams. Two successful candidates have been allocated to the Adult Social Care Service through the Skills for Care Graduate Management programme and will begin their year-long placements from January 2018.
198. The Workforce Development Team has concentrated its efforts this quarter on launching the new process for the funding of apprenticeships across the Council, ASDVS and maintained schools. Since the funding reforms came into effect from 1st May, we have appointed 75 new apprentices and have 5 live vacancies. There are also 21 requests from staff for the level 5 and level 6 management apprenticeships. Regular updates are sent to all Heads of Service to report against progress towards the target.
199. The Council continues to offer opportunities for Graduate and Staff Development. Progression pathways are in place across several services and in development in others such as the and HR Team to offer development from entry to management roles, offering a clear career route and tailored opportunities for existing staff, recent graduates and apprentices. A bespoke Graduate

Traineeship Scheme is in development to offer a high quality programme to promising individuals during early career or career change.

Reward and Recognition

200. To enhance the range of employee benefits an online “Rewards Centre” continues to be well received with more than 1,328 staff (31%) now signed up. The Rewards Centre provides staff with over 6,000 different discounts and offers for well known high street retailers, days out, holidays, etc., including discounts at over 120,000 outlets. Currently the most popular retailers for staff are Sainsbury’s, Tesco, Argos, Boots, M&S, Morrison’s, Costa Coffee, Ikea and discounted cinema tickets. Available through telephone, mobile, or website ordering, the Rewards Centre will help staff make their money go further and will support the attraction and retention of employees.

Education HR Consultancy

201. Education HR consultancy continue to offer and provide two levels of service, Gold and Silver. Buy back from September 2017 remains positive. 122 schools have bought this service but market conditions are becoming more difficult with the increase in multi-academy trusts resulting in a loss of some business. Some

establishments however, who moved away from buying back HR Consultancy services are now coming back.

Health and Safety

202. Work continues on refreshing Corporate Health and Safety guidance notes – commencing with Drug & Alcohol, Driving at Work, Violence and Aggression, Personal Emergency Evacuation Plans and Display Screen Equipment. The programme will continue until financial year end when all guidance notes will have been completed.
203. Buy-back from Schools for delivery of Health & Safety services during the academic year of 2017/2018 has reached 85% and totals 132 schools.

Staffing Changes

204. As shown in **Table 11** below, Cheshire East Council’s overall headcount and the number of FTE employees has decreased slightly during the third quarter of 2017/18.

Table 11: Cheshire East Council Employee Headcount and FTE Figures

| Directorate / Service | Employee FTE Oct 17 | Employee FTE Dec 17 | Employee Headcount Oct 17 | Employee Headcount Dec 17 |
|--------------------------------------|------------------------|------------------------|---------------------------------|---------------------------------|
| Corporate | 762.7 | 767.0 | 882 | 885 |
| Audit | 7.3 | 7.3 | 9 | 9 |
| B4B / Business Development | 10.2 | 9.2 | 12 | 11 |
| Business Management | 19.0 | 18.0 | 20 | 19 |
| Communications & Media | 10.9 | 10.9 | 11 | 11 |
| Customer Services | 273.9 | 278.4 | 346 | 349 |
| Finance & Performance | 99.8 | 99.8 | 103 | 103 |
| Human Resources | 39.3 | 39.3 | 45 | 46 |
| ICT | 188.6 | 190.2 | 197 | 198 |
| Legal & Democratic Services | 96.0 | 96.2 | 121 | 121 |
| Procurement | 14.8 | 14.8 | 15 | 15 |
| People | 1643.5 | 1636.2 | 2196 | 2189 |
| Adult Social Care and Health | 861.9 | 849.5 | 1070 | 1055 |
| Children's Services | 780.6 | 785.7 | 1125 | 1133 |
| Place | 433.0 | 430.4 | 541 | 540 |
| Growth and Regeneration | 150.9 | 152.1 | 190 | 193 |
| Infrastructure & Transport | 52.0 | 52.0 | 53 | 53 |
| Planning and Sustainable Development | 129.9 | 127.2 | 136 | 133 |
| Rural and Green Infrastructure | 98.1 | 96.1 | 160 | 158 |
| Cheshire East Council Total | 2841.2 | 2836.6 | 3613* | 3609* |

***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

205. 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 as at the end of October and December 2017, and shows agency worker assignments as a percentage of all active workforce assignments (excluding casuals) at the end of the specified month.

Table 12: Number and percentage of agency worker assignments

| | Number of C.Net agency worker assignments active at end of Oct 17 | Number of C.Net agency worker assignments active at end of Dec 17 | % of all workforce assignments on 31 Oct 17 | % of all workforce assignments on 31 Dec 17 |
|------------------------------|---|---|---|---|
| People | 49 | 84 | 2.1 | 3.6 |
| Place | 5 | 5 | 0.9 | 0.9 |
| Corporate | 58 | 67 | 6.1 | 7.0 |
| Cheshire East Council | 112 | 156 | 2.9 | 4.0 |

206. There is a noticeable increase in the number of agency worker assignments within the People Directorate between October and December 2017; this is due to new C.Net assignments being created towards the end of the period to provide short term emergency cover for sickness absence within Adult Services (Care4CE).

Absence

207. At the end of the third quarter (April–December) 2017/18 the absence rate for Cheshire East Council is level with the absence

rate for the same time period in 2016/17 but higher than the 2015/16 figure. However, absence rates for this quarter have been consistently lower than they were in 2014/15 over the previous two financial years. The Council's current target for 2017/18 is 10 days lost per FTE employee; in 2015/16 and 2016/17, the Council's actual absence rate was 11.14 days lost per FTE employee.

Table 13: Cumulative days lost to sickness absence per FTE employee for Quarter Three and the Financial Year from 2014/15 to present

| Cheshire East (excluding Schools) | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|---------|
| Cumulative absence – end quarter three | 8.87 | 8.02 | 8.32 | 8.31 |
| Full Financial Year Absence | 11.97 | 11.14 | 11.14 | |

Voluntary Redundancies

208. 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.

209. Eight people have left the Council under voluntary redundancy terms in quarter three; they all held posts within the management grades (Grade 10 or above). The total severance cost for all employees was £417,001 inclusive of redundancy and actuarial costs. Over the next five years, these reductions are estimated to save the Council over £1,366,230 (which is the combined accumulated costs of the deleted posts).

Appendices to Third Quarter Review of Performance 2017/18

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Appendix 1 Cheshire East Council Strategic Outcomes



Appendix 2 Changes to Revenue Budget 2017/18 since Mid Year Review

| | Quarter 2 Net Budget £000 | Additional Grant Funding £000 | Restructuring & Realignments £000 | Quarter 3 Net Budget £000 |
|------------------------------------|------------------------------------|--|---|------------------------------------|
| PEOPLE | | | | |
| Directorate | 10,565 | - | (9,023) | 1,542 |
| Children's Social Care | 33,085 | 7 | 80 | 33,172 |
| Education & 14-19 Skills | 2,590 | - | 9,891 | 12,481 |
| Prevention & Support | 9,649 | - | (55) | 9,594 |
| Adult Social Care Commissioning | 67,464 | 71 | (1) | 67,534 |
| Adult Social Care Operations | 28,090 | - | - | 28,090 |
| Public Health & Communities | 2,673 | - | - | 2,673 |
| | 154,116 | 78 | 892 | 155,086 |
| PLACE | | | | |
| Directorate | (1,080) | - | - | (1,080) |
| Planning & Sustainable Development | 2,572 | - | - | 2,572 |
| Infrastructure & Highways | 13,515 | - | - | 13,515 |
| Growth & Regeneration | 16,706 | 49 | (836) | 15,919 |
| Rural & Cultural Economy | 2,831 | - | - | 2,831 |
| | 34,544 | 49 | (836) | 33,757 |

| | Quarter 2 Net Budget £000 | Additional Grant Funding £000 | Restructuring & Realignments £000 | Quarter 3 Net Budget £000 |
|------------------------------|------------------------------------|--|---|------------------------------------|
| CORPORATE | | | | |
| Directorate | 1,947 | - | 24 | 1,971 |
| Client Commissioning : | | | | |
| Leisure | 2,209 | - | (26) | 2,183 |
| Environmental | 27,745 | - | - | 27,745 |
| Customer Operations | 8,900 | - | (30) | 8,870 |
| Legal Services | 5,410 | - | 3 | 5,413 |
| Human Resources | 2,476 | - | (35) | 2,441 |
| Finance & Performance | 5,943 | - | 8 | 5,951 |
| Professional Services | - | - | - | - |
| ICT | 5,741 | - | - | 5,741 |
| Communications | 591 | - | - | 591 |
| | 60,962 | - | (56) | 60,906 |
| CORPORATE UNALLOCATED | | | | |
| Corporate Unallocated | - | - | - | - |
| | - | - | - | - |
| TOTAL SERVICE BUDGET | 249,622 | 127 | - | 249,749 |

| | Quarter 2 Net Budget £000 | Additional Grant Funding £000 | Restructuring & Realignments £000 | Quarter 3 Net Budget £000 |
|--------------------------------------|------------------------------------|--|---|------------------------------------|
| CENTRAL BUDGETS | | | | |
| Capital Financing | 14,000 | - | - | 14,000 |
| Corporate Contributions | 1,163 | - | - | 1,163 |
| Contribution to / from Reserves | (147) | - | - | (147) |
| Roundings | - | - | - | - |
| | 15,016 | - | - | 15,016 |
| TOTAL BUDGET | 264,638 | 127 | - | 264,765 |
| CENTRAL BUDGETS FUNDING | | | | |
| Business Rates Retention Scheme | (40,973) | - | - | (40,973) |
| Revenue Support Grant | (13,415) | - | - | (13,415) |
| Specific Grants | (17,844) | (127) | - | (17,971) |
| Council Tax | (191,056) | - | - | (191,056) |
| Sourced from Collection Fund | (1,350) | - | - | (1,350) |
| TOTAL CENTRAL BUDGETS FUNDING | (264,638) | (127) | - | (264,765) |
| FUNDING POSITION | - | - | - | - |

Appendix 3 Corporate Grants Register

| Corporate Grants Register 2017/18 | | Revised Forecast | Revised Forecast | Change | SRE / Balances |
|--|------|------------------|------------------|----------------|----------------|
| | | MYR | TQR | | (Note 2) |
| | | 2017/18 | 2017/18 | 2017/18 | |
| | Note | £000 | £000 | £000 | |
| SPECIFIC USE (Held within Services) | | | | | |
| PEOPLE | | | | | |
| Schools | 1 | 150,340 | 150,032 | (308) | |
| Children & Families | | 716 | 603 | (113) | |
| Adult Social Care | | 9,022 | 9,022 | - | |
| Public Health | | 16,833 | 16,833 | - | |
| Total | | 176,911 | 176,490 | (421) | |
| PLACE | | | | | |
| Growth and Regeneration | | 1,157 | 1,157 | - | |
| Planning and Sustainable Development | | 121 | 121 | - | |
| Directorate | | 787 | 787 | - | |
| Total | | 2,065 | 2,065 | - | |
| CORPORATE | | | | | |
| Customer Operations | | 79,219 | 76,425 | (2,794) | |
| Total | | 79,219 | 76,425 | (2,794) | |
| TOTAL SPECIFIC USE | | 258,195 | 254,980 | (3,215) | |
| GENERAL PURPOSE (Held Corporately) | | | | | |
| Central Funding | | | | | |
| Revenue Support Grant | | 13,415 | 13,415 | - | |
| Total Central Funding | | 13,415 | 13,415 | - | |

| Corporate Grants Register 2017/18 | | Revised Forecast | Revised Forecast | Change | SRE / Balances |
|---|------|------------------------|------------------------|-----------------|----------------|
| | Note | MYR 2017/18 £000 | TQR 2017/18 £000 | 2017/18 £000 | (Note 2) |
| People - Children & Families | | | | | |
| Tackling Troubled Families | | 654 | 654 | - | |
| Staying Put Implementation Grant | | 113 | 113 | - | |
| Remand Funding | | - | 7 | 7 | SRE |
| Adult Skills (Lifelong Learning) | | 706 | 706 | - | |
| Extended Rights to Free Transport | | 123 | 123 | - | |
| People - Adult Social Care & Independent Living | | | | | |
| Independent Living Fund | | 917 | 917 | - | |
| Local Reform and Community Voices | | - | 201 | 201 | SRE / Balances |
| Social Care in Prisons | | - | 77 | 77 | SRE / Balances |
| War Pension Scheme Disregard | | - | 64 | 64 | SRE |
| Adult Social Care Support Grant | | 1,457 | 1,457 | - | |
| Place | | | | | |
| Lead Local Flood Authorities | | 14 | 14 | - | |
| Neighbourhood Planning Grant for Local Planning Authorities | | 60 | 60 | - | |
| Homelessness Reduction Act - new burdens | | - | 49 | 49 | SRE |

| Corporate Grants Register 2017/18 | | Revised Forecast | Revised Forecast | Change | SRE / Balances |
|---|------|------------------------|------------------------|-----------------|----------------|
| | Note | MYR 2017/18 £000 | TQR 2017/18 £000 | 2017/18 £000 | (Note 2) |
| Corporate - Customer Operations | | | | | |
| Housing Benefit and Council Tax Administration | | 1,209 | 1,209 | - | |
| NNDR Administration Grant | | 506 | 506 | - | |
| Universal Support Grant | | 62 | 62 | - | |
| Business Rates Relief Schemes: Payment of New Burdens 2017/18 | | 12 | 12 | - | |
| Discretionary Funding for Business Rates Relief 2017/18 | | 378 | 378 | - | |
| Corporate - Chief Operating Officer | | | | | |
| New Homes Bonus | | 8,254 | 8,254 | - | |
| New Homes Bonus: Returned Funding Grant 2017/18 | | 96 | 96 | - | |
| Education Services Grant | | 641 | 641 | - | |
| Transitional Funding | | 2,974 | 2,974 | - | |
| Transition to Individual Electoral Registration 2017/18 | | 64 | 64 | - | |
| Total Service Funding | | 18,240 | 18,638 | 398 | |
| TOTAL GENERAL PURPOSE | | 31,655 | 32,053 | 398 | |
| TOTAL GRANT FUNDING | | 289,850 | 287,033 | (2,817) | |

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 academy status.
- 2 SRE - Supplementary Revenue Estimate requested by relevant service.

Appendix 4 Summary Capital Programme and Funding

| Service | In-Year | SCE's | SCE's | Revised | Forecast Expenditure | | |
|---|---------------|------------|--------------|---------------|----------------------|---------------|--------------|
| | Budget | Virements | Virements | In-Year | | | |
| | TQR | Reductions | Reductions | Budget | 2017/18 | 2018/19 | 2019/20 and |
| | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2018/19 | Future Years |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| People Directorate | | | | | | | |
| Adults, Public Health and Communities | | | | | | | |
| Committed Schemes - In Progress | 111 | - | - | 111 | 111 | 833 | - |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| Children's Social Care (Incl. Directorate) | | | | | | | |
| Committed Schemes - In Progress | 109 | - | - | 109 | 109 | 277 | - |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| Education and 14-19 Skills | | | | | | | |
| Committed Schemes - In Progress | 9,128 | - | (606) | 8,522 | 7,840 | 6,199 | 1,767 |
| New Schemes and Option Developments | 1,693 | - | (100) | 1,593 | 1,151 | 23,392 | - |
| Prevention and Support | | | | | | | |
| Committed Schemes - In Progress | 250 | - | - | 250 | 250 | 266 | - |
| New Schemes and Option Developments | 1,375 | - | - | 1,375 | 1,825 | - | - |
| Total People Directorate | 12,666 | - | (706) | 11,960 | 11,286 | 30,967 | 1,767 |

| Service | In-Year | SCE's | SCE's | Revised | Forecast Expenditure | | |
|--|---------------|--------------|----------------|---------------|----------------------|---------------|----------------|
| | Budget | Virements | Virements | In-Year | | | |
| | TQR | Reductions | Reductions | Budget | | | |
| | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2018/19 | 2019/20 and |
| | £000 | £000 | £000 | £000 | £000 | £000 | Future Years |
| | | | | | | | £000 |
| Place Directorate | | | | | | | |
| Infrastructure and Highways (inc Car Parking) | | | | | | | |
| Committed Schemes - In Progress | 40,232 | 8 | (1,957) | 38,283 | 37,118 | 27,730 | 117,119 |
| New Schemes and Option Developments | 13,518 | (412) | - | 13,106 | 11,702 | 13,906 | 11,272 |
| Growth and Regeneration | | | | | | | |
| Committed Schemes - In Progress | 15,198 | | (250) | 14,948 | 13,704 | 13,684 | 29,628 |
| New Schemes and Option Developments | 184 | 1,876 | - | 2,060 | 1,911 | 858 | - |
| Rural and Cultural Economy | | | | | | | |
| Committed Schemes - In Progress | 2,486 | 50 | - | 2,536 | 2,285 | 1,842 | 1,274 |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| Total Place Directorate | 71,618 | 1,522 | (2,207) | 70,933 | 66,720 | 58,020 | 159,293 |

| Service | In-Year | SCE's | SCE's | Revised | Forecast Expenditure | | |
|-------------------------------------|---------|------------|------------|---------|----------------------|---------|--------------|
| | Budget | Virements | Virements | In-Year | | | |
| | TQR | Reductions | Reductions | Budget | | | |
| | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2018/19 | 2019/20 and |
| | £000 | £000 | £000 | £000 | £000 | £000 | Future Years |
| | | | | | | | £000 |
| Corporate Directorate | | | | | | | |
| Customer Operations | | | | | | | |
| Committed Schemes - In Progress | 2,918 | - | - | 2,918 | 2,918 | 530 | - |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| Finance and Performance | | | | | | | |
| Committed Schemes - In Progress | 2,926 | (43) | - | 2,883 | 501 | 2,382 | - |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| Professional Services | | | | | | | |
| Committed Schemes - In Progress | - | - | - | - | - | - | - |
| New Schemes and Option Developments | - | - | - | - | - | - | - |
| ICT | | | | | | | |
| Committed Schemes - In Progress | 14,101 | - | - | 14,101 | 14,787 | 11,335 | 3,564 |
| New Schemes and Option Developments | - | - | - | - | - | - | - |

| Service | In-Year | SCE's | SCE's | Revised | Forecast Expenditure | | |
|---|----------------|--------------|----------------|----------------|----------------------|----------------|----------------|
| | Budget | Virements | Virements | In-Year | | | |
| | TQR | Reductions | Reductions | Budget | | | |
| | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2017/18 | 2018/19 | 2019/20 and |
| | £000 | £000 | £000 | £000 | £000 | £000 | Future Years |
| | | | | | | | £000 |
| Client Commissioning - Environmental | | | | | | | |
| Committed Schemes - In Progress | 11,794 | 48 | 1 | 11,843 | 11,916 | 450 | 150 |
| New Schemes and Option Developments | 1,650 | - | - | 1,650 | 1,000 | 3,200 | 9,400 |
| Client Commissioning - Leisure | | | | | | | |
| Committed Schemes - In Progress | 1,106 | 43 | - | 1,149 | 1,149 | 6,000 | 1,926 |
| New Schemes and Option Developments | 720 | - | - | 720 | 720 | - | - |
| Total Corporate Directorate | 35,215 | 48 | 1 | 35,264 | 32,991 | 23,897 | 15,040 |
| Committed Schemes - In Progress | 100,359 | 106 | (2,812) | 97,653 | 92,688 | 71,528 | 155,428 |
| New Schemes and Option Developments | 19,140 | 1,464 | (100) | 20,504 | 18,309 | 41,356 | 20,672 |
| Total Net Position | 119,499 | 1,570 | (2,912) | 118,157 | 110,997 | 112,884 | 176,100 |

| Funding Sources | 2017/18 | 2018/19 | 2019/20 and |
|---------------------------------|----------------|----------------|----------------|
| | £000 | £000 | Future Years |
| | | | £000 |
| Grants | 34,955 | 56,911 | 90,154 |
| External Contributions | 6,278 | 6,664 | 42,298 |
| Cheshire East Council Resources | 69,764 | 49,309 | 43,648 |
| Total | 110,997 | 112,884 | 176,100 |

Appendix 5 Transfers from and to the Capital Addendum

| Capital Scheme | Amount Transferred Q1 £ | Amount Transferred Q2 £ | Amount Transferred Q3 £ | Reason / Comment |
|--|----------------------------------|----------------------------------|----------------------------------|---|
| Budgets Transferred from the Addendum to the Main Capital Programme | | | | |
| Education and 14-19 Skills | | | | |
| To Expand 'in borough' SEN placement Capacity (Feasibility) | (600,000) | | | Element moved to main programme to undertaken an expansion of Springfield Special School. |
| Prevention and Support | | | | |
| Development of Hurdsfield Family Centre | | (700,000) | | Approved for transfer to main programme |
| Infrastructure and Highways (inc Car Parking) | | | | |
| Middlewich Eastern Bypass Add | - | (1,500,000) | | Approved for transfer to main programme |
| Northern Gateway Infrastructure | (2,955,500) | - | | During the First Quarter, £2,955.5k has been transferred from the Addendum to the main programme as Crewe HS2 Hub Project Development |
| Growth and Regeneration | | | | |
| Crewe Town Centre Regeneration | (295,936) | (24,659,064) | | Approved for transfer to main programme |
| Strategic Site Development | | | (1,875,600) | Approved for transfer to main programme |
| Total Budgets Transferred to Main Capital Programme | (3,851,436) | (26,859,064) | (1,875,600) | |

| Capital Scheme | Amount Transferred Q1 £ | Amount Transferred Q2 £ | Amount Transferred Q3 £ | Reason / Comment |
|---|----------------------------------|----------------------------------|----------------------------------|--|
| Capital Budget removed from the Addendum | | | | |
| Education and 14-19 Skills | | | | |
| Education - Community Hub | | | (9,400,000) | Removed following third quarter review of capital programme. |
| Rural and Cultural Economy | | | | |
| Playing Fields Strategy | - | (1,000,000) | | Removed following mid year review of capital programme. |
| Growth and Regeneration | | | | |
| Supplier Park | | | (40,000) | Removed following Place Capital Challenge |
| ICT | | | | |
| Elections Replacement System | | | (100,000) | Amount amended as part of the Business Planning process |
| Revs & Bens Doc Mgmt System | | | (2,000,000) | Amount amended as part of the Business Planning process |
| Planning and Sustainable Development System Replacement | | | (368,000) | Amount amended as part of the Business Planning process |
| Regulatory Services and Environmental Health System | | | (370,000) | Amount amended as part of the Business Planning process |
| Total Capital Budget Removed from the Addendum | - | (1,000,000) | (12,278,000) | |

| Capital Scheme | Amount Transferred Q1 £ | Amount Transferred Q2 £ | Amount Transferred Q3 £ | Reason / Comment |
|--|----------------------------------|----------------------------------|----------------------------------|---|
| Capital Budgets transferred from the Main capital Programme to the Addendum | | | | |
| Infrastructure and Highways (inc Car Parking) | | | | |
| Alderley Road, Wilmslow – A34 Junction and pedestrian access improvements | | | 1,162 | Moved to Addendum from main programme following Third Quarter Review of capital programme. |
| Growth and Regeneration | | | | |
| Astbury Marsh Caravan Site Works | | 200,000 | } | Moved to Addendum from main programme following mid year review of capital programme. |
| Gypsy and Traveller Sites | | 2,401,142 | | |
| Housing Development Fund | | 1,211,766 | | |
| Modular Construction (Gawsworth) | | 1,653,538 | | |
| Volumetric Construction (Redroofs/Hole Farm) | | 1,766,000 | | |
| Supplier Park | | 40,000 | | |
| Total Capital Budget Transferred to the Addendum | - | 7,272,446 | 1,162 | |
| Capital Budgets transferred from one Directorate's Addendum to another. | | | | |
| Infrastructure and Highways (inc Car Parking) | | | | |
| Handforth Garden Village (formerly known as A34 Corridor) | (15,500,000) | | | Moved to Growth and Regeneration Addendum, associated with North Cheshire Garden Village (NCGV). |
| North West Crewe (Leighton West) | 6,000,000 | | | £6m moved from Growth & Regeneration Addendum. |
| Growth and Regeneration | | | | |
| Handforth Garden Village (formerly known as A34 Corridor) | 15,500,000 | | | Moved from Highways and Infrastructure Addendum, associated with NCGV. |
| Strategic Site Development | (6,000,000) | | | Moved to Highways and Infrastructure Addendum, as part of North West Crewe (Leighton West) works. |
| Total Capital Budget Transferred between Directorates | - | - | - | |
| Net Change to the Addendum | (3,851,436) | (20,586,618) | (14,152,438) | |

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

| 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 | | |
| Infrastructure and Highways (inc Car Parking) | | |
| S278s | | |
| Dunwoody Way/West St, Crewe | 5,000 | } To bring S278 budget in line with agreement |
| Capricorn 17 | 35,000 | |
| Manchester Rd, Tytherington | 5,000 | |
| Coppenhall East, Crewe | 10,000 | |
| Albion Works, Moston | 5,000 | |
| Moss Lane Bridge. | 3,043 | |
| Growth and Regeneration | | |
| Disabled Facilities Grant | 156,402 | The Budget also provides £42 million of additional funding for the Disabled Facilities Grant in 2017-18, supporting people to stay in their own homes. £156,402 is Cheshire East's allocation. |
| Client Commissioning - Environmental | | |
| Cop Meadow, Sutton Play Area | 1,178 | Budget increase due to full cost of project with shortfall covered by a contribution from Sutton Parish Council. |
| Total Supplementary Capital Estimates Requested | 220,623 | |

| 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 | | |
| Children's Social Care (Incl. Directorate) | | |
| Schools Condition Capital Grant | 11,324 | Virement of unspent grants from completed schemes |
| Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas | 200,000 | Virement of savings from Mabllins Lane Primary school scheme for use on the future basic needs programme |
| Education and 14-19 Skills | | |
| Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas | 385,707 | Virement of savings from Knutsford Achievement scheme for use on the future basic needs programme |
| Pupil Referral Unit - New Site | 900,000 | Virement to cover additional cost identified following tendering exercise. Funded from a reversal of a virement at FQR to Facilities Management for the Schools and Children's Centres Condition block and the Future Years Basic Need programme |
| Growth and Regeneration | | |
| Premises Capital | 92,000 | Virement of £92k from Roe Street Homeless Hostel for works completed by Facilities. |
| Rural and Cultural Economy | | |
| Tatton EPOS | 59,316 | To vire the residual budget from Tatton Vision, to cover additional spend. |
| PROW Capital Works | 5,049 | The Middlewood Way Public Rights of Way project is now complete, virement to Public Rights of Way Capital Works would assist in the delivery of further improvements. |
| Total Capital Budget Virements Approved | 1,653,396 | |
| Total Supplementary Capital Estimates and Virements | 1,874,019 | |

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

| 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

| 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 | | |
| Total Supplementary Capital Estimates Requested | - | |
| Capital Budget Virements over £5,000,000 | | |
| Total Capital Budget Virements Requested | - | |
| | | |
| Total Supplementary Capital Estimates and Virements | - | |

Appendix 9 Capital Budget Reductions

| Capital Scheme | Approved Budget £ | Revised Approval £ | Reduction £ | Reason and Funding Source |
|---|----------------------|-----------------------|--------------------|---|
| Cabinet are asked to note the reductions in Approved Budgets | | | | |
| Education and 14-19 Skills | | | | |
| Suitability/Minor Works/Accessibility Block Provision | 1,463,552 | 1,454,552 | (9,000) | Reduction in contribution from schools |
| Infrastructure and Highways (inc Car Parking) | | | | |
| S278s | | | | |
| Former Boars Leigh Bosley | 10,000 | 6,291 | (3,709) | Budget adjusted to the level of expenditure incurred which can be recouped from the developer |
| Pinsley Green Road, Wrenbury | 3,500 | 3,055 | (445) | |
| Middlewich Road, Sandbach | 30,000 | 20,000 | (10,000) | |
| Alderley Road, Wilmslow | 3,000 | 2,608 | (392) | |
| Queens Park Drive, Crewe | 4,000 | 3,000 | (1,000) | |
| Lynton Lane, Alderley Edge | 4,000 | 3,516 | (484) | |
| S278 Winlowe Crt, Macclesfield | 4,000 | 1,379 | (2,621) | |
| S278 Newton Hall Farm | 4,000 | 3,864 | (136) | |
| S278 Dev. off Knuts. Rd | 4,500 | 3,792 | (708) | |
| S278 Portland, Dr. - Gladedale | 15,000 | 14,036 | (964) | |
| Alderley Edge Bypass Scheme Implementation | 63,111,100 | 61,111,100 | (2,000,000) | Budget reduced to the anticipated level of costs still to be incurred against this scheme. |
| Total Capital Budget Reductions | 64,656,652 | 62,627,193 | (2,029,459) | |

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 31st August 2017.
3. The focus of treasury activity over the last year has shifted from investing to borrowing as cash resources are used. Any investments now remaining are either strategic due to their high interest earning capability, or just to provide liquidity.
4. The Council has reduced its use of Variable Net Asset Value (VNAV) Money Market Funds in favour of other long term investments and to reduce temporary borrowing as the rates of return are not as advantageous as they had been.
5. Shorter term temporary borrowing is currently much cheaper than long term borrowing. All borrowings have been sourced from other Local Authorities. New borrowings have been taken on a month to month basis where the cost (including fees) was around 0.20%. More recently, following the increase in base rate, rates have increased to around 0.42%. The Council has been at the forefront of a new inter-LA borrowing platform which has enabled some commission free borrowing after which commission will be lower than traditional brokers.
6. The borrowing requirement is expected to increase markedly up to the end of March 2018 so borrowing in December has focused on maturities in April 2018 and April 2019. This will enable borrowing for 2018/19 to be renewed in April when traditionally rates will be cheaper due to the supply of Government grant money and the resumption of local tax collections. Some borrowing will be fixed through to 2019/20 to provide some certainty and hedge against any unforeseen rate increases in 2018/19. The cost is around 0.90% which compares favourably with other forms of borrowing such as PWLB where the cost is around 1.20% for a one year loan.
7. **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

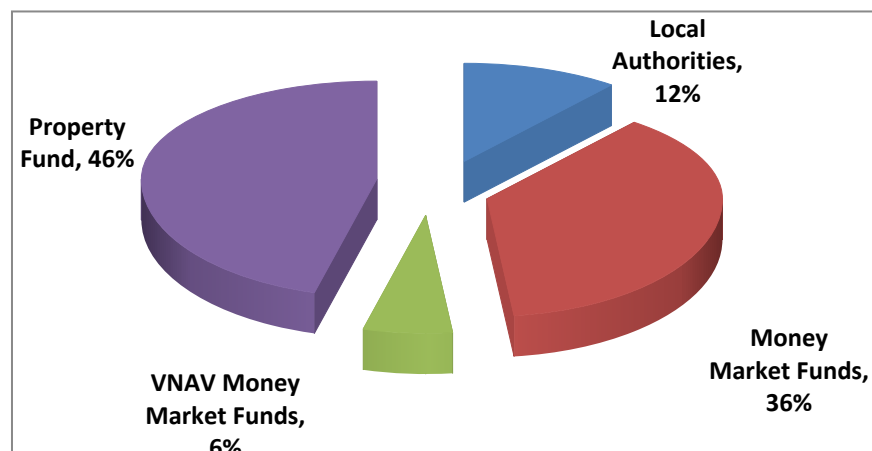


Chart 2 – Maturity Profile of Investments

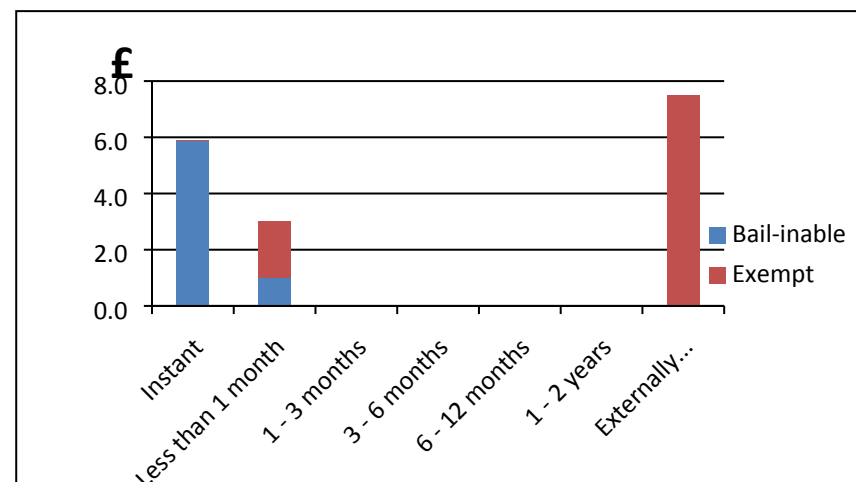


Table 1 – Types of Investments and Current Interest Rates

| Instant Access Accounts | | Average Rate % | £m |
|-------------------------|--|----------------|-----|
| Instant Access Accounts | | - | - |
| Money Market Funds | | 0.33 | 5.9 |

| Notice Accounts | Notice Period | Average Rate % | £m |
|---------------------------|---------------|----------------|-----|
| Money Market Funds (VNAV) | 2 days | 0.58 | 1.0 |

| Fixed Term Deposits (Unsecured) | Start | Maturity | Rate % | £m |
|---------------------------------|------------|------------|--------|-----|
| Lancashire County Council | 02/12/2015 | 04/12/2017 | 1.00 | 2.0 |

| Externally Managed Funds | | £m |
|--------------------------|--|-----|
| Property Fund | | 7.5 |

| Summary of Current Investments | | £m |
|--------------------------------|--|-------------|
| TOTAL | | 16.4 |

Table 2 – Current Temporary Borrowing

| Lender | Start | Maturity | Rate % | £m |
|--|----------|----------|--------|-------------|
| Basildon District Council | 25/04/17 | 25/10/17 | 0.40 | 4.0 |
| Royal Borough of Kensington & Chelsea | 28/04/17 | 27/04/18 | 0.50 | 5.0 |
| West Yorkshire Police | 28/04/17 | 29/01/18 | 0.42 | 3.0 |
| London Borough of Hammersmith & Fulham | 28/04/17 | 27/04/18 | 0.50 | 5.0 |
| London Borough of Havering | 02/05/17 | 01/05/18 | 0.52 | 5.0 |
| Somerset County Council | 02/05/17 | 01/12/17 | 0.42 | 5.0 |
| North West Leicestershire DC | 19/10/17 | 21/05/18 | 0.42 | 5.0 |
| Cheshire West & Chester | 20/11/17 | 23/01/18 | 0.42 | 5.0 |
| Eden District Council | 30/11/17 | 03/01/18 | 0.41 | 1.0 |
| Welwyn Hatfield DC | 30/11/17 | 03/01/18 | 0.42 | 2.0 |
| Gosport Borough Council | 30/11/17 | 03/01/18 | 0.42 | 1.0 |
| Edinburgh City Council | 30/11/17 | 03/01/18 | 0.42 | 1.0 |
| TOTAL | | | | 42.0 |

Appendix 11 Requests for Allocation of Additional Grant Funding

| Service | Type of Grant | £000 | Details |
|---------------------|--|------|---|
| Children & Families | Remand Funding (General Purpose) | 7 | Children and Young People (CYP), under 18s who are detained on remanded in youth detention accommodation (a YOI) will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ). |
| Adult Social Care | Local Reform and Community Voices (General Purpose) | 3 | Originally budgeted at £198,321 (2016/17). Final allocations for 2017/18 have come in at £201,223. Local authorities have a duty under the Local Government and Public Involvement in Health Act 2007 (as amended by the Health and Social Care Act 2012) to ensure that an effective local Healthwatch is operating in their area, delivering the activities set out in the legislation. The Local Reform and Community Voices grant provides one element of the non-ring fenced funding provided for local Healthwatch, with the larger proportion having been rolled into the local government settlement in 2011/12. |
| Adult Social Care | Social Care in Prisons (General Purpose) | 4 | Originally budgeted at £72,528 (2016/17). Final allocations for 2017/18 have come in at £76,741. The Care Act establishes that the local authority in which a prison, approved premises or bail accommodation is based will be responsible for assessing and meeting the care and support needs of the offenders residing there. The provision of care and support for those in custodial settings is based on the principle of equivalence to provision in the community. The Act clarifies the application of Part 1 for people in custodial settings, including aspects which do not apply. |
| Adult Social Care | War Pension Scheme Disregard (General Purpose) | 64 | The Department of Health consulted in November 2016 about the allocation of £14m new funding to disregard (for the purposes of social care charging) all payments made under the War Pension Scheme with the exception of Constant Attendance Allowance. The consultation response was published in February 2017 and the table of final allocations is reproduced in Annex B. The War Pensions Scheme Disregard grant will be paid as a Department of Health section 31 grant. |

| Service | Type of Grant | £000 | Details |
|--------------|---|------------|---|
| Place | Homelessness Reduction Act - new burdens (General Purpose) | 49 | <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> |
| Total | | 127 | |

Appendix 12 Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates) for which the performance related data is contained within Section 2 of this report.
2. Annually, the Council raises invoices with a total value of approximately £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.
3. 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.
4. 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 2016/17 the team collected £3.8m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of quarter three was £7.4m. This is a decrease of £1.1m since September 2017 mainly due to

the settlement of invoice raised by Adults Social Care, Education and ICT.

6. The total amount of service debt over six months old is £3.2m; provision of £3.3m 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 | 5,248 | 2,301 | 2,472 |
| Children's Social Care (Incl. Directorate) | 156 | 19 | 25 |
| Education and 14-19 Skills | 61 | 3 | - |
| Prevention and Support | 9 | 1 | 1 |
| Schools | 121 | 65 | 22 |
| Place | | | |
| Planning and Sustainable Development | 97 | 24 | 24 |
| Infrastructure and Highways (inc Car Parking) | 473 | 263 | 281 |
| Growth and Regeneration | 745 | 226 | 216 |
| Rural and Cultural Economy | 53 | 6 | 6 |
| Corporate | | | |
| Customer Operations | 5 | 3 | 3 |
| Legal & Democratic Services | - | - | - |
| Human Resources | 9 | 8 | 8 |
| Finance and Performance | 7 | 3 | 3 |
| Professional Services | 22 | 3 | 3 |
| ICT | 131 | 2 | 2 |
| Communications | 1 | - | - |
| Client Commissioning - Environmental | 264 | 232 | 241 |
| Client Commissioning - Leisure | - | - | - |
| | 7,402 | 3,159 | 3,307 |

Appendix 13 Earmarked Reserves

| Name of Reserve | Opening Balance 1 st April 2017 | Forecast Movement in 2017/18 | Forecast Closing Balance 31 st March 2018 | Notes |
|---|---|---------------------------------|---|---|
| | £000 | £000 | £000 | |
| People | | | | |
| Adults, Public Health and Communities | | | | |
| PFI Equalisation - Extra Care Housing | 2,060 | 165 | 2,225 | Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009. |
| Individual Commissioning - Provider Investment & Fees | 450 | (450) | - | The reserve has been used to contribute towards the stabilisation, capability and capacity of the care market. |
| Public Health | 536 | (496) | 40 | 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 | 583 | (345) | 238 | Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment. |
| Fixed Penalty Notice Enforcement (Kingdom) | 59 | 91 | 150 | Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues . |
| Transitional Funding - community cohesion | 141 | (71) | 70 | Community Cohesion Strategy and Action Plan |
| Children's Services | | | | |
| Domestic Abuse Partnership | 165 | (26) | 139 | To sustain preventative services to vulnerable people as a result of partnership funding. |
| Early Intervention and Prevention Investment | 984 | (561) | 423 | To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17. |
| Parenting Journey | 60 | (30) | 30 | The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments. |
| Transitional Funding-Developing the 'Cheshire East Way' | 130 | (105) | 25 | Delivering better outcomes for children and young people. |
| Transitional Funding-Increase in Establishment | 386 | (365) | 21 | Child Protection Social Workers |
| Transitional Funding-Independent Travel Training | 150 | (75) | 75 | Independent Travel Training |

| Name of Reserve | Opening Balance 1 st April 2017 | Forecast Movement in 2017/18 | Forecast Closing Balance 31 st March 2018 | Notes |
|---|--|------------------------------------|--|--|
| | £000 | £000 | £000 | |
| Place | | | | |
| Investment (Sustainability) | 2,044 | (1,658) | 386 | 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) | - | Ongoing Trading Standards prosecution case on product safety |
| Air Quality | 80 | (40) | 40 | Provide funding for a temporary Air Quality Officer post for two years. |
| Strategic Planning | 36 | (36) | - | To meet potential costs within the Planning Service and Investment Service Structure. |
| Transitional Funding- air quality | 79 | (40) | 39 | Air Quality Management |
| Infrastructure and Highways | | | | |
| Parking - Pay and Display Machines | 100 | (100) | - | Purchase of Pay and Display Machines. |
| Highways Procurement | 276 | (144) | 132 | To finance the development of the next Highway Service Contract. |
| Winter Weather | 230 | - | 230 | To provide for future adverse winter weather expenditure. |
| Growth and Regeneration | | | | |
| Royal Arcade Crewe | 500 | (200) | 300 | To provide for future costs relating to the Royal Arcade including repairs an maintenance. |
| Legal Proceedings on land and property matters | 150 | (150) | - | To enable legal proceedings on land and property matters. |
| Skills & Growth | 446 | (244) | 202 | To achieve skills and employment priorities and outcomes. |
| Transitional Funding-Low Carbon Heat Growth Programme | 51 | - | 51 | Low Carbon Heat Growth Programme |
| Homelessness & Housing Options | 200 | (200) | - | To prevent homelessness and mitigate against the risk of increased temporary accommodation costs. |
| Rural & Cultural Economy | | | | |
| Tatton Park | 80 | (67) | 13 | Ring-fenced surplus on Tatton Park trading account. |

| Name of Reserve | Opening Balance 1 st April 2017 £000 | Forecast Movement in 2017/18 £000 | Forecast Closing Balance 31 st March 2018 £000 | Notes |
|--|---|---|---|---|
| Corporate | | | | |
| Legal Services | | | | |
| Insurance (Cheshire East & Cheshire County Funds) | 4,039 | 114 | 4,153 | To settle insurance claims and manage excess costs. |
| Transitional Funding-Child Protection Social Workers and Childcare Legal Support | 225 | (225) | - | Childcare Legal Support |
| Democratic Services | | | | |
| Elections | 123 | 43 | 166 | To provide funds for Election costs every 4 years. |
| Finance and Performance | | | | |
| Collection Fund Management | 11,337 | (3,570) | 7,767 | 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 | 10,750 | - | 10,750 | To provide for financing of capital schemes, other projects and initiatives. |
| Enabling Transformation | 2,142 | (1,820) | 322 | Funding for costs associated with service transformation; particularly in relation to staffing related expenditure. |
| Transitional Funding-External Funding Officer | 181 | (120) | 61 | External Funding Officer |
| Cross Service | | | | |
| Trading Reserve | 1,299 | (200) | 1,099 | The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives. |
| Service Manager carry forward | 3,017 | (1,906) | 1,111 | Allocations for Cost of Investment or grant funded expenditure. |
| Revenue Grants - Dedicated Schools Grant | 3,364 | (3,000) | 364 | Unspent specific use grant carried forward into 2017/18. |
| Revenue Grants - Other | 2,384 | (529) | 1,855 | Unspent specific use grant carried forward into 2017/18. |
| TOTAL | 48,912 | (16,435) | 32,477 | |

Notes:

1. Figures exclude Schools balances.

Cheshire East Council

Cabinet

| | |
|--------------------------|---|
| Date of Meeting: | 6th February 2018 |
| Report of: | Jan Willis, Interim Executive Director of Corporate Services |
| Subject/Title: | Medium Term Financial Strategy 2018/21 |
| Portfolio Holder: | Cllr Paul Bates |

1. Report Summary

- 1.1 This report presents the Medium Term Financial Strategy for Cheshire East Council for the years 2018/19 to 2020/21.
- 1.2 Cheshire East Council arranges the delivery 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:
 - 94% of Cheshire East schools were 'good' or 'outstanding' based on their most recent inspection as of March 2017,
 - Only 2.2 per cent of young people are not in education or training (NEET) and 'not known' in Cheshire East, compared to a national average of 6%. Cheshire East has achieved the third-lowest level of NEETs in the UK.
 - 8 Green Flag Awards have been awarded for our parks and open spaces
- 1.3 The provisional announcements from government on 19th December 2017 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 to support Adult Social Care of up to 6% over the period 2017/18 to 2019/20. There has been further flexibility for 2018/19 with the announcement that the base level of council tax can increase up to 3% (from 2%) before a referendum is required. The reduction in central government grant that was reported in the Council's [Pre-Budget Consultation](#) (November 2017) 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 370,000 local people. Following extensive consultation the proposed revenue budget is balanced for 2018/19 with net revenue spending of £267.9m and total capital investment aspirations of £326.1m is identified over the next three financial years. The individual status of schemes within this ambitious programme is summarised within Appendix C, Annex 10.

- 1.5 In proposing a balanced budget for 2018/19 the Council has recognised the requirement to respond to both cost and demand pressures in Adult Social Care and Childrens Social Care Services. Revenue Support grant reductions of £8m in 2018/19, were based on an assumption, by the Government, that the Council's ability to raise Council Tax levels could go some way to replace this reduction in grant. The clear local, regional and national pressure within the overall Health and Social Care system led to the introduction of additional flexibility to increase Council Tax levels within the Local Government Settlement in December 2016.
- 1.6 In response to these issues and assumptions from Central Government the Council is proposing to increase the Adult Social Care (ASC) Precept by 3% in 2018/19 after levying a rate of 3% in 2017/18. This is designed to not only protect Adult Social Care investment, but can also fund a net increase in spending in this area. The ASC precept is in addition to a general Council Tax increase of 2.99%. This means an overall Council Tax increase of 5.99% in 2018/19 is proposed which equates to a £1.28 increase per week for an average Band D property.
- 1.7 The Medium Term Financial Strategy 2018/19 to 2020/21 is currently forecasting on the assumption that the Council Tax could also increase by a further 1.99% in 2019/20 and then 1.99% in 2020/21. These planning forecasts may be subject to change when Council is asked to set the annual budget in February each year.
- 1.8 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 £4.1m to deliver a balanced position in 2018/19.
 - Value for money will continue to be supported through prudent management of Council investments.
 - Central Government grants will reduce by £12.9m.
 - Funding for essential local services will require a proposed Council tax increase of 5.99% from £1,324.92 to £1,404.28 for a Band D property.
 - £197m is estimated to be spent over the next three years on improving our highways network.
- 1.9 This report sets out how the Council will approach the financial challenges over the medium term and forecasts a balanced budget for 2018/19.

Budget 2018/21

- 1.10 Following months of development and consultation, the budget change proposals contained in this report are robust and provide a balanced budget for consideration.
- 1.11 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.

- 1.12 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.
- 1.13 This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.
- 1.14 This report provides the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2018/19 to 2020/21 at **Appendix C**.
- 1.15 The document is the result of the Business Planning Process led by the Council from June 2017 to February 2018, which included regular review from the Council's Scrutiny Committees, concluding with a final review by the Corporate Overview and Scrutiny Committee on 1st February 2018. The MTFS Report is being submitted to Cabinet on 6th February 2018 for recommendation to Council for approval.
- 1.16 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**.

2. Recommendations

- 2.1. That Cabinet recommend to Council the items at **Appendix A**.
- 2.2. That Cabinet notes:
 - a) 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**).
 - b) The comments of the Council's Interim Executive Director of Corporate Services (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 Interim Executive Director of Corporate Services**).
 - c) The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
 - d) The development of a Capital Strategy as set out in the attached (**Appendix C, Annex 10**). This is linked to the Treasury Management and Investment Strategies and these will continue to be developed in

accordance with the revised guidance for local authority investments during 2018/19. The strategy contains the programme of capital investment for 2018/19 to 2020/21. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme

- e) The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 10**).
- f) That Corporate Overview and Scrutiny Committee supports the proposal to earmark £2m to create a specific "New Homes Bonus Community Fund" to be used over the next two financial years. To also note that the Corporate Overview and Scrutiny Committee are willing to assist Cabinet by working on the details of a specific scheme to allocate funds.

3. Other Options Considered

- 3.1. 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](#) 2018/21.
- 3.2. 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.

4. Reasons for Recommendation

- 4.1. The Council's Budget (as contained in the MTFS Report) requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.
- 4.2. 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 2018/21.
- 4.3. The Council's Interim Executive Director of Corporate Services (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, she is satisfied with the robustness of the estimates making up the Council Tax Requirement of £206,434,889. This is based on a total 5.99% Band D

increase, which includes a 3% precept specifically for Adult Social Care (based on the Provisional Finance Settlement and subject to change from the Final Settlement) and she is satisfied with the adequacy of the financial reserves for the Council.

- 4.4. Further to the above statement it can be reported that the Medium Term Financial Strategy Report 2018/19 to 2020/21 (**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.

5. Background / Chronology

- 5.1. The Budget Setting Process 2018/21 was developed and endorsed by the Cabinet and Corporate Leadership Team in June 2017.
- 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 Cabinet in June, September, November, December 2017 and February 2018. Overview and Scrutiny Committees were briefed in July and November 2017, and January 2018 with final consideration of the package of proposals presented to the Corporate Overview and Scrutiny Committee on 1st February 2018. All Members were invited to two finance briefings on 28th November 2017 and 12th December 2017.
- 5.4. This exercise has been undertaken against a background of significant reductions in funding levels from Central Government, implementing the new Corporate Plan and the Authority continuing to deliver against its commitment to become 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 2018, as well as forecast estimates for the 2019/20 and 2020/21 financial years.
- 5.6. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2018/19. This was released on 19th December 2017. The final settlement is expected in early February 2018 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 2017/18 and this will continue during 2018/19.
- 5.9. The MTFS Report 2018/21 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 22nd February 2018.

6. Wards Affected and Local Ward Members

- 6.1. Not applicable.

7. Implications of Recommendation

7.1. Policy Implications

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

7.2. Legal Implications

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

7.3. Financial Implications

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

7.4. Equality Implications

- 7.4.1. The Council has a statutory duty to understand the equality impacts of its decisions, policies, strategies and functions.
- 7.4.2. 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.
- 7.4.3. 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.
- 7.4.4. Completed equality assessments form part of any detailed Business Cases.

7.5. Rural Community Implications

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

7.6. Human Resources Implications

- 7.6.1. Please see Workforce Development Section – **Appendix C, Annex 4.**

7.7. Public Health Implications

- 7.7.1. Please see Section 1, Outcome 5 part of **Appendix C.**

7.8. Other Implications (Please Specify)

- 7.8.1. The Council has a statutory duty to consult with certain groups on its Budget Proposals and as part of the implementation of certain items. Further details are provided in **Appendix C, Annex 2.**

8. Risk Management

- 8.1. 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 2018/19 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.
- 8.2. 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.
- 8.3. 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.

9. Access to Information / Bibliography

Please see the following financial reports:

[2016/17 Outturn Report](#)

[2017/18 First Quarter Review of Performance](#)

[2017/18 Mid-Year Review of Performance](#)

[2018/21 Pre-Budget Consultation](#) released 7th November 2017

[Corporate Overview and Scrutiny Committee 15th November 2017](#)

[Council 14th December 2017: Domestic and Non Domestic Rate Taxbase Reports](#)

[2017/18 Third Quarter Review of Performance](#)

10. Contact Information

Contact details for this report are as follows:-

| | |
|---------------------|--|
| Name: | Jan Willis |
| Designation: | Interim Executive Director of Corporate Services |
| Tel. No.: | 01270 686979 |
| Email: | jan.willis@cheshireeast.gov.uk |

Appendix A

Recommendations to Council from Cabinet - February 2018

That Council approve:

- 1 The Revenue estimates for the 2018/19 budget and the medium term Capital Programme estimates 2018/21, as detailed in the Medium Term Financial Strategy Report (MTFS) 2018/21 (**Appendix C**).
- 2 Band D Council Tax of £1,404.28 representing an increase of 5.99%. This is below the referendum limit and arises from the provisional finance settlement allowing a 3% additional charge to fund Adult Social Care pressures (**Appendix C, Section 2**).
- 4 The 2018/19 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**).
- 5 The 2018/19 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**).
- 6 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 2018/19 funding position are received.
- 7 The recommended Prudential Indicators for Capital Financing (**Appendix C, Annex 10**).
- 8 The Children and Families Portfolio Holder to agree any necessary amendment to the 2018/19 Dedicated Schools Grant (DSG) of £144m 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 2017/18 (**Appendix C, Annex 8**).
- 9 The recommended Reserves Strategy (**Appendix C, Annex 12**).
- 10 That £2m be allocated to a specific “New Homes Bonus Community Fund” to be used over the next two financial years.

That Council recognises that Cabinet has noted:

- 11 The Budget Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2**).
- 12 The results of the Budget Consultation (**Appendix B**).

- 13 The comments of the Council's Interim Executive Director of Corporate Services (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 Interim Executive Director of Corporate Services**).
- 14 The risk assessment detailed in the MTFS Report (**Appendix C, Annex 5**).
- 15 The Capital Strategy as set out in the attached (**Appendix C, Annex 10**). This is linked to the Treasury Management and Investment Strategies and these will continue to be developed in accordance with the revised guidance for local authority investments during 2018/19. The strategy contains the programme of capital investment for 2018/19 to 2020/21. The programme may vary to take advantage of external funding opportunities, maximise private sector investment, prudential borrowing considerations, operational capacity and to ensure optimal delivery of the overall programme
- 16 The Council's Finance Procedure Rules will always apply should any changes in spending requirements be identified (**Appendix C, Annex 10**).

Cheshire East Council

Budget Consultation

Appendix B - Summary of Results

Production date: 26/01/2018

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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Introduction

Background and methodology

Between November 2017 and January 2018 Cheshire East residents and other stakeholders were invited to provide their comments and views on the Councils pre-budget report. The following provides a summary of the responses received.

Respondents could submit their views via an online survey, postal survey or via a dedicated e-mail address. Respondents were asked to read through the pre-budget report document before answering the survey questions/ submitting their views.

Efforts to engage with residents with regard to the Budget Consultation realised an increased level of engagement compared to previous year's Budget Consultation activity. The engagement has been wide ranging and has resulted in responses which have allowed the Council to understand the opportunities and challenges associated with the budget setting process.

Details of engagement activity can be found at page 48 – efforts to understand opportunities for improved communication shall be analysed and introduced into subsequent budget setting activity.

The consultation activity resulted in around 600 general or specific responses to proposals listed in the Budget Consultation being raised from a number of sources. The online survey was viewed 1,462 times - whilst we cannot detect if this was by separate individuals it still indicates that engagement was high. A total of 436 valid responses were received for the online/postal survey. 118 further responses were received via the dedicated e-mail address, 14 letters were received & 3 petitions relating to certain proposals were also received. There were also various discussions that occurred via social media pages like Twitter & Facebook (Appendix One). Some of the responses were from elected representatives or from organised groups, although in all cases demographic information on the respondents was requested.

Summary of Results

Postal/Online Questionnaire responses

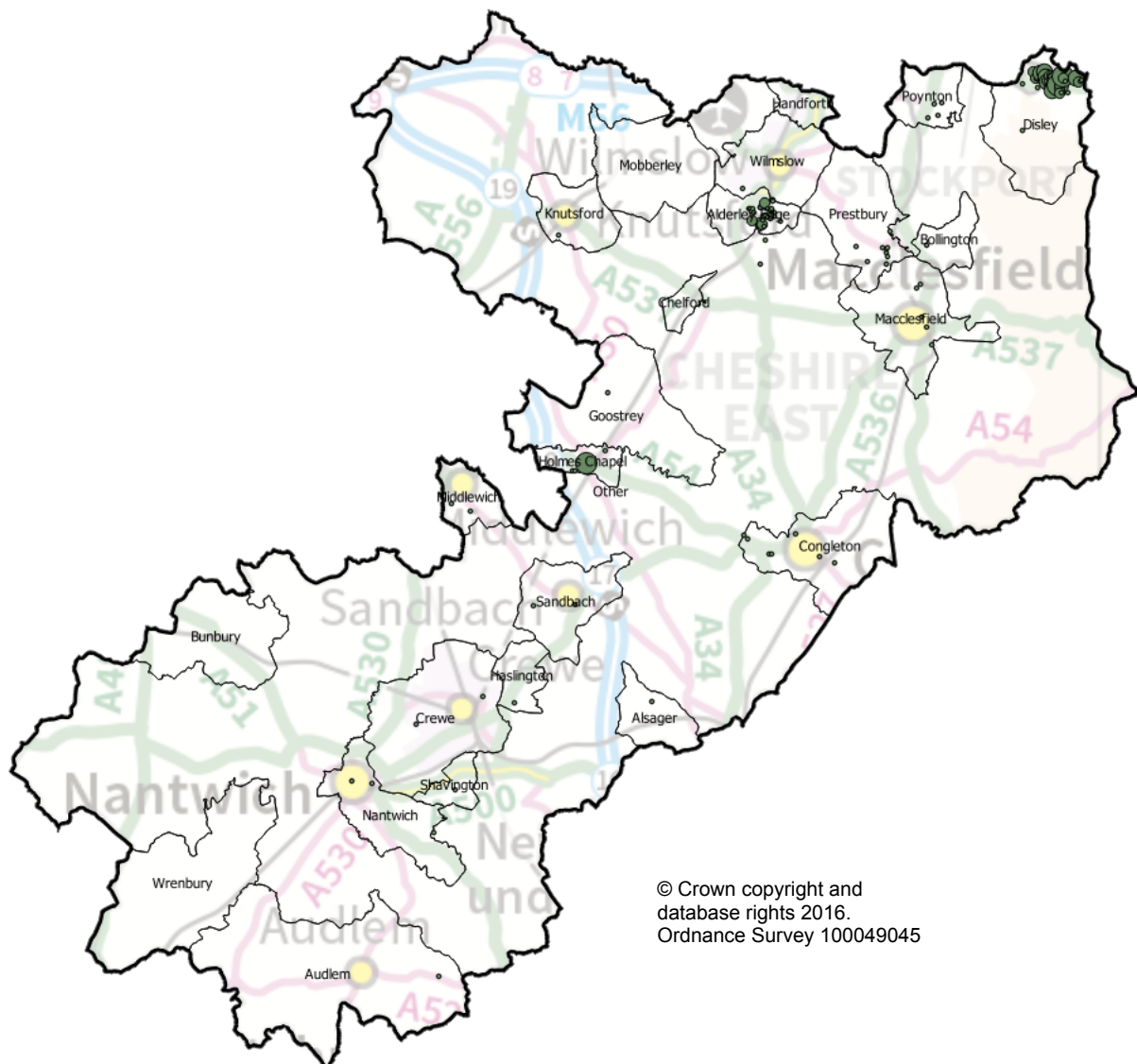
A total of 436 valid responses have been received for the online/postal survey.

Demographics

Key demographic information collected was as follows:

- 58% of respondents were females, 36% males
- Age breakdown, 16 – 34 (10%), 35 – 54 (30%), 55 – 74 (38%) and 75 and over (17%)
- The majority were White British (89%) with 8% preferring not to say
- 20% of respondents indicated that their day to day activities were limited due to a health problem or disability that had lasted longer than 12 months.
- The majority of respondents resided in Disley, followed by Alderley Edge and Holmes Chapel, (areas corresponding with the proposals for library closures). As The map below shows (*please note not everyone left valid postcode details*).

Map of respondent postcodes.



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Question One: Should any of the potential changes to budgets supporting each of the Outcomes be altered, and if so in what way?

The following tables summarise the comments received into each relatable outcome – please note that comments are NOT written verbatim.

| Table 1.1. Summarised comments in relation to Outcome 1. Our local communities are strong and supportive | | |
|--|--|--|
| Proposal 2. Increase Community Grants | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Stop community funding and let them get lottery money | Supporting community funding in the right way is key to the prevention and early help offer across adults and children's. We welcome the opportunity for organisations to bid for money such as the lottery and often support them in this. A thriving community sector is essential to the Councils ambition. | No changes |

| Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy | | |
|--|---|--|
| Mixed proposal comment - Proposal 3, 8 & 9 | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Confused by proposals within outcome 2 - proposal 9 - Council wishes to create new investment portfolio through more investment in commercial property - proposal 3 indicates current commercial asset portfolio needs additional funding as it does not achieve its income target - proposal 8. Surely, if the Council chooses to invest in more commercial buildings then these two other proposals will require additional funding beyond that which has been indicated within the pre-budget report? | Proposal 3 relates to reduced income levels in the existing assets owned by the council where a rent is charged which includes garages, industrial units and offices. The growth is required to address the shortfall in income. Proposal 9 relates to the council investing in better performing assets to secure an increase in revenue for the council to assist in supporting essential services. All acquisitions would be subject to detailed business cases. | No changes |

| Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy | | |
|---|---|--|
| Proposal 16. HS2 Strategy (Revenue Investment) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 3 x comments received Do not support/ waste of money/won't benefit the North/ cutting this element will save £1.5 million over 3 years. | <p>The arrival of HS2 to Crewe has the potential to deliver significant economic growth which would not otherwise be achieved. The right Crewe Hub station, one which is capable of handling up to 7 HS2 trains stopping per hour with direct services to London, Manchester and Birmingham would unlock significant growth opportunities for Crewe and also across the wider Constellation Partnership area.</p> <p>The current proposals in the phase 2a hybrid bill do not propose a Crewe Hub station and will only see 2 HS2 trains to and from London stopping at Crewe per hour. However, The Council is working with Government to develop a Crewe hub station campus proposal that delivers the Council's ambitions.</p> <p>Following the Full Council decision to petition against the phase 2a hybrid bill we are working with Parliamentary Agents to prepare a response following the second reading. The HS2 budget for this financial year relates to the work required to petition the Hs2 bill and to undertake technical work on the Crewe hub station.</p> | No changes |
| Town centre revitalisation | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Make Crewe a town that residents can be proud of and one that people want to visit and spend money in | Cheshire East Council developed a Crewe Town Centre Regeneration Delivery Framework for Growth in 2015 and now has a comprehensive and holistic town centre regeneration programme underway centred around four regeneration zones. | No changes |

Table 1.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy

| | | |
|--|--|--|
| | <p>These four zones will be integrated together by an emerging Town Centre Public Realm Strategy that seeks to create a high quality setting to attract visitors, occupiers and investors, and extend dwell time. The regeneration programme recognises the changing role of town centres which will have a greater focus on a mix of uses, leisure and culture. The Council also understands its position as a driver for transformation and catalyst for further commercial investment. Crewe is growing, is set for stronger growth and it is crucial that the town centre benefits and that it's ideally placed to benefit from the Crewe HS2 Hub Station & improvements in wider infrastructure.</p> <p>Macclesfield Town Centre - The Council, working with other stakeholders is developing a holistic strategy and programme of initiatives targeted at improving the vitality and viability of Macclesfield Town Centre. Ongoing initiatives include:</p> <ul style="list-style-type: none"> • Public realm enhancements in the Primary Shopping Area; • Shop Front Grants aimed at encouraging the upgrading of existing premises; • The sale of Churchill Way Car Park to enable the development of a cinema complex by private developers to boost the currently limited evening economy; • The making of Local Development Orders to encourage residential development to boost the population within walking distance of the town centre; • Exploring options for the reuse of underutilised heritage assets. <p>The Council fully appreciates the need to retain sufficient convenient parking to serve the town centre balanced against a desire to improve the town centre offer. Objective evidence on car parking capacity has, and will be taken into account when decisions affecting car parks are made. The last commissioned Health Check of Macclesfield Town Centre found that 'Council managed car parking charges are slightly cheaper than found at other town centres which serve a similar shopping role'.</p> | |
|--|--|--|

Table 1.3. Summarised comments in relation to Outcome 4 - Cheshire East is a green and sustainable place

| Proposal 31 & 33. Highways Contract/ Procurement | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|--|--|
| <p>5 x comments received</p> <p>Do not reduce highway funding/ in need of greater attention/road maintenance should be increased/ roads are an important asset/ consider bringing back in-house.</p> | <p>It is recognised that the consultation responses do not support reductions in the Highway Service with majority of comments requesting greater service levels. The Council has therefore reviewed the savings proposals.</p> <p>The Council is also in the process of procuring the next Highway Services Contract, as part of this procurement exercise differing delivery methods are being explored to provide improved value for money.</p> | <p>Highways Contract Savings (Proposal 31) are going to be reduced from an initial saving of £500k to only £150k</p> <p>£5m of expenditure in the Highways Investment Programme will be moved from the Capital Addendum and funded as part of the main programme</p> |

| Table 1.4. Summarised comments in relation to Outcome 5 – People live well and for longer | | |
|---|---|---|
| Proposal 47. Commissioning all services currently provided by our in-house provider, Care4CE (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Our plans are to evaluate all of the services within Care4ce to establish the best fit moving forward- this may include maintaining some services, sharing some services, integrating some services or services becoming separate from the Council. | No changes |
| The complete disbanding of Care4C would leave vulnerable people in the adult social care network at great risk. A baseline service must continue to operate/ Care4CE is currently being reviewed by an external consultancy - outcome of this cannot be pre-judged. | | |
| Proposal 54: Review Early Help Commissioned Services (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Early help prevention saved / support early years/ more support carers | A full service redesign and refocusing of the services provided will place greater emphasis on early years services and family support services. Support to carers will be included in this offer. Alongside proposals to refocus the council early help, early years and youth support services provided by the council, we also require providers to deliver targeted earlier help that reduces demand. The council, with its partners, is investing in services for example, like emotionally healthy schools, so our children and young people receive earlier support for the emotional health and well-being. | No changes |
| Proposal 56: Youth Service Restructure (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report |
| 5 x comments received | The Youth Support Service will continue to work with young people who are at risk of NEET and those who are NEET, but due to the changing requirements to track and support young people, the service will be focussing on those who are 16/17 yr olds, rather than those who are 18 +years. The budget reductions will require the service to reshape and to focus on those who are at most need and those who are covered by the Raising of Participation guidance. | No changes |
| Youth support service helps young people that may not have had any careers advice or guidance at school – concerned that NEET figures for young people may rise if this support is reshaped. Reduction in budget should not go ahead. | | |

| Proposal 60. Review all funding and shift to "asset-based" model (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|--|--|
| 2 x comments received | There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed. | No changes |
| Support that all options to review Early Intervention & Prevention (EIP) contracts should be explored to ensure value for money & delivering the right services to the right people. However the method should be altered - cancellation of existing contracts is at very short notice without clear & transparent process. Affects the organisation I work for directly (the Bridgend Centre in Bollington) as it is proposed that our EIP contract be allowed to expire with effect from 31st March 2018 which will result in a significant funding gap for our organisation. | | |
| Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 8 x comments received | The offer of respite, will be looked at as part of a wider review of respite for all residents across the Borough as presented to Cabinet in December 2018. CEC is looking to develop a wide range of alternative models of respite that gives people more choice and control. For those receiving day opportunities they will receive a full reassessment and more personalised service. All service users and their families will be consulted with. | No changes |
| Alternative proposition is unclear/ bad idea – should not be closed down/ future service needs to have experienced staff/ keep together groups who have formed friendships/ should be within reasonable distance (keep local) so visits can continue/ provide mental & physical wellbeing activities and support. | | |
| Comment in relation to SEN support | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | There are no planned budget reductions for children with SEND. However there will be an ongoing review to ensure the most efficient use of available resources. | No Proposals in budget consultation |
| Don't cut SEN/ disability support/ use budget to meet the needs of the children instead of on legal expenses. | | |

| Table 1.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation | | |
|---|--|---|
| Proposal 78. Inflationary Increase for Members | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Do not think that an inflation equalling increase in allowances is fair or justifiable at this time. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 51 x general comments received in relation to proposed closure of libraries | The Council acknowledges that the consultation has received a large number of objections to the proposal to close these libraries, particularly from residents of Disley. The Council invited proposals from local community organisations to deliver these libraries as community managed libraries as an alternative to closure. A community group has submitted a proposal to increase the level of financial support it already provides for the library in Prestbury. No proposals were received for Alderley Edge or Disley libraries, although a group in Alderley Edge has expressed a longer term aspiration in taking over the running of the library. | The Council has decided to keep all of the libraries open. In Alderley Edge and Disley the libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a small budget saving will be achieved from the increased financial support from the community. Usage at these libraries will continue to be monitored and the proposal to close these libraries will be reconsidered if usage declines significantly. The revised proposal will achieve a saving of £0.046m. The shortfall in saving of £0.104m will be balanced by increased council tax. |
| Libraries offer vital services and an invaluable sense of community to the most vulnerable in our society/ are well loved and used/ should not be transferred to ESAR. | | |
| 33 x comments received in relation to proposed closure of Alderley Edge library | | |
| Do not agree with closing Alderley Edge library/ it is an essential & valuable service that has an important role in the community/ its closure would impact the young and old. | | |
| 228 x comments received in relation to proposed closure of Disley library | | |
| Do not agree with the closure of Disley library/ it is a vital resource and a very important part of the community for all age groups (young and old)/ alternative provisions are too far away/ there has been an increase in housing – growing population. | | |
| 7 x comments received in relation to proposed closure of Prestbury library | | |
| Prestbury Library should not close – valuable amenity & heart of the community– is little cost to Cheshire East. | | |
| 7 x comments received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19) | | |
| Do not close Holmes Chapel library it is an essential service / should not be transferred to ESAR/ do not close even if transferring to ESAR. | | |

OFFICIAL

| Proposal 81. Macclesfield Leisure Centre Improvement Programme | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|---|---|
| <p>12 x comments received</p> <p>Spend less on Macc. leisure centre and use money to fund libraries that are proposed to close.</p> | <p>Macclesfield Leisure Centre is the largest leisure facility in Cheshire East and requires investment to update and modernise the facility to ensure that it continues to provide an attractive leisure offer for residents of Macclesfield and the surrounding area. The investment is expected to increase the income the Council generates from the facility. Sometimes it may seem as though the council is proposing to spend large amounts of money on buildings or infrastructure projects, whilst proposing cuts to important public services such as libraries. Projects are funded from capital resources that we can only use to invest in long term projects which will generate income or savings in the future. We are not allowed to use capital resources to fund day-to-day services such as libraries and so the Council does not spend money on projects instead of services. The income or savings we generate from our capital investments will be used to help run public services in the future.</p> | <p>No changes</p> |
| Proposals 88 & 89. Changes to 'Everybody Options' Scheme Investment (ESAR) (Revenue Savings) / Car Park Refunds (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| <p>2 x comments received</p> <p>Could have a longer term financial cost to the Council/ put more strain on the NHS and social care groups due to reduced attendances & physical activity. Look at alternatives to a complete removal - phased removal, or continue scheme for the options members who are less well off, look into weekly/monthly bulk discount parking tickets.</p> | <p>The reduction of the discount provided by the Everybody Options scheme from 40% to 30% still represents a significant subsidy by the Council to ensure our leisure facilities are affordable to all. At 30% the discount will be higher than the average for the leisure sector. Users that are currently eligible for free access will continue to benefit from free access.</p> <p>It is noted that the removal of the car park refund could have an impact on participation in leisure activities in the affected locations.</p> | <p>No changes</p> |

| Comment in relation to staff | Response from CEC | Changes to Pre-Budget Report based on feedback |
|--|---|--|
| 2 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Reduce staff/ pension benefits/ number of overly inflated salaries/ has the budget made allowances for additional cost of suspended staff? | | |
| Comment in relation to social care tax | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Council Tax to pay 3% for adult social care - get your house in order and then look at raising council tax - are staff getting a pay rise to cover this increase in their outgoings? | Social care is under pressure across the Country – CEC has an ageing population larger than most areas and an increase in younger people with very complex needs. There is a transformation programme in place for Adult social care but it must be recognised that safeguarding quality requires investment. | No changes |

| Table 1.6. Summarised comments – Outcomes mixed or unknown | | |
|--|--|--|
| Mixed comments relating to various outcomes/ proposals | Response from CEC | Changes to Pre-Budget Report based on feedback |
| <p>97. Community Budgets funded from NHB - do not need to spend money on supporting house development - should be against building as pollution and traffic levels are too high and cannot support the existing services.</p> <p>68. Growth in Demand for Adult Social Care - The increase in this is too much - if the county continue to allow people to move into the area by allowing excessive house building we will see even more strain.</p> <p>39. Housing Growth, Waste Contract Inflation and Tonnage Growth - We should be reducing the number of houses built in the area to help reduce this pressure.</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holders. See above re Adult Social Care.</p> | No changes |
| <p>Outcome 1 - no longer feel safe - crime gone up as well as fly tipping & anti-social behaviour.</p> <p>Outcome 2 - nothing here benefits me.</p> <p>Outcome 4 – feel that Cheshire East doesn't care about the environment</p> <p>Outcome 5 - difficulty accessing services when they are needed, funding for this section needs to be far more and help given too far more people.</p> <p>Outcome 6 – assess staff at higher management levels / struggle to pay council tax.</p> | <p>Outcome 1 – Both fly tipping and ASB have been two key campaigns for the Council. Going forward these remain key priorities.</p> <p>Outcome 5 – The Council agrees and that is why £10.9 million investment is going into adult social care in 2018/19.</p> | No changes |

Table 1.6. Summarised comments – Outcomes mixed or unknown

| | | |
|---|---|-------------------|
| <p>1, 18: Maintain bus subsidies at their current level</p> <p>44, 46. Should not be planning further increases in parking charges - only leads to more on-street parking & the decline of town centres.</p> | <p>Parking comments provide a mixed view, however on balance most people accept that charging is required. The comments are focussed on providing greater levels of fairness across the borough together with measures to support our town centres.</p> <p>The proposed high level Parking Strategy, which is planned to undergo public consultation this Summer, will seek to address these current disparities and to develop proposals that would support of our town centres.</p> | <p>No changes</p> |
| <p>Proposals under Sections 19 & 26 under Outcome 3 (Education) and proposal under Section 54 of Outcome 5 (Health) should be altered. The proposal to "end investment in early help and prevention services" in proposal 26 surely presents a great challenge to the council's statutory responsibilities.</p> | <p>Please refer to previous responses above</p> | <p>No changes</p> |
| <p>13. Funding for Silk Heritage should not be reduced - our heritage, museums & tourist attractions are important.</p> <p>20. This proposal is very vague - no indication of how advanced technology will reduce expenditure - more information is needed.</p> <p>21. Cared for children - do not increase funding - reduce number of children being taken from parents & focus on the extreme cases.</p> <p>22. Reduce money spent on adoption by leaving more children with their natural parents.</p> | <p>21 & 22. The Council has a statutory duty to safeguard children who have been harmed by their parents or carers and to support families to enable children to remain living with the parents and carers. The overwhelming majority of children in care have met the legal threshold and are therefore placed in care by an order of court. Whilst the number of children in care has increased we continue to have lowest ratio to population in the north west. There has been an increase in children leaving care by being made subject of special guardianship arrangements. The council is implementing a national model of social work called Signs of Safety which focuses on the strengthens of families and whilst it aims to make children safer it seeks to keep children safe within the family.</p> | <p>No changes</p> |

| Table 1.6. Summarised comments – Outcomes mixed or unknown | | |
|--|---|------------|
| <p>Outcome 2 - Strong and Resilient Economy. Encourage use of the Town centre (Macclesfield) - do not understand, with the development of a cinema/leisure complex, where people are expected to park? Reduce car parking charges, or have 1 – 2 hours free parking.</p> <p>Outcome 4 - Green and Sustainable Place. Greater use of bus travel should be encouraged; this would have the additional benefit of reducing road congestion. Bus passes should be given to all those over 60. Greater use of bus travel, would again increase the use of the facilities in the town, with the additional benefit of getting people out of their houses, making them more fit and active.</p> | <p>The development of a cinema complex will, it is anticipated in particular boost the evening economy. At the present time the town centre is relatively quiet in the evening with a limited evening offer. Car parking capacity across the town centre car parks has been surveyed, the results showing significant capacity even at peak times. It is therefore anticipated that people currently parking in Churchill Way Car Park will be able to park in alternative car parks such as Duke Street and the Grosvenor Centre, where there are generally high numbers of vacant spaces available. Impact on parking will also be considered again at the planning application stage. Currently parking is free after 6pm in most of the Council's car parks and there is no evidence to suggest that free parking actually significantly increases footfall into town centres. Car parks cost money to maintain and the charges (where applicable) go towards such necessary fees as gritting, business rates, lighting, cleanliness and lines and signs.</p> | No changes |
| <p>52 - Restructure Prevention and Support - Support this proposal only if there is not a reduction in the offer especially to early years and youth support services.</p> <p>54 - Review Early Help - Should be no reduction in youth support services as these are vital to outcomes 1, 3 and 5. Services contained in 52 & 54 help develop a strong focus on support for children, young people and their families most vulnerable to the poorest outcomes. Need to ensure children & young people have the skills to meet the needs of local employers.</p> | <p>54. Please see previous responses regarding early help & on NEETs. The Director for Education and Skills is working with CE schools and colleges in relation to how best to meet the skills required by employers.</p> | No changes |
| <p>Outcome 6. Item 79 - closure of small & medium size libraries is damaging to the whole community.</p> <p>Item 78 - Members should have a below inflation increase in allowances.</p> | <p>Please see response above concerning community library provision. All libraries will remain open.</p> <p>Response is noted and will be brought to the attention of the relevant Portfolio Holder</p> | No changes |

Table 1.6. Summarised comments – Outcomes mixed or unknown

| <p>Went to customer services and document was not on public display – hidden under desk preventing easy access. Feedback papers are a waste of time - having tried to make sense of it I have some questions: Highways contract review - gully blockage will cause flooding, already seen gritters out less & only on major roads. Leave front line staff on low wages alone. How can you support families' and those in need yet reduce children's services. Respite care needs to be more personal, if one can get it as qualifying appears to be getting harder. Do we not pay enough in tax to cover cost of new & replacement bins? What is a channel shift? Libraries are assets that we need for peoples well-being & education. Raise fees will affect those in greatest need. It mentions the living wage to be monitored, rather hypocritical of a council that has wasted millions of pounds of our money, and pays senior staff thousands of pounds a week. It mentions mutually agreed resignation scheme, and golden handshakes, this should be looked at and reduced. What does budges be accountable and appropriate mean and who decides, and on what criteria? Where does the Council tax money go? There are proposals to cut services, yet the expenses of Councillors are not in line for cutting. Outcomes 1-6 are rather a contradiction. Cheshire East council says it will act with integrity, be open and honest and accountable to me there has not been any evidence of this and wonder if it will ever happen.</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holders</p> | <p>No changes</p> |
|---|--|--|
| <p>Comment in relation to the document</p> | <p>Response from CEC</p> | <p>Changes to Pre-Budget Report based on feedback</p> |
| <p>Budget document difficult to understand – should be in plain English.</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holder and be considered for next years budget consultation process.</p> | <p>No changes</p> |

| Table 1.6. Summarised comments – Outcomes mixed or unknown | | |
|--|--|--|
| Miscellaneous/ general comments | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 9 x comments received Seem appropriate/ think is through properly/ maximise debt recovery/ need stronger partnership theme/ consider those with sensory impairment/ consider prevention budgets/ use of central contracts, agency as last resort/ concessionary bus pass for over 60s. | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |

Question Two: What, if any, other proposals should be considered to achieve the Outcomes of the Council whilst maintaining an overall balanced budget?

The following tables summarise the comments received into each relatable outcome – please note that not all comments are written verbatim.

| Table 2.1. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy | | |
|--|----------------------------|--|
| Proposal 2. Increase Community Grants | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Fully support this proposal | Thank you for your comment | No changes |

| Table 2.2. Summarised comments in relation to Outcome 2 – Cheshire East has a strong and resilient economy | | |
|---|---|--|
| Comment in relation to New Homes Bonus (NHB) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received Better use of section 106 funding/CIL/ NHB - disappointed how the NHB bonus has been lost in existing taxation and not delivered improvements to offset developments. Developers should be made to deliver practical road solutions. Sandbach is being plagued by cycle ways that our not fit for purpose - ignored by cyclists because they do not provide easy connections / Only fair that any NHB payments should be divided between affected wards – reflect number of new homes built as this money was intended to enhance community infrastructure. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Proposal 16. HS2 Strategy (Revenue Investment) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Take money away from this | See previous response above | No changes |

Table 2.3: Summarised comments in relation to Outcome 4- Cheshire East is a green and sustainable place

| Proposal 46. Flat rate Car Parking fee increases | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|--|---|
| All car parking across the local authority should be chargeable - very unusual that in Crewe where footfall needs to be encouraged car parks are not free to use, whereas in Sandbach and other areas of the borough car parks are free. | <p>Parking comments provide a mixed view, however on balance most people accept that charging is required. The comments are focussed on providing greater levels of fairness across the borough together with measures to support our town centres.</p> <p>The proposed high level Parking Strategy, which is planned to undergo public consultation this Summer, will seek to address these current disparities and to develop proposals that support our town centres.</p> | No changes |
| Comment in relation to Housing Developments | Response from CEC | |
| Stop further new housing developments - strain on resources. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Comment in relation to household waste bins | Response from CEC | |
| 2 x comments received | Thank you for your suggestion which is noted | No changes |
| Reduce the frequency of the green bin collection in the winter/ reductions in recycling & waste collection budgets as per national trend | | |
| Overview comment | Response from CEC | |
| Outcome 4 point 58 - why are house builders not paying more to help fund local services, e.g. new bins - improve air quality in newly congested towns caused specifically by over build? | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| 37) Refuse disposal at the tipping sites should be charged per visit for commercial waste and larger vehicles cans etc rather than permit certificates, This means of administration has resulted in fly tipping in the countryside which is costly and labour intensive to clear | Response is noted and will be brought to the attention of the relevant Portfolio Holders | No changes |
| 29) Rents on commercial properties in the main towns of Cheshire East should be reviewed to bring 'life' back into them. Surely a thriving town with reduced rents is better than dead towns and little revenue? | | |

Table 2.4. Summarised comments in relation to Outcome 5 – People live well and for longer

| Comment in relation to social care | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|--|---|
| 2 x comments received | The Council is constantly reviews it essential and no essential spend to ensure value for money. The proposal is the invest £3 million in children and Families and £10.9 Million in Adults in 2018/19 | No changes |
| Reduce spending on flowers/ 'prettying' up areas - more money spent on social care & children (x1) / cut spending on health & social services (x1). | | |
| Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Please see previous response in relation to proposal 67 above. With regards to possible solutions all these suggestions and more will be considered with NHS partners as part of the transformation programme. | No changes |
| Day & respite care should be maintained within local area and not outsourced/ operating out of a less expensive asset or a non-council owned asset would still achieve savings to the overall budget without losing the valued service and much needed specialist staff. Possible solutions - sharing space in the Congleton War Memorial/ opening up the Mountview building for additional use as a medical centre i.e. Doctors, dentists, chiropody, counselling to recover revenue to invest in the service. | | |
| Proposal 70. Increase Income (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| This policy proposal isolates income generation only as something related to care charges. An income generation policy should be broader and more strategic than this. It should incorporate an outward looking culture re a number of relevant external funding opportunities. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |

| Table 2.4. Summarised comments in relation to Outcome 5 – People live well and for longer | | |
|---|---|--|
| Comment in relation to SEN support | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Do not cut SEN/ disability support. | There are no planned budget reductions for children with SEND. However there will be an ongoing review to ensure the most efficient use of available resources. | No Proposals in budget consultation |
| Comment in relation to needs of the D/deaf community | Response from CEC | Changes to Pre-Budget Report based on feedback |
| "Outcome 5 talks about people living well and for longer - needs of the D/deaf community need to be fully addressed in the on-going commissioning of services, given the high proportion of the population affected & the positive impact to outcomes that good specialist services provide. I would urge commissioners to engage with people experiencing D/deafness and supporting organisations and service providers to ensure evolving needs continue to be met. D/deafness is a cross-cutting theme, relevant to all protected characteristics designated by the Council - action in this area has major benefits to the well-being of the population as a whole. | CEC agrees that support to and co-production with the D/Deaf community is critical. Continually assessing how we meet the needs for this community in particular around the duties under the Care Act remain part of our commissioning plans. | No change |

| Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation | | |
|--|---|--|
| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 68 x general comments received in relation to proposed closure of libraries | Please see response above concerning community library provision. All libraries will remain open. | Please see response above concerning community library provision |
| Keep the library open/ would support small increase in charges for borrowing items and or an increase in Council Tax to keep libraries open/ review staff or and opening hours | | |

| Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation | | |
|---|---|---|
| 39 x comments received in relation to proposed closure of Disley library | | |
| Keep Disley library open/ reduce spend on Macc. leisure centre and put towards library/ review staff or and opening hours /assess all libraries to spread the cost. | | |
| 4 x comments received in relation to proposed closure of Prestbury library | | |
| Do not close Prestbury library – help of Anne Whittaker Trust should ensure library is kept open. | | |
| 2 x comment received in relation to proposed closure of Alderley Edge library | | |
| Library is a social, community health and education service. Reduce Councillor pay. | | |
| 2 x comment received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19) | | |
| Village is growing - more people will require access to a library – charge extra for services within the building. | | |
| Proposal 81. Macclesfield Leisure Centre Improvement Programme | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 21 x comments in received | Please see previous response concerning proposal 7. | No changes |
| Unsure why Macc. leisure centre needs so much funding – scale back and use money to fund libraries. | | |
| Comment in relation to staff | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 16 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Cut Councillor's expenses and/or number of councillors (x6) / reduce higher management costs (x3) / further savings in staff costs & administration/ voluntary redundancy (x2). | | |

| Table 2.5. Summarised Comments in relation to Outcome 6 – A responsible effective and efficient organisation | | |
|--|---|--|
| Comment in relation to local taxation | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 8 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | Council Tax to increase a further 1% for 2018/19 |
| Increase council tax/ revenue in all areas. | | |

| Table 2.6: Summarised comments – Outcome mixed/unknown | | |
|---|--|---|
| Comment in relation to Council Processes | Response from CEC | Changes to Pre-Budget Report based |
| 19 x comments received | | |
| Various comments received e.g. support local businesses/ review contracts/ bring services back in-house/ proper governance/ think of communities/ remove “ceremonial” costs/ consider internal business budgets. | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |
| Mixed comments | Response from CEC | Changes to Pre-Budget Report based |
| 14 x comments received | | |
| Various comments received e.g. Reduce street lighting/ review secondary schools in Macclesfield/ ensure mental health & support services are available/ don’t discriminate the EHCP budget against tax for those who home educate funding should be available for resources to assist/ influence the hospital car parking charges, too high and refunds for those attending appointments. | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |

Question Three: ...Do you have any other suggestions about ways in which the Council could deliver its services and achieve the required savings?

The following tables summarise the comments received – please note that not all comments are written verbatim.

| Table 3.1. Summarised comments in relation to question three | | |
|--|---|---|
| Comment in relation to local taxation | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 46 x comments received supporting increase in tax Support increase in council tax to ensure services are maintained (e.g. library service, social care services/ front line services) / tax increase on higher band properties. | Council Tax increase (Proposal 101). This was originally set at 4.99% (inc 3% for ASC) but is now changing to 5.99% (inc 3% for ASC). This reflects a lot of comments about increasing CT to support front line services, so this option will allow the above proposals to happen. The balance of the CT increase will be retained within the Financing Reserve to support costs of the Capital Programme | Council Tax to increase a further 1% for 2018/19. |
| 4 x comments received not supporting increase in tax Don't put council tax up/ too many people live below the breadline however aren't eligible for support/ exceeds rate of inflation. | | |
| 5 x general comments received in relation to tax Should never have 'froze' council tax for so long / unfair to increase tax but lose services. | | |
| | | |
| | | |
| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 59 x general comments received in relation to proposed closure of libraries Closure would impact the community, the elderly – increasing loneliness & impact young children/ would support an increase in Council Tax to keep libraries open | Please see previous response concerning community library provision. All libraries will remain open. | Please see previous response concerning community library provision. Also note Council Tax to increase a further 1% for 2018/19. |

| Table 3.1. Summarised comments in relation to question three | | |
|--|--|---|
| 27 x comments received in relation to proposed closure of Disley | | |
| Closure would impact the elderly & young children. Look at alternatives e.g. reduce spend on Macc. leisure centre and put towards library/ assess opening hours/ happy to pay more council tax and or other fees. | | |
| 2 x comment received in relation to proposed closure of Alderley | | |
| Alderley Edge precept could easily accommodate the continued funding | | |
| 1 x comment received in relation to proposed closure of Prestbury | | |
| Do not close Prestbury – valuable asset to the community. | | |
| Comment in relation to staff | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 17 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Cut pensions (x2) / review mileage allowances (x1) / more staff efficiencies (x3) / review payments to suspended staff (x7) / review senior payments (x4) | | |
| Comment in relation to social services/ social care | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 13 x comments received | As well as the investment Adult social care service the service is also making savings in relation to efficiencies and streamlining across the MTFS. | No changes |
| Could be savings made within social care – review processes and administration / needs to be correctly funded & managed/ encourage families to look after their elderly relatives. Happy to pay more tax to fund social care services. | | |

| Table 3.1. Summarised comments in relation to question three | | |
|---|--|--|
| Comment in relation to Council processes | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 24 x comments received | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |
| Various comments received e.g. cut red tape (x2), don't waste money/ value for money (x8), work more efficiently (x7), find better ways to fund services (x1), stop punishing smaller communities on the outskirts (x1)/ lobby government for more central funding (x5) | | |
| Comment in relation to Parish/ Town Councils | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Abolish Parish Councils as they are an extra cost / how much subsidy is given to town councils – is it too high? | | |
| Proposal 81. Macclesfield Leisure Centre Improvement Programme | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 10 x comments received | Pease see previous response concerning proposal 81. | No changes |
| Spend less on upgrading the leisure centre, seems extravagant – use money to fund libraries. | | |

| Table 3.1. Summarised comments in relation to question three | | |
|--|--|--|
| Miscellaneous Suggestions | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 35 x comments received Various suggestions received e.g. stop making alteration to roads & pavements that do not need it (x5) / reduction in street lighting to save electricity (x2)/ more green areas could be left uncut/ more families left accountable for elderly relatives (x2)/ reduce fortnightly recycling collections & provide bigger bins/ review working practices (x8)/ volunteers (x3)/ Review high school provision in Macclesfield/ lobby government for more funding (x3)/ community grants paid via the lottery/ more investment in prevention and intervention/ monitor car parking/ don't cut SEN support. | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |
| General Comment | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 3 x comments received Seems reasonable/ not my area of expertise/ impact on funding for third sector | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |

Question Four: Do any of the proposals adversely affect you directly, if so please explain in what way?

The following tables summarise the comments received – please note that not all comments are written verbatim.

| Table 4.1. Summarised comments in relation to question four | | |
|---|---|--|
| Proposal 26. End of Early Intervention short-term funding allocation (non Public Health element) (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Reductions in early intervention and prevention services will impact our services and ability to carry out our charitable objectives. | Response is noted and will be brought to the attention of the relevant Portfolio Holder. Please see answer above. | No changes |
| Proposal 31 & 33. Highways Contract/ Procurement | Response from CEC | Changes to Pre-Budget Report based on feedback |
| State of the roads & verges – need to be maintained more often. Issues with cars parking on pavements. More help for older people. Bigger houses should pay more Council Tax. | Please see previous response in relation to proposal 31 & 33. | No changes |
| Proposal 56. Youth Support Restructure (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Please see previous response concerning proposal 56. | No change |
| Provision of services to young people's education provide them with the skills needed to become a valuable resourceful member of the community/ We would be severely affected if there was a reduction in youth support provision - impacted many young peoples' lives at Bromley Farm Youth Club, Congleton. | | |

| Table 4.1. Summarised comments in relation to question four | | |
|---|--|--|
| Proposal 60. Review all funding and shift to "asset-based" model (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| This proposal affects the organisation I work for (the Bridgend Centre) directly as it is proposed that our EIP contract be allowed to expire with effect from 31st March 2018 in turn this will also affect some of the most vulnerable population groups and members of community. | There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed. | No change |
| Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Please see previous response concerning proposal 67. All eligible service users and cares will continue to receive care and support. | No change |
| Will affect disabled father and mother who is fathers full time carer – Mountview has been a lifeline for them / doesn't affect yet but getting | | |
| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 85 x general comments received in relation to proposed closure of Library closure will affect me/ my family – important part of the | Please see previous response concerning community library provision. All libraries will remain open. | Please see previous response concerning community library provision. |
| 136 x comments received in relation to proposed closure of Disley Closure of Disley library will affect me/ my family – no alternate nearby/ essential to the community | | |
| 31 x comments received in relation to proposed closure of Alderley Edge library Closure of Alderley Edge library will affect me/ my family – vital & valuable resource – do not want to have to drive to an alternative. | | |
| | | |
| | | |

| Table 4.1. Summarised comments in relation to question four | | |
|--|---|---|
| 9 x comments received in relation to proposed closure of Prestbury library | | |
| Closure of Prestbury library will affect me/ my family . | | |
| 3 x comments received in relation to proposed closure of Holmes Chapel library (not being out forward for 18/19) | | |
| Closure of Holmes Chapel Library will affect me/ my family - would have to drive to alternate as bus to next nearest library (Sandbach) is being discontinued. | | |
| Comments in relation to Social Care/ SEN | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 4 x comments received | Please see previous response concerning Social Care/ SEN | No change |
| Lack of funding for adequate social care/ no local provision for short term respite/ disabled, SEN, most vulnerable always lose out – don't cut support. | | |
| Proposals 88 & 89. Changes to 'Everybody Options' Scheme Investment (ESAR) (Revenue Savings) / Car Park Refunds (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Swim at Nantwich pool – car park refund compensates towards journey costs | Please see previous response concerning proposal 88 & 89. | No changes |
| Comment in relation to local taxation | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 5 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Paying more council tax would affect me (x 4) / happy to pay increase if money is spent wisely (x1). | | |

| Table 4.1. Summarised comments in relation to question four | | |
|---|--|--|
| Comment in relation to staff | Response from CEC | Changes to Pre-Budget Report based on feedback |
| No wage increase but having to pay out more – lots of ‘acting’ directors in Cheshire East how can we be confident budget has been looked at correctly? | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Miscellaneous/ mixed Comments | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 4 x comments received | Responses are noted and will be brought to the attention of the relevant Portfolio Holders | No changes |
| Reduced bus service & closure of Alderley Edge library effect me/ state of the roads has cost me/ not me personally but effect a groups within the community that concerned with (care & support for early years)/ losing green belt. | | |

Shaping Our Services E-mail responses

The following table summarise the comments received into the Shaping Our Services dedicated e-mail account – please note that comments are NOT written verbatim.

| Table 5.1. Shaping Our Services E-mail responses | | |
|---|---|--|
| Proposal 11. Changes to subsidised Bus Service (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Allow women aged 60 to receive a bus pass & reduced rate rail cards to help keep active & involved in the community (WASPI campaign)/ Utilities work has skewed bus service (bottom of park Street) can a schedule be posted with forecasted time of completion. | | |
| Proposal 13. Reduce funding to Macclesfield Silk Heritage Trust (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Cllr Janet Jackson - object to these cuts in funding to the Macclesfield Silk Heritage Trust. The Town Centre 5 Year Strategy Document to support regeneration of Macclesfield states that ongoing activity includes developing plans to enhance Macclesfield's Museums. This statement is in contradiction to the budget. These cuts could be the final straw for the Museum Trust which is doing all it can to become self-sustainable. CE should reverse the proposed cuts to the Silk Heritage Trust grant. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Proposal 78. Inflationary Increase for Members | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Over the past few months noticed Mayors in chauffeur driven Bentley cars, are these necessary in the current climate? | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |

Table 5.1. Shaping Our Services E-mail responses

| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
|--|---|--|
| <p>37 x comments received in relation to proposed closure of Disley library</p> <p>Against closure of Disley library – central part of the community, valuable to the elderly and helps with social isolation and also valuable to the young and their education. Alternate too far away. Suggestions received inc. assessing opening hours & staffing at all libraries thus spreading the cost reductions required.</p> <p>54 x comments received in relation to proposed closure of Alderley Edge library</p> <p>Central to the community, valuable service to all ages – please do not close. Group of volunteers willing to help one paid member of staff on rotational basis to help keep library open.</p> <p>2 x comments received in relation to proposed closure of Prestbury Library</p> <p>Object to closure, valuable service for the elderly / Ann Whittaker Trust submitted a proposal to help keep Prestbury library open – they propose to maintain current level of financial support and assist further by foregoing the annual rental charges & offering phased incremental payments.</p> <p>4 x general comments received in relation to proposed closure of libraries</p> | <p>Please see previous response concerning community library provision. All libraries will remain open.</p> | <p>Please see previous response concerning community library provision</p> |

| Table 5.1. Shaping Our Services E-mail responses | | |
|---|--|---|
| Object to closure of libraries. | | |
| Proposal 81. Macclesfield Leisure Centre Improvement Programme | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 4 x comments received | Please see previous response concerning proposal 81. | No changes |
| The Macclesfield Athletics Development Fund fully supports the proposal n- in particular welcome the proposed improvement of facilities for athletics/ support the plans/ great, that we're all investing in improved sports changing facilities - in favour of the additional Sauna & the changing rooms are in need of improvement. | | |
| Proposals 89. Car Park Refunds (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| 2 x comments received | Please see previous response concerning proposal | No changes |

Table 5.1. Shaping Our Services E-mail responses

| | | |
|---|--|---|
| Concerned about charges at Snow Hill in Nantwich. Would discourage service users - large number of pensioners would not be able to afford to attend if the motion was carried - the population is living longer therefore the authority should support ways which deflect from the financially overburdened Social Care budget/ car park is free after 3pm so would only effect members who use this facility in the morning may mean more people go in evening when it is already oversubscribed. | 89. | |
| Comment related to EIP contracts | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Disappointed that the Cheshire Centre for Independent Living (CCIL) have received a notice of intention stating, at this time, that CEC do not intend to re-commission the Good Company. Feel that stopping the funding for the Good Company is not consistent with the Council's own proposals to achieve their outcomes. A meeting was held on 4th January 2018 for the South Cheshire members of Good Company - apparent that everyone was saddened about the intention not to fund the group in the near future. As parents of a Good Company service user, we urge CEC to re-think their proposal to cut the funding for Good Company. | There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed. | No change |
| Comment in relating to local taxation | Response from CEC | Changes to Pre-Budget Report based on feedback |

Table 5.1. Shaping Our Services E-mail responses

| | | |
|--|--|---|
| <p>The latest council tax rises are unaffordable to a large number of local residents - especially the elderly pensioners & those that are just about managing. Our Council tax bill is our single largest outgoing each year and equates to a massive percentage of our pension. Given the number of increased households and businesses in East Cheshire I fail to see how this increased council tax amount can be justified. What areas have you looked at and where have savings been made? The 'adult social care budget' is something that should be funded by Westminster. Council tax is not a fair tax. A greater percentage of the population is becoming older and the costs of adult social care will increase significantly. This needs to be addressed now for the future, as the voting baby boom generation reach their golden years.</p> | <p>See above about Adult Social Care.</p> <p>A Green Paper on the future of Adult Social Care is expected later this year.</p> | <p>No changes</p> |
| Comment in relating to the document | Response from CEC | Changes to Pre-Budget Report based on |
| <p>I have read the document - not easily understood, unclear; long winded and not with direct report and action. Plain English clear specific outcome and action is needed.</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holder</p> | <p>No changes</p> |
| Mixed comments/ proposal unknown | Response from CEC | Changes to Pre-Budget Report based on |
| <p>6 x comments received</p> <p>Various comments received e.g. Use funds to maintain and improve welfare services/ review 'arms length' company processes/ ensure TSS have sufficient funding to support shop mobility charities/ Nantwich town infrastructure needs improvement/ continue funding to Good Company.</p> | <p>Responses are noted and will be brought to the attention of the relevant Portfolio Holders</p> | <p>No changes</p> |
| Response from Mottram St Andrew Parish Council | Response from CEC | Changes to Pre-Budget Report based on feedback |

Table 5.1. Shaping Our Services E-mail responses

| | | |
|---|---|---|
| Concerned that no detail has been provided of proposals for solving the projected budget deficits in years 2019/20 and 2020/21. Concerned at the proposed cuts to the highway maintenance budget and the lack of funding in ensuring all parts of CE are able to obtain a decent broadband & mobile phone signal. Feel that consideration should be given to reducing the number of highly paid staff at CE inc. & assessing the suspended staff situation. What service cuts are being made to accommodate extra staff costs - what actions are being taken to overcome this situation & over what timescale? | | No changes |
| Response from Cllr Teresa Clark as vice chair of Barthomley Parish Council | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Barthomley parish is rural and small compared with many other areas in the county – however due to the proximity to J16 of the M6 experience heavy volumes of traffic leading to eroded & damaged verges, hedges and lane surfaces. Outcome 4 states a commitment 'to make Cheshire East a green and sustainable place', and recognises the 'maintenance of highways is important' yet tables of information show that you will reduce budgets for these areas up until 2020. Please consider providing substantial kerbing of verges, clearing of gullies and tidying of hedges in all areas where lanes are narrow - would help prevent our elderly inhabitants from becoming increasingly isolated – keeping our communities strong and supported. | Please see previous response in relation to proposal 31 & 33 - Highways. | No changes |
| Response from Goostrey Parish Council | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Disappointed that CEC cancelled both consultation events. Don't support the proposed increased cost for a food waste collection and suggest the money is used instead to support bus services. We would like to know how CEC is budgeting for the increased costs for the officer suspensions and ask that these are now brought to a rapid end. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |

Letter responses

The following table summarise the comments received via letters into the Council – please note that comments are NOT written verbatim.

| Table 6.1. Letter responses | | |
|---|---|---|
| Proposal 67. Cease provision of services at Lincoln House and Mountview (Revenue Savings) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Response received from a local resident & dementia champion. Concerned that the facility will be taken away or be reliant on local volunteer organisations - there is potentially an increasing need for a variety of provision inc. good quality care. Suggests the facility turn into a dementia hub for information and day care under one roof. | See previous response for proposal 67. above. All eligible service users and cares will continue to receive care and support. | No changes |
| Proposal 79. (83 & 84) Community Library Provision | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Response from David Rutley Macclesfield MP | Please see response above concerning community library provision. All libraries will remain open. | Please see response above concerning community library provision. |
| Speaking on behalf of a number of residents who have raised concerns about the proposal to close Disley Library. Community hub, alternative too far away. Fully in support of the maintenance of the library service. | | |
| Response from a local resident | | |
| Local library is Disley - request for details of alternatives that have been considered. | | |
| Response from Disley Primary School | | |
| Have strong links to Disley Library – have class visits to the library and visits from library staff to the school to promote the reading challenge. Helps with academic & social development. | | |
| Response from Disley School House Surgery Patient Participation Group | | |

| Table 6.1. Letter responses | | |
|--|---|---|
| Oppose Disley Library closure. Brings the community together – adding to the social value and wellbeing of the residents. Clubs/ events are well attended. Alternative CE library too far away. Hesitant with a volunteer led approach. | | |
| Response from Disley Parish Council | | |
| Oppose Disley Library closure. Closure works against Outcome 5. A small budget should be retained and recognised as investment prevention against reactive care services. Would support increase in volunteer involvement but not complete running. Essential service for the young and elderly. Closure would increase social isolation. The location at the boundary of Cheshire East compounds the situation given the bus network. Alternatives are not accessible and would potentially worsen air quality due to increase in traffic. New housing developments increases need. Parish offices have recently relocated form a ‘Disley community hub.’ The Library provides many events and is central to the community. Closure would put the community centre at risk. | | |
| Response from Prestbury Parish Council | | |
| Library is well used and hosts many community events. Helps to combat social isolation – closure would be felt by the most vulnerable. Anne Whitacker Trust has played active part in supporting the library – cost to CEC is minimal compared to the value it has to the community. | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Mixed comment response from Macclesfield Town Council | | |
| Review funding statement for Silk Heritage Museums as there is no demonstration of a managed transition – feel that cuts would put museum into critical risk of financial collapse. Concerned with cuts to community library services – please revise to find alternative saving option. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |

Table 6.1. Letter responses

| Mixed comment response from Alsager Town Council | Response from CEC | Changes to Pre-Budget Report based on feedback |
|---|---|---|
| <p>Supportive of: the increase in community grants/ the food waste recycling initiative/ reduction in agency and consultancy costs/increase in care placements budget.</p> <p>Object/ oppose to any reduction in: environmental enforcement/ cuts to the bus service/ cuts which will effect vulnerable people/ cuts to 8-11 year old school transport/ cuts in children's services/ cuts to provision of services at Lincoln House and Mountview/ end of early intervention short term funding allowance/ parking strategy savings (suggests changes will be made before review has taken place).</p> <p>Concerns with: cuts in highway service/ potential cost saving received by charging for replacement household bins be wiped out by residents refusing to purchase & potentially stop recycling altogether/ operational/ pathway design – seems has been pre-determined before approval/ closure of libraries/ who will be effected by cuts to the local welfare safety net – most vulnerable?/ whoever takes over commissioning services must be reliable with high standards of car – should be no reduction/ disappointed that only now is the New Homes Bonus being shared with communities – those who have taken bulk of new homes should have preferential treatment – should be back dated or put into place quickly/ still awaiting meeting for transfer of Alsager offices.</p> | <p>Please see previous responses concerning proposal 67, 31, 33, 79.</p> <p>Other comments have been noted and will be brought to the attention of the relevant Portfolio Holders</p> | <p>No changes</p> |
| Mixed comment response from Councillor David Marren | Response from CEC | Changes to Pre-Budget Report based on feedback |
| <p>Should have listed 500+ services against their relative budget so consultees could comment on whether this should be continued or expanded. Some of the proposals difficult to understand & unclear. Concerned that the consultation is just an exercise to achieve 'our duty'. In house services should be justified in term of staff costings and efficiency. Review staff & costs of</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holders</p> | <p>No changes</p> |

Table 6.1. Letter responses

| <p>staff Inc. interims, consultants & councillors. Supportive of proposals: 5, 84, 79 & 83 - providing town council managed. Object to proposals: 3,4,7,8,15,16,27,28,31,39,40,42,43,44,47,51,72,78,81, 89, 91, 93,95, 96 Proposals that are vague/ unclear or needing more detail: 1, 9,12,18 - 20,24,26,32,33,48,60 – 67, 75, 80, 90. Suggest that: markets are handed over to their respective town councils/ proposal 73 – target should be doubled or put to tender/ 74 – target saving of 1m should be demanded/ proposal 77 – target reduction doubled – all interims & consultants banned/ proposal 92 – redundancy multiplier to high.</p> | | |
|--|--|---|
| Response from Prestbury Parish Council (continued letter from Library comments) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| <p>Items 8, 31, 34 and 76. Consultation light on detail but supportive of efficiencies that can achieve these proposals as long as implemented without a reduction in the level and frequency of service.</p> | <p>Response is noted and will be brought to the attention of the relevant Portfolio Holder</p> | <p>No changes</p> |
| Response from Information & Advice Cheshire East (IACE) | Response from CEC | Changes to Pre-Budget Report based on feedback |
| <p>In relation to outcome 5. Proposal 60 – support of volunteers is good but not free - have to pay for training, expenses & provide supervision – it all adds up. Without continued funding VCFS will be in a less likely position to support volunteering to deliver previously commissioned services as the proposal intends. In relation to proposal 65 - How can 'Live Well', a website that only provides details of services available, mainly by VCFS organisations and many currently funded by Cheshire East Council, hope to replace services should contracts cease? Many people will seek face to face or telephone help direct from CEC or health services with associated implications for their resources.</p> | <p>See responses above. Response is noted and will be brought to the attention of the relevant Portfolio Holder</p> | <p>No changes</p> |

| Table 6.1. Letter responses | | |
|---|--|--|
| | | |
| Response from UNISON | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Concerned with estimated savings on matters affecting staff reductions, terms and conditions changes, reductions in key local service provision, and potential outsourcing of services. Concerned report does not provide enough detail for trade unions or staff to comment fully. | Response is noted and will be brought to the attention of the relevant Portfolio Holder | No changes |
| Response concerning the Bridgend centre | Response from CEC | Changes to Pre-Budget Report based on feedback |
| Concerned that CE is considering allowing the Bridgend Centre's contract for Early Intervention & Prevention services to expire as believe it had been a valuable lifeline for Cheshire East vulnerable people. A website can never replace one- to – one support please look more critically at the impact this will have. Backed up by MP David Rutley who supports an extension of the contract until alternative funding arrangements can be reached by the Centre. | There are a number of contracts that are classed as EIP and they are all due to come to the end of their contracted period. Therefore this should have been considered by the organisations involved. There will be opportunity for funding which will be made available through the early help framework which is being developed which will be more targeted and focussed. | No Change |

Petitions

The following table summarise the petitions started as a result of the budget consultation.

| Subject | Details | Method | Number of Signatures |
|---|--|---------|---------------------------|
| Save Disley Library From Closure | We the undersigned petition the council to cancel the plan to permanently close Disley Library Justification: The library is an important resource for our community and we will feel its loss if it closes. It is important to many different groups of people in the village: - children who are just learning to read and to love books. Not all parents can afford to buy enough books to keep up with voracious young readers. - older people who may need help using online resources or find it difficult to travel to the next nearest library. - anyone who doesn't have a computer and whose only access to the internet is in the library. - everyone who loves books and reading. If Disley library closes, residents would have to travel the 6 miles to Poynton to access Cheshire East Library services. It is not easy or quick to get to Poynton from Disley - it means a minimum 15 minute drive or taking two different buses. | Online | 152 |
| Save Disley Library From Closure | Same main contact as above - however apart from originator signatures differ | Paper | 151 |
| CEC intention to withdraw commissioning on Groups for vulnerable adults | We the undersigned petition the council to Reconsider the intention of Cheshire east council to withdraw the commissioning for groups involving adults with health and learning difficulties after 31/3/2018 run by Cheshire centre go independent living in Crewe, Handforth and Macclesfield. Titled "Good Company. " Involving 102+ adults over 19 years of age. Justification: Good company was set up as an early intervention and prevention group in adult services, to promote self-worth and wellbeing in vulnerable adults with numerous disabilities. Meeting to socialise, craft, arts, organised trips, meals, cinema etc. Legislation promotes access for all adults with learning difficulties in order to prevent more expensive services to be called into action. To cancel these groups is causing trauma and denying their respect and dignity in forming friendship groups and the right as an adult to socialise independently within a safe environment whilst gaining confidence and life's experiences. | On-line | On-going until 19/02/2018 |

Key Engagement Events

The key events associated with the Budget Consultation are outlined in the below table along with the topics of discussion and any feedback received.

| Event | Date | Comments |
|--|------------------------------------|--|
| Corporate Leadership Team / Cabinet Away Day (1) | 6 th June 2017 | First consideration of budget changes being proposed. |
| Cabinet | 13 th June 2017 | Revenue 2016/17 Outturn. |
| Cabinet | 12 th September 2017 | Receive First Quarter Review of Performance. |
| Corporate Leadership Team / Cabinet Away Day (2) | 19 th September 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Corporate Leadership Team / Cabinet Away Day (3) | 9 th October 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Corporate Leadership Team / Cabinet Away Day (4) | 1 st November 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Cheshire East Council website | 7 th November 2017 | Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise. |
| Team Voice | 15 th November 2017 | Issued to all staff and Members to headline release of Pre-Budget Consultation. |
| Corporate Overview and Scrutiny Committee | 15th November 2017 | Received Pre-Budget Consultation and Mid-Year Review of Performance Report. |
| Cabinet | 7 th November 2017 | Received the Mid-Year Review of Performance Report. |
| Trades Unions | 7 th November 2017 | Considered Pre-Budget Consultation. |
| All Member Briefing (1) | 28 th November 2017 | Considered Pre-Budget Consultation. |
| Cabinet | 5 th December 2017 | Consider the Domestic and Non-Domestic Tax Base for recommendation to |

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| Event | Date | Comments |
|--|--|--|
| | | Council. |
| Schools Forum | 7 th December 2017 | Considered Pre-Budget Consultation . |
| Council | 14 th December 2017 | Agree the Domestic and Non-Domestic Tax Bases . |
| Provisional Funding announcements | 19 th December 2017 | From Central Government |
| All Member Briefing (2) | 11 th December 2017 | Considered Pre-Budget Consultation . |
| Third Quarter Review of Performance – Challenge sessions | 11 th to 21 st December 2017 | Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS. |
| South Cheshire Chambers of Commerce Business Event | 11 th January 2018 | Considered Pre-Budget Consultation . |
| Children & Families Overview and Scrutiny Committee | 15th January 2018 | Considered Pre-Budget Consultation (relevant budget areas) |
| Environment & Regeneration Overview and Scrutiny Committee | 23rd January 2018 | Considered Pre-Budget Consultation (relevant budget areas) |
| Macclesfield Chamber of Commerce Business Event | 24 th January 2018 | Considered Pre-Budget Consultation . |
| Corporate Overview and Scrutiny Committee | 1st February 2018 | Receive MTFS Report / Review Final Budget Proposals |
| Cabinet | 6th February 2018 | Received the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council |
| Town and Parish Council Conference | 22 nd February 2018 | Engagement event with local parish and town councils |
| Council | 22nd February 2018 | Debate and approval of 2018/19 budget |

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Appendices

Appendix One – Social Media Statistics

#CECbudget17 – Consultation Social Media Snapshot

Over the time period of the consultation, monitoring of social media was undertaken to gain insight into the conversations that were taking place. This summary is not the complete conversation, but more a snapshot of the type of engagement and discussion that took place during the consultation time frame. Those conversations that were directed '@CheshireEast' form the majority of this snapshot, although effort has been made to capture some of the outside conversations that would otherwise be missing from this narrative.

Twitter

Searches were undertaken throughout the consultation period regarding '#CECbudget17' and 'Cheshire East' with those tweets made in relation to the budget consultation captured. Overall approximately 40 tweets were made from the Cheshire East account with 30 replies to those tweets and 55 tweets from other accounts.

Tweets were classified as the following:

- Sharing and promotion of the consultation (45 tweets)
- Complaints (35 tweets)
- Fact sharing and general comments (36 tweets)
- Off topic responses (2 tweets)

The breakdown of the content of the tweets was as follows:

- Library provision (28 tweets)
- Review/ Assess suspended staff (13 tweets)
- Council tax increases (13 tweets)
- Potential cost savings (9 tweets)
- Adult care services (7 tweets)
- Consultation process (5 tweets)
- Leisure centre provision (3 tweets)

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Facebook

Approximately 30 posts were made by Cheshire East on the subject of the budget on Facebook. A total of 86 comments across these posts were captured for analysis.

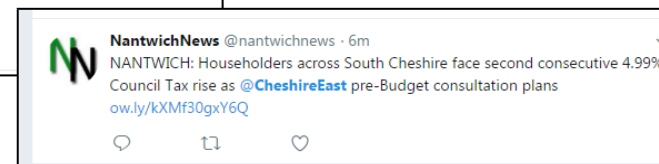
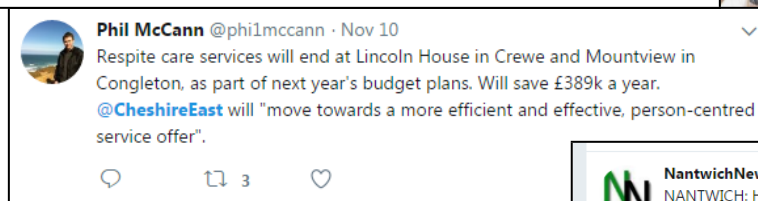
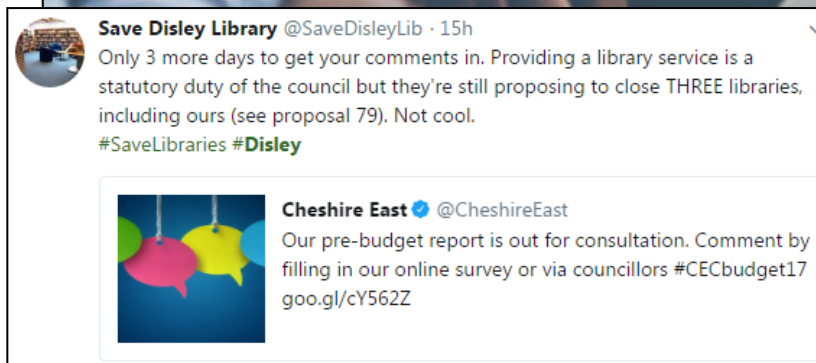
Responses were classified as the following:

- Complaints (52 comments)
- General comments and fact sharing (16 comments)
- Off topic responses (15 comments)
- Sharing and promotion of the consultation (3 comments)

The breakdown of the content of the posts was as follows:

- Infrastructure - including road maintenance (23 comments)
- Review/ Assess staff and suspended staff (18 comments)
- Potential cost savings (12 comments)
- Council tax increases (6 comments)
- Consultation process (4 comments)
- Social and health care (3 comments)
- Town centres (1 comment)

From these two platforms we can see that with library provision being the top issue on Twitter, on Facebook. On both platforms review/assessment commonly referred to. Posts on twitter were more promotion of the consultation compared to complaints.



respondents had different priorities and infrastructure being the top issue of staffing and suspended staff were likely to be about sharing and Facebook, which were more likely to

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***Cheshire East Council
Medium Term Financial Strategy
2018/21
Executive Summary
February 2018***

This document is available to download on the [Cheshire East Council](#) website. It will form part of the 6th February 2018 Cabinet Agenda and the recommended version will be distributed to all Members as part of the 22nd February 2018 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.

If you have any comments or queries please e-mail:

shapingourservices@cheshireeast.gov.uk

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

The Council's Corporate Plan 2017 to 2020 highlights how the Council is striving to create sustainable growth in the local economy that will support the health and economic wellbeing of residents. Developing the skills of our local population helps to secure meaningful long-term employment as well as supporting our local businesses to grow. In Cheshire East, Gross Value Added (GVA) per head, which measures the volume of economic output per head of population, has exceeded the UK average each year for at least the last two decades*

Strong economic performance, backed with high growth in housing, has 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. Reforms to business rates, which are currently being considered by government, could in fact make this position a reality in the medium term.

*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.

Cheshire East is the third largest council in the Northwest of England, responsible for over 500 services and with a population of over 370,000. Our annual turnover exceeds £700m and our resources are well-managed through our budgetary framework. The Council engages with the communities of this beautiful part of the Northwest of England in delivering much needed services to people who need them.

Achieving Objectives

The Council is achieving outcomes for local people that secures well-being and good health. 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. Life expectancy for Cheshire East residents is higher than both regional and national averages.

A Vision for Cheshire East

Cheshire East Council operates in a dynamic environment and new opportunities and challenges are a constant. The Council plans well to meet these demands and has established corporate outcomes that have real longevity and remain relevant even as the world changes around us. Equally, the Council has a set of core values, our FIRST values, which we use to shape our approach to decision making and service delivery. These remain just as important and relevant as ever.

Our vision continues to evolve as these new opportunities and challenges are met and ambition for the borough grows. The council will share a new vision in a refresh of its Corporate Plan in 2018. So, while the core priorities in the corporate plan remain the same, our vision develops over time.

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, and yet the public sector finances are under severe financial pressure, particularly in health services. In addition to this pressure as the area grows there is growing need to empty more bins and maintain an expanding highways network.

The Council was able to freeze 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.

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 2018/19 budget, but must continue to develop in order to balance the medium term financial challenges.

In **2018/19** the headlines of the financial strategy are:

- Targeting cost effective service provision for residents whilst responding to the change in the Government's strategy for local authority funding. Council Tax will increase by 5.99% to offset the severity of government grant reductions and provide additional investment in Social Care for Adults (see below) and Children.
- 3% (£5.7m) of the overall Council Tax increase will be solely utilised to fund increasing care costs within Adult Social Care.

- Dealing with a reduction in grants from Central Government of £12.8m.
- Managing inflation pressures relating to pay, contracts and demand for services of £19.5m.
- Increasing expenditure in our front line services (Outcomes 1 – 5) and decreasing expenditure through efficiency in our back office functions (Outcome 6)
- 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 | 2017/18* | 2018/19 Budget | Change |
|----------------|----------|-------------------|--------|
| Revenue Budget | £263.8m | £267.9m | £4.1m |
| Capital Budget | £116.3m | £127.1m | £10.8m |

* Approved Permanent Budget as at Quarter 3

Net Revenue Budget 2018/19

- Income is estimated to vary from 2017/18 as follows:
 - Revenue Support Grant (-£8.0m)
 - Increase in New Homes Bonus (+£0.3m)
 - Other Specific grants (-£5.2m)
 - Growth in Council Tax Base (+£3.9m)
 - Increase in Council Tax levels (+£11.5m)
 - Council Tax Collection Fund Contribution change (-£0.4m)
 - Business Rates Retained (+£2.0)
- Net expenditure is estimated to increase by £4.1m from 2017/18 as set out in **Table 2**:

| Table 2 | Change from 2017/18 Budget £m | 2018/19 Budget £m |
|--|--|----------------------------------|
| Outcome 1 – Communities | +0.5 | 24.8 |
| Outcome 2 – Economy | +2.1 | 26.9 |
| Outcome 3 – Education | +3.1 | 46.9 |
| Outcome 4 – Environment | +1.0 | 30.5 |
| Outcome 5 – Health | +5.5 | 99.2 |
| Outcome 6 – Efficient | -2.3 | 30.3 |
| Contribution from Earmarked Reserves (change from 2017/18) | -0.9 | -1.0 |
| Central Budgets | -4.9 | 10.3 |
| Total | +4.1 | 267.9 |

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

Capital Budget 2018/19 to 2020/21

The three year capital programme includes investment plans of over £0.3bn. 67% of the funding for this ambitious programme will come from government grants or contributions from other external partners. In addition, 6% 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 (£170m / 52%)
 - Other external contributions (£50m / 15%)

- Receipts from Council Assets (£18m / 6%)
- Expenditure is estimated in the following areas:
 - Highways (£197m)
 - Education (£35m)
 - Economic Growth and Visitor Economy (£29m)
 - Other schemes, such as health and wellbeing, environmental, estate management and IT (£65m)

In addition to these investment plans a number of further schemes, totalling expenditure of £0.2bn are requesting approved 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 | | |
|-------------------------------|---------------------------------|----------------|----------------|
| | 2017/18 | 2018/19 | Change |
| General Reserves | £10.3m | £10.2m | (£0.1m) |
| Earmarked Reserves* | £32.5m | £27.9m | (£4.6m) |
| Total Revenue Reserves | £42.8m | £38.1m | (£4.7m) |

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

The Council's Reserves Strategy (**Annex 12**) 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 £0.5m for services to **local communities** including:

- Review Environmental Enforcement Services and fly-tipping pilot
- Increase in Community grants

Outcome 2

Cheshire East Council will increase budgets by £2.1m and continue to help ensure it has a **strong and resilient economy** through:

- Reviewing the way the council commissions and designs the subsidised bus network
- The creation of new investment portfolio
- Investment in our HS2 Strategy

Outcome 3

Increasing budgets by £3.1m and ensuring people have the **life skills and education** they need to thrive through:

- Children's services transport policy review
- Growth in Care placements

Outcome 4

Increasing budgets by £1.0m to help ensure Cheshire East is a **green and sustainable place** through:

- Review of the Highways contract

- Household Waste recycling Centre income generation and efficiencies
- Implementing a car parking strategy for the Borough

Outcome 5

Redesigning services to ensure People **live well and for longer** and investing an extra £5.5m through:

- Investment in Adult Social Care
- Commissioning all services currently provided by our in-house provider, Care4CE
- Operational Pathway Redesign
- Review and structure services to create efficiencies

The Council also has a sixth underpinning outcome to ensure we continue to improve and be a **responsible, effective and efficient organisation**. Net cost reductions of £2.3m will be delivered by maximising 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 on-going commitment to transparency, engagement and consultation. The process of budget development has been open and clear from the outset and 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 scrutiny, briefings and planning and licensing processes.

- Wide ranging stakeholder engagement via open meetings, consultation and for the second year running, an online survey tool to gather stakeholder feedback.
- On-going development of 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.
- Continued improvement and transparency in reports.
- 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 in to a multi-year agreement, along with 97% of English Local Authorities that fixed certain grants up to 2019/20. The settlement included changes to way the Adult Social Care Precept could be charged, as well as reductions in New Homes Bonus that transferred funds to a new Adult Social Care Grant (for 2017/18 only).

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, changes have been made to adjust expenditure in a number of areas compared to the Pre-Budget Consultation Report.

The Council initially proposed an option to close its three smallest libraries, but invited proposals from local community organisations to deliver the libraries as community managed libraries as an alternative to closure. In light of the consultation responses, this proposal has been significantly changed and all libraries will remain open. Alderley Edge and Disley libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a

small budget saving will be achieved from increased financial support from the community. It will of course be important to continue to monitor these revised ways of working in case the proposal to close these libraries has to be reconsidered if usage declines significantly.

Changes have also been made to increase the level of funding provided for Highways. £5m of expenditure in the Highways Investment Programme will be moved from the Capital Addendum and funded as part of the main programme. In addition the contract savings from Highways are being reduced from a target of £0.5m to a lower target of only £0.15m.

These changes have become affordable following the financial settlement where the Secretary of State increased the Council Tax referendum threshold by 1%. Although previous Council Tax freezes have been welcomed the consultation feedback in 2017/18 supported Council Tax increases over further service changes. Council Tax is therefore increasing by 5.99% overall.

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

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. Since 2009 over £70m of savings have been achieved through adopting more efficient and effective ways of working. The number of staff employed directly by the Council has also been reduced with staff and unions working together to manage transfers

to innovative Alternative Service Delivery Vehicles. Wherever possible, retention of front line staff has been given priority.

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)
- Oracle (Core financial systems)
- BT (Superfast Broadband projects)

Delivery vehicles wholly owned by the Council:

- Cheshire East Residents First (CERF)
- Ansa Environmental Services Ltd (Waste Services, Street Cleansing, Grounds and Fleet)
- Orbitas (Bereavement services and minor maintenance service)
- Tatton Park Enterprises
- Transport Service Solutions Ltd
- Civicance (Building Control and Planning/Land Charges Support)
- Skills and Growth Company
- Engine of the North Ltd

Charitable organisations:

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

Collaborative Arrangements:

- Regional Adoption Agency
- Cross Cheshire Youth Offending Team

In-House Council Services:

- Cheshire East libraries
- Planning
- Children's Social Care
- Safeguarding
- Early Help and Prevention
- Schools Support Services (82 Local Authority maintained schools)

The Council is undertaking a review of the arrangements for service providers, particularly in relation to the Council's wholly owned companies. It is this right time to do this as each company has now had time to set-up, operate and reflect on market conditions as well as review the opportunities available from being a separate legal entity to the Council. Results of the review will be addressed throughout the 2018/19 Financial Year and reported to members and other stakeholders as appropriate.

In 2015/16 the Council aligned its corporate business case format to public sector best practice in the form of the HM Treasury Five Case Model. This approach has continued and has helped to strengthen its processes for monitoring the delivery of these proposals.

The Medium Term Financial Strategy (Full Report)

As the Finance Portfolio Holder, I have developed the medium term strategy, with the professional support of Jan Willis (Interim Executive Director of Corporate Services) and her team.

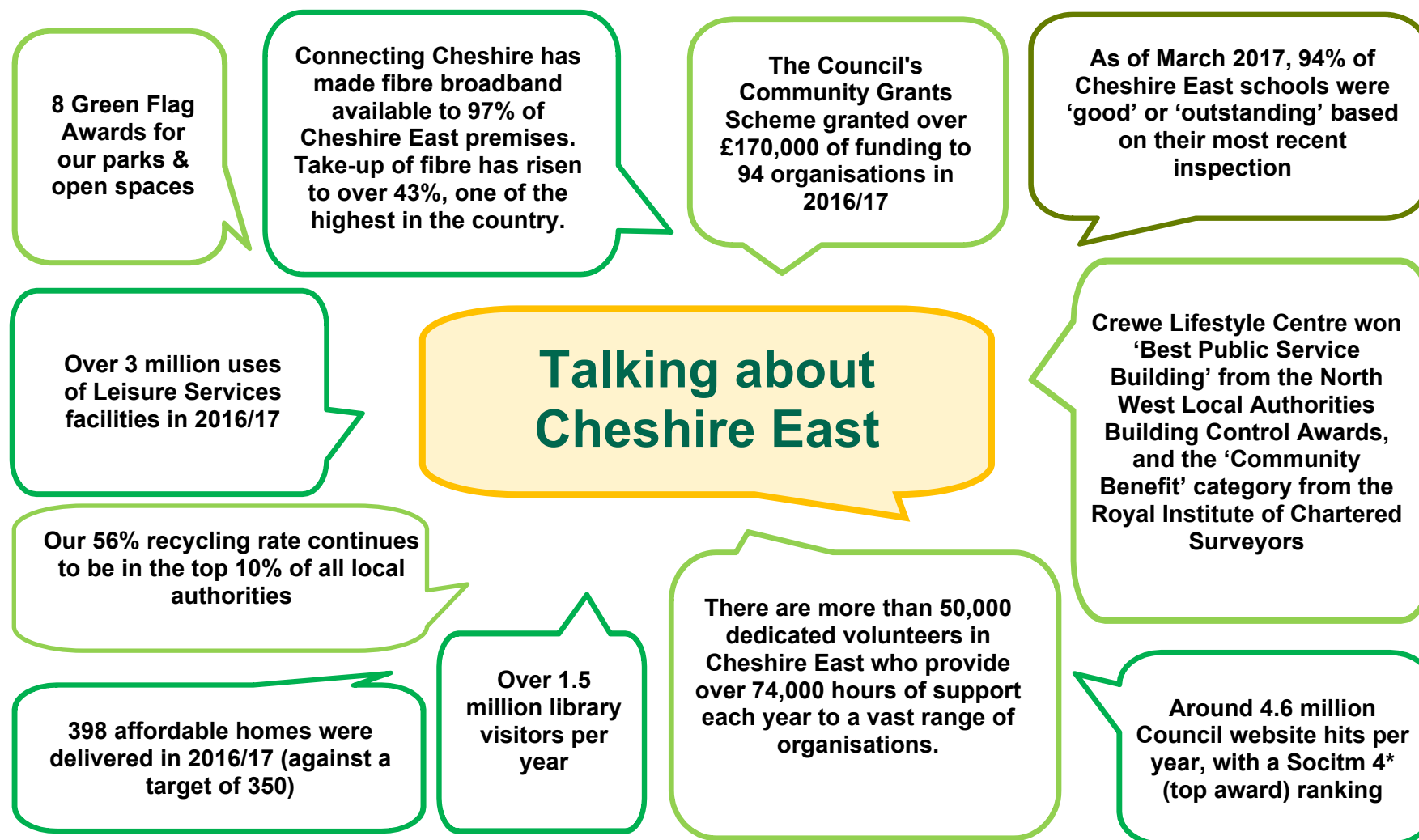
This comprehensive report provides further information on the issues facing the Council in the medium term and shows how these are being addressed to present a balanced financial position for the 2018/19 financial year. The report also includes medium term estimates showing financial challenges from 2018 through to 2021.

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

The effective management of the budget within the annual estimates for the last three years has provided a solid financial platform to enable the Council to maintain a positive outlook for the future. 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.

Cllr Paul Bates

Portfolio Holder for Finance & Communication,
Cheshire East Council
February 2018



Annex 1

Estimated Budget and funding for Cheshire East Council 2017/18 to 2020/21 (excluding ring-fenced grants).

| Summary position for 2018/19 to 2020/21 | Budget Book 2017/18 (revised at TQR) | 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 | 26.9 | 27.2 | 27.6 |
| 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 | 30.5 | 29.2 | 29.6 |
| Outcome 5 - People live well and for longer | 93.7 | 99.2 | 104.8 | 111.0 |
| Outcome 6 - Efficiency | 32.6 | 30.3 | 29.9 | 30.9 |
| Total Outcomes | 248.7 | 258.6 | 264.7 | 274.7 |
| <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 | -1.0 | 0.0 | 0.0 |
| TOTAL: CENTRAL BUDGETS | 263.8 | 267.9 | 277.9 | 277.9 |
| <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 | -12.1 | -12.4 | -11.2 |
| Sourced from Collection Fund | -1.4 | -1.0 | -1.0 | 0.0 |
| TOTAL: FUNDED BY | -263.8 | -267.9 | -267.9 | -272.7 |
| Funding Deficit | 0.0 | 0.0 | 10.0 | 5.2 |

Cheshire East Council Medium Term Financial Strategy 2018/21

February 2018

Foreword from the Finance and Communication Portfolio Holder

A great place to live

Cheshire East is a great place to live, work and visit. Our residents enjoy good living standards and when they need help from the Council we are consistently recognised, through surveys and national awards, as providing good services.

Dealing with financial Challenges

Central Government support is reducing, so understanding the level of services needing to be funded by local people and businesses is more important than ever. Cheshire East has been dealing with this issue for a long time due to the large numbers of households and businesses in the area. But, although the area is experiencing high growth, the increase in demand for services is also increasing. Funding expensive care packages requires an important balance between the finances of individuals, the NHS and Cheshire East Council's resources – and the current balance isn't sustainable.

In Cheshire East the number of residents receiving care and support from Adult Social Care is increasing by 4% year-on-year, and costs can range from very low needs up to individual packages costing over £4,000 per week, where a person has complex needs and nursing care is essential. In addition, over the last 12 months, the number of children and young people in care has increased by 17%. There have been similar levels of increase experienced both regionally and nationally.

The level of growth in the area also brings growth in other key Council Services, such as waste and highways. 1,800 new properties means a lot more bins to empty and more waste to manage and more cars on the road means more maintenance of potholes and additional highways and junctions to relieve congestion and improve safety.

Local Services, engaging local people

The Council is one year closer to 2020 when it is expected to have no reliance at all on general funding from Central Government. To put this into context £40m of funding was received in 2015/16.

The Executive of the Council has been working throughout the summer to produce a set of proposals that can support residents and balance the finances of the Council for the period 1st April 2018 through to 31st March 2021.

The Council's Pre-Budget Consultation document, released in November 2017, received more responses than ever and a number of proposals have been changed in response to the feedback we have received. The largest increase in spending is still in Adult Social Care, but proposals relating to Highways and Libraries where reductions were proposed, have been amended to reduce the impact.

The proposals also include an increase in Council Tax by up to 5.99% for the 2018/19 financial year. This reflects current inflation levels running at c.3% and an additional 3% specifically to fund increasing costs in Adult Social Care. This approach will add £1.28 per week to the average household Council Tax bill each year.

Community funding from New Homes Bonus

I have been encouraged once again by the level of engagement from local people, and I am very aware that local areas sometimes have different priorities. When setting out the Pre-Budget position a proposal was included to set aside £2m and allow local communities to determine how this money will be spent. This

reflected guidance from the Ministry of Housing, Communities and Local Government about locally allocating funding received from the New Homes Bonus and had been made affordable through changes to the Council's approach to capital financing in 2017/18. Whilst the design of this scheme is still subject to approval, the funding has remained a part of the budget and I look forward to seeing how this money can be used to achieve local outcomes.

Achieving our plans

The proposals in this document continue to work towards 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 2018/19 to ensure we can create a position that matches local needs with local resources.

Paul Bates

Cllr Paul Bates, Finance and Communication Portfolio Holder

Comment from the Interim Executive Director of Corporate Services

Managing potentially large overspends whilst facing significant growth in costs has made the 2017/18 financial year very tough in financial terms. Levels of risk have been constantly reviewed and needed to be mitigated in setting the 2018/19 budget.

Reducing risk hasn't been made easy by the uncertainty surrounding key income sources such as business rates and government grants. Forecasts contained within this Medium Term Financial Strategy rely on input from government around future planned changes to business rates as well as our local estimates on growth in the domestic and non-domestic tax bases compared to growth in demand for our key services around care, waste and infrastructure.

Cheshire East Council is a large local authority, and the Council's plans for services to local people are targeted at the achievement of the Council's six outcomes contained within the Corporate Plan 2017-20. There is a fine balance between making efficiencies in services and still enabling services to meet residents' needs.

In balancing the financial risks to the medium term finances it has been important to reflect on the level of services required to achieve outcomes compared to the growing demand for services. To this end this budget highlights a shift of resources between service areas, and with Central Budgets:

- The People Directorate is where staff work with health and community based partners to support and keep safe our most vulnerable residents, and spending in this area, is set to increase by £9.0m based on the proposals in this budget.

- There is an overall increase of £0.9m within Place & Corporate Services which cover the following areas:
 - o The Place Directorate delivers and commissions a range of services including highways, waste management, leisure services, planning, environmental health and countryside management. It also delivers major infrastructure and regeneration projects across the Borough
 - o The Corporate Directorate provides services that help the Council function, such as Finance, ICT and HR.

In my role as S.151 Officer I constantly review ways to balance the medium term expenditure with the latest income forecasts, as well as targeting the most efficient ways to fund the long term costs of spending on large assets. Changes to central budgets linked to managing long term debt and current pension liabilities are detailed in this report to present a balanced overall position for 2018/19 based on robust business cases and supported by adequate reserves.

Jan Willis

Jan Willis MBA IPFA

Interim Executive Director of Corporate Services

(Section 151 Officer)

Table 1 – Three Year Summary Position

Estimated Budget and funding for Cheshire East Council 2017/18 to 2020/21 (excluding ring-fenced grants)

| Summary position for 2018/19 to 2020/21 | Budget Book 2017/18 (revised at TQR) | 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 | 26.9 | 27.2 | 27.6 |
| 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 | 30.5 | 29.2 | 29.6 |
| Outcome 5 - People live well and for longer | 93.7 | 99.2 | 104.8 | 111.0 |
| Outcome 6 - Efficiency | 32.6 | 30.3 | 29.9 | 30.9 |
| Total Outcomes | 248.7 | 258.6 | 264.7 | 274.7 |
| <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 | -1.0 | 0.0 | 0.0 |
| TOTAL: CENTRAL BUDGETS | 263.8 | 267.9 | 277.9 | 277.9 |
| <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 | -12.1 | -12.4 | -11.2 |
| Sourced from Collection Fund | -1.4 | -1.0 | -1.0 | 0.0 |
| TOTAL: FUNDED BY | -263.8 | -267.9 | -267.9 | -272.7 |
| Funding Deficit | 0.0 | 0.0 | 10.0 | 5.2 |

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Section 1 - Achieving Outcomes

Cheshire East Council is responsible for providing in the region of 500 local public services across an area of over 1,100km² for over 370,000 residents. The total amount of spending to deliver these services in the period April 2017 to March 2018 will be in the region of £720m, 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.

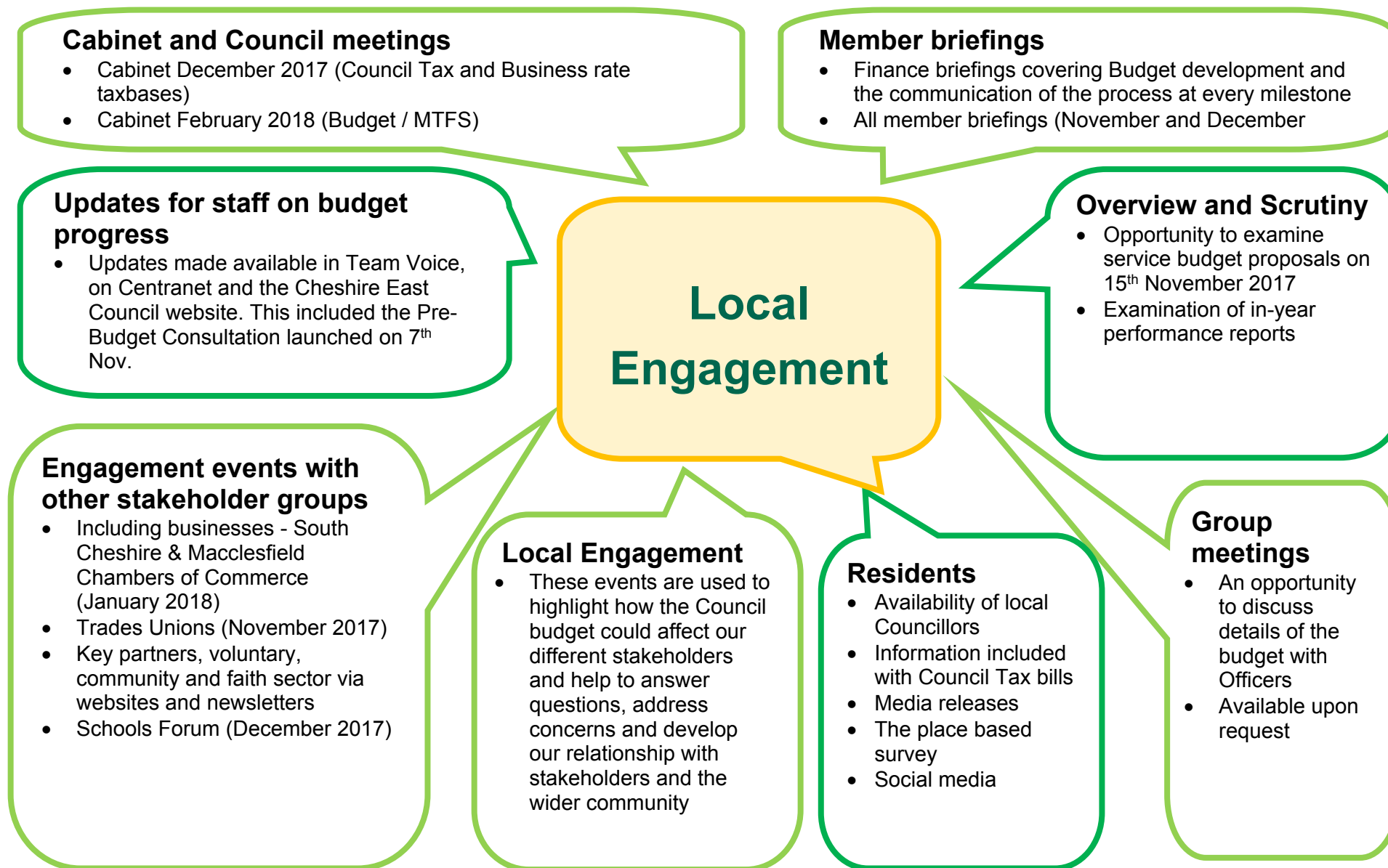
As a place we have a fantastic mix of rural and urban environments. However the most important element of Cheshire East is its people and we will strive to make sure we have a Council that serves its diverse community well and delivers value for money. We want to see Cheshire East Council build a national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

The Corporate Plan 2017-2020 reaffirmed the outcomes contained within the previous three year plan. Members agreed that the outcomes remain hugely relevant to the way the Council can meet the needs of local residents and businesses. However, it is inevitable that local needs and priorities in Cheshire East change over time and the Council must therefore be flexible. This section provides details on how the Council aims to achieve its outcomes through focused and clear priorities.

Each of the Council's Priority outcomes is set out on the following pages along with budget changes that will achieve a balanced position for 2018/19.

The following pages set out:

- Some of Cheshire East Council's achievements over the last year, as detailed in the Council's Outturn Report.
- The engagement activity for the current budget setting process. This identifies who was consulted with as part of this budget setting process.
- Revised budget proposals that include the Council's response to stakeholder feedback.



Understanding the financial tables in this document

Potential budget changes in this document are expressed in cash terms compared to the Council's Approved Budget for 2017/18.

Some items may affect services that cut across several outcomes but for ease of understanding proposals are only listed under the most relevant outcome within this section of the report. Each proposed change is included in a table as described below:

| Theme of the Potential Change(s) (such as "Changing the way we work" or "Income Generation") | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|----------------|----------------|----------------|
| X. Number and title of Proposed changes (either Revenue or Capital) A narrative to describe what the proposal is | | | |
| Impact on Services Budget = | -X.XXX | -X.XXX | -X,XXX |
| <p>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</p> <p>Values are not cumulative</p> | | | |

The specific Service Budget that may 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 2017/18 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 2017/18 Budget

Outcome 1 – Our local communities are strong and supportive

| | | |
|--|--|---|
| What this means: | <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> | |
| What the Council will focus on: | 1. Active, Resilient and Connected Communities where people want to live | 2. Communities where you are Safe, and feel Safe |
| What this will look like: | 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. | 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. |

Evidence of Achievement

Performance of Outcome 1 will be measured through the use of performance indicators such as the examples below:

1. Working to increase overall satisfaction with the local area (which is currently at 81%).
2. Increasing the percentage of people who feel safe when they are outside in their local area at night (which is currently at 67%).
3. Operating a 24/7 CCTV service, with a financial contribution from Town & Parish Councils, to monitor the Borough and alert Police, Fire and other public body colleagues of incidents and issues as they take place. (On average the service responds to around 1,300 incidents each month.)
4. Working in partnership to continue making early interventions on incidences of Anti-Social Behaviour. Activities in Cheshire East between 2014 and 2016 resulted in high levels of successful interventions; 98.1% of young people receiving interventions never returned to the system to receive an Acceptable Behaviour Contract.
5. Increasing the annual number of Countryside Volunteer days (which stood at 1,294 days in 2016/17), and the annual number of Leisure Services volunteer hours (6,675 hours in 2016/17).
6. Continuing to award Community Grants to contribute towards community activities (in 2016/17 the Scheme granted over £170,000 of funding to 94 organisations, contributing towards over £2.8m worth of projects and community activities).
7. Increasing the number of residents who feel that the Council keeps them informed about the services and benefits it provides (currently at 50%).

Key Priorities

We have listened to what is important to our residents and communities. Throughout 2017/18 we have undertaken coproduction events with service users, communities and the voluntary sector to understand what you want to see. We recognise that working with communities will help us achieve this really important outcome about safe, strong and supportive communities. We want to be much more pro-active in agreeing what our deal is with you, so that we use our fantastic assets which are people, money and buildings in the ways to get the best outcomes we can.

Cheshire East Council along with many other local authorities across the country is facing unprecedented challenges to meet the needs of its residents alongside having to make large scale savings. Only by involving local residents and key stakeholders in how we face these challenges will we truly achieve the best outcomes for all parties. The Council is committed to developing strong and supportive communities, and this approach clearly demonstrates that commitment by putting our residents at the heart of the decision making process wherever possible.

Our community development work uses an asset based approach to develop strength based community initiatives. It builds social capital, recognising the importance of relationships, by developing local networks and connections, including targeted interventions to build social relationships amongst isolated groups. We also deliver interventions that encourage social connections between people with similar experiences to provide peer support, helping residents to confront and cope with life's challenges, so that they maintain their wellbeing in the face of adversity. We are keen to take this approach with our Adult Social Care services too.

All our communities, social networks, and individuals have assets that can help to create community capital and generate local benefits. We want to unleash the full value of our community capital, unlocking any reserves, to maximise our shared potential, bringing about greater social, economic and personal benefits for everyone in Cheshire East. Our journey looks to increase our support to communities by providing information, infrastructure, networks and skills to help local groups and social enterprise grow and overcome any hurdles they identify. This will enable our communities to become more enterprising, reducing dependency and enabling people in more deprived areas to address the inequalities which impact on their lives. We know that a one-size fits all approach will not work, instead we will develop evidence based, community-led interventions, which develop participatory engagement and co-production across our communities.

We want to focus on individuals, supported by families and friends within their local communities. All resources and assets in places must be used to support the wider determinants of health and improve health and wellbeing outcomes. 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 is significant demand on services, high costs to the system and local demographic pressures which, coupled with the impact of preventable premature morbidity and mortality and reduced funding, will continue to put pressure on the Cheshire East health and care system.
- Addressing some stark differences across Cheshire East. For life expectancy there is a noticeable difference of around 13 years between the lowest rates in Crewe Central and the highest in Gawsorth for females. For males, there is an 11 year gap between the lowest rate, again in Crewe Central, and the highest in Wilmslow East.
- In 2015 there were 18 small areas in the most deprived 20% nationally; this is an increase from 16 areas in 2010. Of these 18 areas, six areas were in the most deprived 10% of areas nationally. Five of these were also in the most deprived 10% in 2010, and all are areas of Crewe. The sixth and new area includes part of St Johns, again in Crewe.

Opportunities

- A new vision for place-based health and wellbeing is emerging and people must be empowered to take greater control over their own lives, to influence personalised services and to take greater responsibility for their health outcomes.
- Strengthening our approach to Community Engagement and Communications to help shape our commissioning intentions, our services and to create sustainable communities.
- Reshaping our approach to Adult Social Care and Communities work to empower local residents and Connect People, helping people in communities to become more connected to others, to reduce inequalities and improve life chances.
- Strengthen local networks and partnerships, developing Connected Neighbourhoods which work collaboratively and provide mechanisms for collaboration to improve health and wellbeing.
- Connecting local people to local decision making.

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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|----------------|----------------|----------------|
| Review Environmental Enforcement Service based on outcomes (Summer 17) of Fly-tipping pilot and procurement of patrol company pilot (Revenue Savings) (1) Two pilot projects are underway to improve environmental enforcement. These will be reviewed by the end of Summer 2017, with a plan to redesign the delivery of the service and deliver savings from April 2018 onwards. | | | |
| <i>Impact on Community Safety Delivery Team Service Budget =</i> | -0.118 | -0.118 | -0.118 |
| *Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative | | | |

| Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Increase Community Grants (Revenue Investment) (2) <p>The Community Grants scheme is highly valued by community and voluntary groups and demand for support increases annually, and is now four times oversubscribed. For every £1 invested in this scheme it is worth £9 to the community, contributing towards over £1.6m worth of activities and projects in the Borough in 2015/16. The proposal is to increase the Community Grant budget, to deliver even greater impact from investment.</p> <p style="text-align: right;"><i>Impact on Partnerships & Communities Service Budget =</i></p> | +0.040 | +0.040 | +0.040 |
| New Homes Bonus Community Fund (Revenue Investment) (97) <p>Funding has been made available in line with Central Government's New Homes Bonus guidance for community projects, to be allocated in accordance with local priorities, building on the Council's participatory budgeting approach. The Council's Cross-Party Corporate Overview and Scrutiny Committee will assist in developing the details of the protocol to underpin this scheme.</p> <p style="text-align: right;"><i>Impact on Central Budget (Not included in OC1 total on Table 1) =</i></p> | +1.000 | +1.000 | 0.000 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

Outcome 2 - Cheshire East has a strong and resilient economy

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|--|--|--|---|---|
| What this means: | 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. | | | |
| What the Council will focus on: | 1. Culture, Heritage and Tourism | 2. Jobs and Skills | 3. Business Growth and Inward Investment | 4. Infrastructure |
| What this will look like: | 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. | 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. | 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. | Cheshire East will be well connected. Travel will be safe and efficient. |

Evidence of Achievement

Performance of Outcome 2 will be measured through the use of performance indicators such as the examples below:

1. Continuing to grow Cheshire East's economic output (Gross Added Value). Latest (2016) estimates suggest that the Borough's GVA stands at £11.59bn; a growth averaging 2.9% per annum since 2012.
2. Increasing Cheshire East's visitor economy, now worth £895m to the local economy. According to latest (2016) figures, 17.66 million visitor days are spent in the Borough per year, an increase of over 34% since Cheshire East Council was formed in 2009.
3. Increasing the average level of customer satisfaction (50% in 2016/17) with our Highways service via targeted performance improvements across a range of measures including reduced insurance claims against highways (590 in 2016/17) and resolving 98.5% of Category 1 Defects within timescales.
4. Maintaining low numbers of young people who are NEET (not in education, employment or training), which stood at 2.4% at the end of 2016/17.

Key Priorities

Cheshire East has one of the strongest economies in the country which is made up of a vibrant mix of businesses across a wide range of sectors. The challenge is how we maintain our position to create sustainable growth that will support the wellbeing of our residents and the economy to grow.

With this in mind the Council is prioritising investment from both its capital and revenue budget to support growth through major infrastructure projects such as HS2 and support for regeneration.

Furthermore the Council has completed a review of the subsidised bus network with the action of prioritising the Council's budget to support access to essential services e.g. health, education and employment. The proposals would ensure the Council maintains 97% of the subsidised network.

Therefore these proposals seek to prioritise spending on economic development and regeneration and seeking efficiency through the major contracts we commission.

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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|---|---|---|
| Addressing Budget Shortfall in the Asset Management Service (Revenue Investment) (3) <p>There is a shortfall in income being achieved from the asset portfolio and as such income targets for the service will need to be permanently adjusted. This will partially be addressed by driving efficiencies however a growth bid is still necessary.</p> <p style="text-align: right;"><i>Impact on Assets Service Budget =</i></p> | <p style="text-align: right;">+0.327</p> | <p style="text-align: right;">+0.249</p> | <p style="text-align: right;">+0.184</p> |
| Visitor Economy (Revenue Investment) (4) <p>Addressing operational issues of Cheshire East's Visitor Information Centres (VICs). Cheshire East Council (CEC) has signed a Service Level Agreement (SLA) with Macclesfield Town Council (TC) to provide financial contributions and discussions are ongoing with Congleton TC around financial contributions whilst maintaining provision of a sustainable visitor information service. This will allow tourism assets to be actively promoted. There are also a number of long standing underlying budget pressures totalling £35,000 associated with the management & operation of the VICs relating to an ongoing inherited shortfall. This supports Council outcomes 1, 2, 3, & 5.</p> <p style="text-align: right;"><i>Impact on Visitor Economy Service Budget =</i></p> | <p style="text-align: right;">+0.032</p> | <p style="text-align: right;">0.000</p> | <p style="text-align: right;">-0.012</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Removal of Fairerpower payment (Revenue Saving) (5) <p>As the Fairerpower scheme nears its self-sustaining position the contract is being novated over to Skills and Growth Company (SAGC) so they can implement their growth strategy of approaching other Authorities to buy in to the scheme. The annual payment that CEC made to SAGC to manage the contract can now cease.</p> <p style="text-align: right;"><i>Impact on Skills & Growth Service Budget =</i></p> | <p style="text-align: center;">-0.140</p> | <p style="text-align: center;">-0.140</p> | <p style="text-align: center;">-0.140</p> |
| Contract Savings and Place Directorate restructuring (Revenue Savings) (32) <p>The Place Directorate manages contracts of an estimated annual value of £90m and will aim to achieve reductions in contract expenditure through targeted actions such as:</p> <ul style="list-style-type: none"> - More consistent standards of contract management - Improved alignment of commissioning activity - Challenging the benefits of existing provider markets - Smarter negotiation to achieve outcomes at best value <p>The staffing structure of the Directorate must also change to reflect new ways of working that deliver place based services that achieve outcomes, in the most efficient way. This will require re-alignment of services and reviews of management responsibilities that reduce overall costs. The combination of changes to contract management and management structures can realise reductions of up to £370k per annum.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p> | <p style="text-align: center;">-0.370</p> | <p style="text-align: center;">-0.370</p> | <p style="text-align: center;">-0.370</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p> | | | |

| Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Cheshire East Reflects (Revenue Investment & Savings) (6) Continued delivery of Cheshire East Reflects four year programme of commemorative activities to mark centenary of World War 1. In particular, continuation of education programme and delivery of major, public events in 2018. The programme of events end in 2018 so no further funding will be required in 2019/20. Supports Council's Outcomes 1, 2, 3, and 5 <i>Impact on Cultural Economy Service Budget =</i> | +0.020 | -0.030 | -0.030 |
| Shortfall in salary budgets and establishment costs (Revenue Investment) (7) A base budget review of the department has highlighted historic shortfalls in salary budgets, this regularises the situation but will be addressed as part of a wider review of the management structure. <i>Impact on Directorate Service Budget =</i> | +0.105 | +0.105 | +0.105 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Facilities Management budget shortfalls (Revenue Investment) (8) 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. <i>Impact on Facilities Management Service Budget =</i> | +0.836 | +0.926 | +1.016 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Create a new Investment Portfolio (Revenue Savings) (9) <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> | 0.000 | -0.250 | -0.500 |
| Increase Public Rights of Way Fees & Charges (Revenue Savings) (10) <p>Changes in fees and charges associated with the legal processes in dealing with making alterations to public rights of way. These changes are driven by increased demands for alterations to public rights of way associated with development throughout Cheshire East which requires a far greater input of officer time to adequately manage. The fees and charges need to accurately reflect this in order to ensure the Council is recovering its full costs and there are no additional financial burdens on the council tax payer. Supports Council's Outcomes 1, 2, 3, and 5.</p> <p style="text-align: right;"><i>Impact on Public Rights of Way Service Budget =</i></p> | 0.000 | -0.015 | -0.015 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

| Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|---|---|---|
| Changes to subsidised Bus Service (Revenue Savings) (11) <p>The Council gives revenue support to local bus services to enable services to be provided which would not otherwise be provided by commercial operators.</p> <p>The proposed review will also rationalise the existing network by combining routes, changing the hours of operation and in some cases by stopping the provision of services altogether.</p> <p>This has been subject to a thorough and detailed consultation exercise. In particular the impact on rural communities and protected groups has been reviewed before a final decision was made.</p> <p style="text-align: right;"><i>Impact on Public Transport Commissioning Service Budget =</i></p> | <p style="text-align: right;">-1.176</p> | <p style="text-align: right;">-1.176</p> | <p style="text-align: right;">-1.176</p> |
| Tatton Vision Phase 1 (Revenue Savings) (12) <p>A five year capital programme, Tatton Vision Phase 1 is investment in facilities, services and experience for visitors and residents to the park. It aims to improve indoor event spaces, catering and retail sites, encouraging increasing visitor numbers, greater spend and longer dwell time. This improves the overall financial return, reducing the cost of Tatton to the Council. Supports all the Council's Outcomes.</p> <p style="text-align: right;"><i>Impact on Tatton Park Service Budget =</i></p> | <p style="text-align: right;">-0.045</p> | <p style="text-align: right;">-0.045</p> | <p style="text-align: right;">-0.045</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p> | | | |

| Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Reduce funding to Macclesfield Silk Heritage Trust (Revenue Savings) (13) Managed transition of support funding to Macclesfield Silk Heritage Trust resulting from the revised business plan. Supports Council's Outcomes 1, 2, 3, and 5. <i>Impact on Cultural Economy Service Budget =</i> | -0.010 | -0.010 | -0.010 |
| Marketing Cheshire (Revenue Savings) (14) Cheshire and Warrington Tourism Board operating as Marketing Cheshire provide a company vehicle for Cheshire East Council to deliver agreed sub-regional and local activities in relation to the growth agenda and delivery of its visitor economy strategy. By reducing the payments in 2018/19 and 2019/20, this will have negligible impact on current visitor economy projects and funding schemes already in place and currently being implemented in Cheshire East. It allows Marketing Cheshire time to source additional external revenue outside of the public purse, sustaining its contribution to delivery of the Visitor Economy Strategy. Supports Council's Outcomes 2 and 6. <i>Impact on Visitor Economy Service Budget =</i> | -0.020 | -0.020 | -0.020 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Regeneration <i>Investment in the infrastructure and towns in Cheshire East.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|---|---|---|
| HS2 Strategy (Revenue Investment) (16) <p>The arrival of HS2 to Crewe in 2027 provides a once in a generation opportunity for Crewe, Cheshire East and the wider Constellation Partnership to deliver economic and transformational changes to Crewe and the Constellation area. However, these benefits can only be realised with investment in the right hub station at Crewe. This proposal will cover the programme of work needed to influence decisions for the Crewe hub and development and implementation work needed to capture the local benefits of HS2 to Cheshire East.</p> <p style="text-align: right;"><i>Impact on Strategic Infrastructure Service Budget =</i></p> | <p style="text-align: right;">+0.500</p> | <p style="text-align: right;">+0.500</p> | <p style="text-align: right;">+0.500</p> |
| <p style="text-align: center;">*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</p> | | | |

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

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| 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. |

Evidence of Achievement

Performance of Outcome 3 will be measured through the use of performance indicators such as the examples below:

1. Maintaining a high percentage of Cheshire East schools rated 'good' or 'outstanding' based on their most recent inspection. As at March 2017, 94% of Cheshire East schools were rated as 'good' or 'outstanding', higher than for the North West region (90%) and England (89%).
2. Pupils will be supported to achieve their academic potential. Provisional Summer 2017 results of the new reformed GCSEs show 83% of Cheshire East pupils gaining the standard pass or better in English, compared to 65% nationally. In Maths, 74% of Cheshire East pupils gained the standard pass or better, compared to 69% nationally.
3. Cheshire East's A-Level students will be supported to maintain excellent pass rates. The provisional pass rate of 99% in summer 2017 was above the national average of 98%.
4. Maintaining a high percentage of learners achieving high overall achievement rates. National Achievement Rates Tables (NARTs) published by the Skills Funding Agency, highlighting key indicators of performance in education and training at 19 years and over, show learners supported and monitored through the Cheshire East Lifelong Learning Team achieved the highest overall achievement rate (94%) across the Cheshire and Warrington areas, exceeding the regional average of 78% and the national average of 84%.
5. Improve the percentage of individuals achieving a good level of development from 72% (in 2016/17) and maintain performance above the national average of 71%.
6. Better educational outcomes for children and young people from disadvantaged groups, including those with special educational needs (SEN) and those cared for by the local authority.
7. Improved sufficiency of school places within Cheshire East, including for those with SEN.
8. Successful collaboration with schools leads to sustainable sector led approach to education and skills.

Key Priorities

Ensuring that our children and young people get a good start in life, have the education and skills to meet the needs of local businesses and are prepared for the world of work and adulthood is a key priority for the Council. This means having high quality places to learn, with well trained staff, who can support all children and young people, in particular our most vulnerable learners. We will continue to work with early years, schools, colleges and other settings to improve educational performance.

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. In 2018-19 we will evaluate the impact of the Parenting Journey and review our way of working so that we can ensure our services have maximum impact, particularly for our most vulnerable children and their families.

Having sufficient, good quality, school places in the right areas of Cheshire East to meet need is essential for learning; delivering on our schools capital programme continues to be a priority for 2018-19. Cheshire East Council was one of 19 local authorities whose expression of interest to develop a free school was recently approved by the Department for Education (DfE). We intend to provide 40 additional places for local children with social, emotional and mental health in Crewe from 2018. A plan has also been developed to add 270 additional SEND places over the next three years.

We continue to work on improving educational outcomes for disadvantaged pupils, including children in the care of the local authority. We will use the new vulnerable schools policy framework

and categorisation process in challenging all schools in monitoring pupil outcomes. This also includes those children and young people with special educational needs and disabilities (SEND). The 0-25 SEND partnership has made good progress over the past year in championing the needs of this vulnerable group of young people to improve the performance and practice in this area. The priorities for the next year include embedding the SEND toolkit, aligning multi-agency referral and assessment pathways and increasing participation with children and young people.

During 2017/18, we integrated the Lifelong Learning Team into children's services to ensure a greater strategic community and employer approach. The next step is to consider whether a locality approach would be beneficial to move this agenda forward.

Challenges

- Implement the capital strategy to deliver the school places required as a consequence of housing developments and demographic growth in Cheshire East.
- Improve outcomes for disadvantaged pupils; continue to ensure high standards in all schools and effective support for those children not in school, ensuring that every child fulfils their educational potential.
- Ensure that activity, governance and accountability of the 0-25 Special Educational Needs and Disabilities (SEND) partnership is effective in delivering improved outcomes for SEND children and young people, including meeting the 20 week timescale for completion of education, health and care plans (EHCPs).
- Develop a stronger focus on support for the children and young people most vulnerable to the poorest outcomes.
- Ensure children and young people have the skills to meet the needs of local employers.

Opportunities

- Further develop the 'Parenting Journey' so it has maximum impact on giving young children the best start in life.
- Continue to collaborate with schools on joint focus areas, including developing a sustainable sector led approach to education and skills.
- Work with parents, carers and children and young people to co-produce services, particularly in relation to children with SEND.
- Maintain current positive dialogue with schools regarding future pupil place planning.

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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|----------------|----------------|----------------|
| Transport - parental subsidy for Available Walking Routes phase 2 (Revenue Investment) (17) Subsidies to parent / carer to support implementation of proposed phase 2 available walking routes. <i>Impact on Education and Skills Service Budget =</i> | +0.070 | 0.000 | 0.000 |
| Children & Families Transport Policy review (Revenue Savings) (18) 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. <i>Impact on Education and Skills Service Budget =</i> | -0.410 | -0.570 | -0.570 |
| *Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative | | | |

| Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Reduction in Children's commissioned services (Revenue Saving) (19) <p>The cyclical review of the wide variety of commissioned services that support the Council to deliver effective children's services will look to identify efficiencies as contracts come to an end and will also ensure a continuing fit with the internal capacity within Children's Services.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p> | <p style="text-align: center;">-0.050</p> | <p style="text-align: center;">-0.050</p> | <p style="text-align: center;">-0.050</p> |
| Review of service provision for children with disabilities (Revenue Saving) (20) <p>In 2016/17 a review was completed to identify improvements to the provision and co-ordination of the short break local offer for children with a disability and their families. Consequently, in consultation with parents and carers, a number of positive changes were made to the service in 2017/18 which put in place a whole system that is transparent, equitable and provides value for money, using advanced technology, to sustain a good offer to children, young people and their families. These changes result in efficiency savings which were achieved in 2017/18 and are set out in this report.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p> | <p style="text-align: center;">-0.200</p> | <p style="text-align: center;">-0.200</p> | <p style="text-align: center;">-0.200</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p> | | | |

| Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|---|---|---|
| Care Placements (Revenue Investment) (21) <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 style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p> | <p style="text-align: right;">+3.000</p> | <p style="text-align: right;">+4.000</p> | <p style="text-align: right;">+5.000</p> |
| Revise Interagency Income Budget (Revenue Investment) (22) <p>Interagency income has been significantly reduced due to the collaboration with Adoption Counts across the sub region. Therefore, growth is required to offset this loss of income.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p> | <p style="text-align: right;">+0.500</p> | <p style="text-align: right;">+0.500</p> | <p style="text-align: right;">+0.500</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

| Looking after children and young people <i>Review of current service offers to ensure high standards are maintained and demand is managed.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Housing related accommodation and support facilities (Revenue Investment) (23) Permanent funding will ensure the important accommodation and support for cared for children and care leavers at Watermill House can continue. <i>Impact on Children's Social Care Service Budget =</i> | +0.040 | +0.040 | +0.040 |
| Children and Families Staffing Gap (Revenue Investment) (24) The completion of the needs led staffing budget review across children and families has highlighted some additional costs due to increased pay levels. There is a planned increased cost of ICT licenses and maintenance across children and families. <i>Impact on People Directorate Service Budget =</i> | +0.260 | +0.260 | +0.260 |
| Childcare Sufficiency Programme (Capital Investment) (25) To increase the capacity of early years places to enable all children to access their free entitlement. <i>New Capital Investment 2018/19 =</i> | +0.234 | 0.000 | 0.000 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| End of Early Intervention short-term funding allocation (non Public Health element) (Revenue Savings) (26) End of investment in early help and prevention services that were used to reduce the demand for higher cost services in the longer term. <i>Impact on Children and Families Directorate Budget =</i> | -1.000 | -1.000 | -1.000 |
| Children and Families Transport (Revenue Investment) (27) Establish key posts with responsibility for school transport and ensure efficiency of future and on going arrangements. <i>Impact on Children and Families Directorate Budget =</i> | +0.134 | +0.075 | +0.075 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Provide Schools Meal Subsidy (Revenue Investment) (28) Expectation of income targets from school meals to be removed due to increased food prices and competition from other providers. <i>Impact on Education and Skills Service Budget =</i> | +0.200 | +0.410 | +0.410 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

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. Affordable Energy Growing Energy Businesses Independent Energy |
| What this will look like: | 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. | Cheshire East Council and its residents will produce less waste and keep the Borough clean. | Outdoor spaces will be pleasant and appreciated. Harmful emissions will be minimised. | Providing affordable energy for our residents (e.g. Fairerpower). Developing a local energy economy. |

Evidence of Achievement

Performance of Outcome 4 will be measured through the use of performance indicators such as the examples below:

1. Maintaining Green Flag awards for our parks and open spaces; eight were awarded in 2017 and Tatton Park in Knutsford and Queens Park in Crewe also received 'Green Heritage' status.
2. Targeting a further 15% reduction in total tonnage of CO2 Emissions from authority buildings by 2020.
3. Maintaining Cheshire East Council's recycling rate, currently in the top 10% of all local authorities, and increasing the tonnage of materials re-used by 2% per year (over 1,400 tonnes in 2016/17).
4. Increasing the number of customers signing up to Fairerpower (currently at over 7,500 customers).
5. Processing 85% of major planning applications and 90% of all other types of planning applications within timescales in one of the highest volume authorities in the country.

Key Priorities

Cheshire East's rural and urban character is protected and enhanced through sensitive development, environmental management, transport and waste disposal policies.

Protecting and enhancing the 'Quality of Place' in the Borough is essential in respect of both rural and urban areas. We must provide an effective framework for well designed development projects. The adoption of the Local Plan is the basis for this and we will work on providing an effective planning framework and continue to invest in the planning service but will ensure that we set appropriate fee levels to enable the Council to continue its investment.

We understand that the maintenance of highways is an important element to 'quality of place' and we have looked at how we deliver an effective and efficient service for example the introduction of LED street lights will deliver savings and the way we procure our highway services will also deliver savings and efficiencies. We are committed to our residents and one area that we know affects everyone in our Borough is parking – we are therefore developing a Parking Strategy linked to the Local Transport Plan to inform the future parking provision and charging mechanisms across 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|----------------|----------------|----------------|
| Markets Income (Revenue Foregone) (29) Temporary suspension of the Crewe indoor market target for 2018/19 to reflect planned imminent changes, as part of the Crewe Town Centre Regeneration Programme, agreed by Cabinet in September 2017. Income targets for Crewe outdoor market and Macclesfield markets are adjusted to 2017/18 estimated outturns. <i>Impact on Client Commissioning - Environmental Service Budget =</i> | | | |
| | +0.250 | +0.091 | +0.091 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Street Lighting Improvements (Revenue Savings) (30) 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. <i>Impact on Highways Service Budget =</i> | -0.050 | -0.100 | -0.100 |
| Highways Contract (Revenue Savings) (31) The Council operates its Highways operations through an integrated contract. This enables our contractor to determine the most efficient way to deliver a range of activities to manage and maintain our road network within an overall budget set by the Council. The Council is in the process of procuring a new contract from October 2018 and so this provides a point in time to review the amount of revenue funding to be put through this contract to carry out winter gritting, gully emptying, verge maintenance, weed spraying, tree maintenance, frontline staff, community teams and fees and charges. <i>Impact on Highways Service Budget =</i> | -0.150 | -0.150 | -0.150 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Highways Procurement (Revenue Savings) (33) This is a target saving that is dependent on the outcome of a successful procurement of the next highways services contract. <i>Impact on Highways Service Budget =</i> | -0.100 | -0.200 | -0.200 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Planning Reserve (Revenue Investment) (35) This will support the additional work necessary to ensure that we have an effective planning framework in the Borough including – Community Infrastructure Levy, Allocations Development Plan Document, Minerals and Waste Plan. Each one will require an evidence base to be developed, public engagement and a series of hearings. <i>Impact on Planning Service Budget =</i> | +0.425 | -0.375 | -0.575 |
| Lead Local Flood Authority Grant Funding (Revenue Funding) (36) 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. <i>Impact on Highways Service Budget =</i> | +0.001 | +0.002 | +0.002 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Managing waste <i>Reviewing our current Waste offer to ensure value for money is achieved.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|-----------------------|-----------------------|-----------------------|
| Household Waste Recycling Centre income generation & efficiencies (Revenue Savings) (37) Continuing improvements and efficiencies to the Household Waste Recycling Centre service, including investment to improve our sites and allow the acceptance of trade waste, the closure of Arclid Household Waste Recycling Centre, the introduction of a charge for rubble waste and the reduction in opening hours. Proposals were publically consulted on in 2016/17. <i>Impact on Client Commissioning - Environmental Service Budget =</i> | -0.576 | -0.576 | -0.576 |
| Ansa income generation & efficiencies (Revenue Savings) (38) Income generation through Ansa commercial approach to service delivery, benefit to the commissioner from Ansa's subsidiary joint venture (with two neighbouring authorities) and further efficiency savings including route optimisation, negotiation of contracts from third party suppliers. <i>Impact on Client Commissioning - Environmental Service Budget =</i> | -0.090 | -1.230 | -1.665 |
| Housing Growth , Waste Contract Inflation and Tonnage Growth (Revenue Investment) (39) Housing growth to date and projected will see a corresponding increase in collection costs and recycling and waste per household. In addition annual contract inflation and a rise in the quantity of waste per household is increasing waste handling and disposal costs. <i>Impact on Client Commissioning - Environmental Service Budget =</i> | +0.588 | +0.938 | +1.288 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Managing waste <i>Reviewing our current Waste offer to ensure value for money is achieved.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|----------------|----------------|----------------|
| Food Waste Recycling (Composting Plant) (Revenue Investment) (40) <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. This is a major opportunity for the Council to deal more sustainably with household food waste currently going for disposal. While the plant will operate within the existing contract budget there is a collection cost increase associated with the ending of the annual garden bin winter waste shut down.</p> <p><i>Impact on Client Commissioning - Environmental Service Budget =</i></p> | | | |
| | 0.000 | +0.440 | +0.150 |
| Supply of Household Recycling & Waste Bins - Cost Avoidance (Revenue Savings) (41) <p>The demand for new and replacement bins has been greater than the budgeted capital provision for the last three years. This proposal will introduce a bin supply charge for new and replacement bins in line with other local authority charging schemes and as such reduce costs to the Council in the supply of bins to new and existing properties.</p> <p><i>Revenue Income - Impact on Client Commissioning - Environmental Service Budget =</i></p> <p><i>Capital Contribution =</i></p> | | | |
| | -0.148 | -0.148 | -0.148 |
| | +0.148 | +0.148 | +0.148 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p> | | | |

| Managing waste <i>Reviewing our current Waste offer to ensure value for money is achieved.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Congleton Household Waste Recycling Centre (Capital Investment) (42) Consideration of options to secure the long-term provision of a household waste recycling centre in the Congleton area, including possible site relocation. <i>New Capital Investment 2018/19 =</i> | +0.050 | +2.000 | +2.000 |
| Environmental Services base budget (Revenue Investment) (43) Additions to the base budget to cover tree survey costs and base budget adjustment. <i>Impact on Client Commissioning - Environmental Service Budget =</i> | +0.152 | +0.152 | +0.152 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Parking Strategy (Revenue Savings) (44) <p>The target income the Council receives from parking charges is used to manage the delivery of its parking and related transport and traffic services. The development of a Parking Strategy linked to the Council's Local Transport Plan refresh will inform the level of future provision and charging. Early implementation of practical initiatives will be prioritised.</p> <p style="text-align: right;"><i>Impact on Parking Service Budget =</i></p> | <p style="text-align: center;">-0.355</p> | <p style="text-align: center;">-1.142</p> | <p style="text-align: center;">-1.142</p> |
| Increase planning fees – White Paper proposals (Revenue Saving) (45) <p>Application fees are due to increase by 20% however the timing of this remains uncertain with an announcement now expected at the end of November.</p> <p style="text-align: right;"><i>Impact on Planning Service Budget =</i></p> | <p style="text-align: center;">-0.100</p> | <p style="text-align: center;">-0.100</p> | <p style="text-align: center;">-0.100</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p> | | | |

Outcome 5 – People live well and for longer

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|--|--|---|---|--|
| What this means: | 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. | | | |
| What the Council will focus on: | 1. Empowering people to live independent, healthier and more fulfilled lives | 2. Information, Advice and Guidance, Prevention and Early Intervention | 3. Accessible high quality services, Information & Advice | 4. Public Protection, Health Protection and Safeguarding |
| What this will look like: | <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> |

Evidence of Achievement

Performance of Outcome 5 will be measured through the use of performance indicators such as the examples below:

1. Increasing take-up of NHS Health Checks, 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.
2. Providing home adaptations to enable older and/or disabled residents to stay in their home – over 1,400 minor adaptations and over 400 major adaptations were made to homes in 2016/17.
3. Increasing attendance figures at Council-owned leisure facilities by 1% per year (There were over 3 million visits during 2016/17).
4. Maintaining the number of long-term empty homes in Cheshire East at less than 1%.
5. Sustaining performance of adults receiving self-directed support at above 90% against the latest national average of 86.9% (2016/17 year-end performance stood at 93.2%).
6. Increase the number of social care users who have as much social contact as they want from 33.4% in 2016/17 (National Average 35.5%).
7. Reduce the delayed transfers of care from hospital days attributable to adult social care from 207 per 100,000 population (2016/17) to 160 per 100,000 population.
8. A developed market place for both care homes and domiciliary care.
9. More personalised services available for longer term and short term care and support.
10. Preventative services have reduced the need for long term care.

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 have been put in place in 2017/18 and these have started to impact; children in care numbers have started to stabilise.

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. Project Crewe has been extended to Macclesfield, to provide this key service across the borough and our Participation Service has been brought in-house to be delivered from within our Youth Service. We are having to reshape the market to meet the change in demand and refocus our early help offer.

We are increasingly working on a sub-regional footprint. On 3rd July this year Cheshire East, in partnership with Manchester, Salford, Trafford and Stockport councils, became part of only the second regional adoption agency to be formed in the UK. The service, called 'Adoption Counts' has been awarded £500,000 over two years to develop a centre of excellence for adoption support. Work also continues on developing sub-regional collaborative arrangements around fostering services. We are also in the process of developing a shared fostering service for Cheshire East alongside Warrington, Halton and Cheshire West and Chester. Increasingly work is taking place pan-Cheshire around safeguarding

children and work is underway to establish future arrangements for the four Local Safeguarding Children's Boards (LSCB).

Significant work has taken place over the past year to prepare for the implementation of Signs of Safety (SoS) as a new way of working across Cheshire East. Working closely with North Yorkshire County Council as part of the DfE Partners in Practice (PiP) Programme, Cheshire East has benefitted from the advice and guidance from an authority who 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.

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. This year we implemented the findings from a review of our 'front door' that resulted in a change of location for the service to better accommodate and integrate partners. Next steps will be to improve integrated working across the agency partnership within the 'front door'.

Improving the outcomes for our cared for children and young people continues to be a priority. Improving their experiences around education, health and care services is a priority for the coming year.

Absolutely paramount is the ability to ensure we protect both our vulnerable adults and children. Through the work of the council and its partners there is now a greater focus and awareness of issues such as domestic abuse, child sexual 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.

Over recent years there has been a shift in emphasis in Adult Social Care and Health from services defined and driven by professionals, to services that reflect the outcomes and aspirations of people using those services. We welcome this change. Our ambition is to be in the forefront of developing flexible, personalised services that tap into the rich diversity of our communities, and deliver services that enable people to maintain their independence, and where possible remain living in their own home.

At a time when there is an imperative to achieve better outcomes with finite resources we intend to focus our efforts on prevention and early intervention to reduce and delay the need for high cost services. Wherever possible, we will support choice by giving people the opportunity to have a direct payment and develop their own bespoke package of support. In doing so 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. This is very much in keeping with the Care Act 2014 and focuses on the wellbeing of the individual.

In addition to the changes the council is facing there are significant changes taking place across the NHS nationally and locally. Sustainability and Transformation Plans are being submitted by NHS colleagues to NHS England and these reflect the Local Delivery Systems which for us in Cheshire East are “Connecting

Care” in the South and “Caring Together” in the North of the Borough. These changes 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 but the savings the NHS are looking to make and their current budget constraints suggests that this will put social care under further financial pressures.

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.
- Reshaping early help services across the borough to ensure that they are targeted to those most in need.
- Strengthening partnerships to deliver integrated, value for money services that ensure the voice of children and young people and better meet their needs.
- Ageing demography – 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 by 2027.
- Young people in transition to adulthood – there are estimated to be 90 young people aged between 14 – 18 with a complex disability who will be transitioning to adult social care during the next three years, with an average care package ranging between £25,000 to £150,000 per year.
- Dementia – prevalence in Cheshire East is higher than the England average with 4.47% of the population aged 65+ recorded as having dementia.
- One in four people will experience some form of mental health in their lifetime and this is true across all ages and all socioeconomic groups. Improving health and wellbeing, especially mental wellbeing is key to ensuring people live full and independent lives.

- We know from the 2011 census that we have 40,000 residents who are 'unpaid carers', with over 8,000 providing at least 50 hours per week. Supporting carers to have breaks but also to maintain their caring role is very much at the heart of our local carers strategy and reflects the joined up approach of the council and the NHS.

Opportunities

- 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.
- Implement a locality working model that improves the way we work collaboratively and innovatively to make best use of the assets we have in our local area.
- The challenge to the directorate is to manage the demand and complexity whilst successfully managing the associated costs, therefore, the proposals below are focused on doing exactly that.

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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|---|---|---|
| <p>Commissioning all services currently provided by our in-house provider, Care4CE (Revenue Savings) (47)</p> <p>Cheshire East Cabinet decided on the 8th December 2015 that the policy would be to move from in-house delivery to commission all care services from the broader care sector in order to facilitate the move to a more personalised system of care and support which facilitates the principle of choice and control for residents in the access and purchasing of care. This will require a review of in-house provision including potential outsourcing / recommissioning / closure / decommissioning of current provision.</p> <p>In order to ensure compliance with the Care Act 2014 this approach has been applied to services external to the council and will now be applied to services currently provided by Care4CE. This is to ensure that the support and care provided to local people can be flexible and responsive to changing needs, promoting choice and maximising independence. This includes building on the current Shared Lives offering. As more detailed plans are developed discussion, engagement, co-production and consultation will take place with all service users, carers and staff.</p> <p style="text-align: right;"><i>Impact on Social Care & Health Integration Service Budget =</i></p> | <p style="text-align: right;">-1.111</p> | <p style="text-align: right;">-2.611</p> | <p style="text-align: right;">-2.611</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Operational Pathway Redesign (Revenue Savings) (48) <p>Adult Social Care is about maximising independence, connecting local people to their communities and helping people live well and for longer. This will be achieved by enabling people to live in their own homes for longer using existing community networks, new technologies and reviewing our approach to bed based care.</p> <p>To achieve this, and to be Care Act compliant, we intend to establish a first point of contact for residents offering advice and information when you contact the council with suitably trained staff able to answer questions and sign post without the need to always refer on. We will integrate our assessments with the NHS as our workforce become closer aligned working around GP's surgeries. These budgets will be joined up and will focus on reducing the risk of admission to hospital. We will focus on outcomes for people and encourage more people to take up a direct payment to fund their own tailored care and support. We will also promote prevention including extra care, telecare and support at home.</p> <p style="text-align: right;"><i>Impact on Social Care & Health Integration Service Budget =</i></p> | <p style="text-align: center;">-0.440</p> | <p style="text-align: center;">-0.440</p> | <p style="text-align: center;">-0.440</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Independent Living Fund – Attrition Factor Reductions (Revenue Savings) (49) 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 Social Care & Health Integration Service Budget =</i> | -0.029 | -0.056 | -0.056 |
| Operational and Commissioning Restructure (Revenue Savings) (50) To meet the demands of an increasing demographic growth, expectation and integration the adult social care offer must change to remain sustainable. Therefore, restructure of management to meet these needs is essential. <i>Impact on Adults Operations and Commissioning Service Budget =</i> | -0.900 | -0.900 | -0.900 |
| Reducing Agency Spend (Revenue Investment) (51) The reversal of 2017/18 one off savings. The successful recruitment of permanent Social Workers and Social Care Assessors throughout 2016 and 2017 will lead to a reduction in agency workers in 2017 and, in turn, reduced expenditure in the staffing budget. <i>Impact on Social Care Staffing Service Budget =</i> | +0.100 | +0.100 | +0.100 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Restructure Prevention and Support (Revenue Savings) (52) Integrate the Prevention Service into the wider Cheshire East Family Support (CEFS) service, and redesign the new service across a continuum of support needs. <i>Impact on Prevention and Support Service Budget =</i> | -0.937 | -0.937 | -0.937 |
| Review Safeguarding Children in Education Settings Team (Revenue Savings) (53) Charge schools for non-statutory activity carried out by the Safeguarding Children in Education Settings Team (SCIES). <i>Impact on Education and Skills Service Budget =</i> | -0.050 | -0.050 | -0.050 |
| Review Early Help Commissioned Services (Revenue Savings) (54) This proposal is to not re-commission Early Help services (Family Support and Youth Support) when the current group of contracts come to an end on the 31 st March 2018. <i>Impact on Children's Social Care Service Budget =</i> | -0.252 | -0.252 | -0.252 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Review Social Care Commissioning (Revenue Savings) (55) Reduce existing contracts across Children's Social Care, reduce the use of a call-off contract and a move away from spot purchasing to a framework contract. <i>Impact on Children's Social Care Service Budget =</i> | -0.085 | -0.085 | -0.085 |
| Youth Support Service Restructure (Revenue Savings) (56) As the number of NEET young people in Cheshire East has reduced this has resulted in smaller group of young people supported into EET. These young people have more complex needs which means the skills set will need to be addressed to respond to the changing demands for work with young people who are not in education, employment and training (NEET). <i>Impact on Prevention and Support Service Budget =</i> | -0.263 | -0.263 | -0.263 |
| Alignment of teams to create a People's Commissioning Service (Revenue Savings) (57) Align the functions of the children and adult commissioning services to generate savings. Initial savings would be met by not recruiting to duplicated vacancies within the People Directorate. <i>Impact on People Directorate Service Budget =</i> | -0.030 | -0.030 | -0.030 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Realignment of Children's Social Care Management and Staffing (Revenue Savings) (58) <p>Children's Social Care (CSC) teams have been on a significant improvement journey since April 2013, following an 'inadequate' inspection judgment by Ofsted. At that time there was a need to provide a high level of management and support to drive improvements in social work practice. The service is no longer judged inadequate by Ofsted following an inspection in July 2015. CSC has more recently moved away from improvement planning to a 'business as usual' model of working. This targets the service to delivering the statutory requirement to protect and support vulnerable children, young people and families, including cared for children and care leavers. Increasingly CSC is working sub-regionally to collaborate on delivering key services, including adoption and fostering. This has led to the opportunity to reshape and realign remaining services to ensure a better and more targeted use of resources. This includes maximising and targeting which services are commissioned externally.</p> <p style="text-align: right;"><i>Impact on Children's Social Care Service Budget =</i></p> | -0.335 | -0.335 | -0.335 |
| Restructure to create "front gate", across communities (Revenue Savings) (59) <p>Despite recent funding for Adult Social Care (Precept, BCF and Improved iBCF) the current system is unsustainable and a transformational response requires a wholesale shift of investment and energy into a joined up approach with Adult Social Care to ensure well-being, prevention, and early intervention; as well as an integrated approach to health and care service provision are at the centre of all our transformation plans.</p> <p style="text-align: right;"><i>Impact on Adults Operations and Communities Service Budget =</i></p> | -0.227 | -0.227 | -0.227 |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Review all funding and shift to "asset-based" model (Revenue Savings) (60) It is intended to explore a number of options relating to the current cost of Early Intervention and Prevention (EIP) contracts and the need to shift emphasis toward an asset-based model of community support. Within this, the term 'assets' does not solely refer to financial assets; it refers to skills, strengths, buildings, talents and relationships. <i>Impact on Adults Commissioning Service Budget =</i> | -0.723 | -0.723 | -0.723 |
| Reshape commissioning framework (Revenue Savings) (61) It is intended to explore a number of options relating to the commissioning of high quality, personalised care at home that is flexible, delivers the agreed outcomes and is enabling in its approach. Each option explores the potential to deliver improved value for money through more effective commissioning and enhanced engagement with providers. <i>Impact on Adults Commissioning Service Budget =</i> | -0.714 | -0.714 | -0.714 |
| New assessment and review framework (Revenue Savings) (62) It is intended to explore a number of options relating to a fundamental shift in the way that care and support is commissioned for adults and older people in receipt of adult social care services. This will be underpinned by the enhancement of the assessment and review, focusing on empowerment, independence and choice, enabling people to live the best life that they can. <i>Impact on Adults Commissioning Service Budget =</i> | -0.787 | -0.787 | -0.787 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Implement more flexible and responsive commissioning (Revenue Savings) (63) To explore a number of options relating to the commissioning of respite to be more person-centred for those who require short-term care. This will include looking at other locations for respite in addition to the current traditional model of bed based respite. <i>Impact on Adults Commissioning Service Budget =</i> | -0.170 | -0.170 | -0.170 |
| Review of Public Health contracts (Revenue Savings) (64) It is intended to cease paying performance payments which do not affect the core delivery of services. On a review of the contracts we have found a number of areas of under performance and, as a consequence, we have an opportunity to redesign the commission. <i>Impact on Adults Commissioning Service Budget =</i> | -0.762 | -0.762 | -0.762 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Further saving to go against reversed Cross-Cuttings (Productivity and Contracts) (Revenue Savings) (65) To consider ceasing non statutory contracts, look to promoting channel shift and the use of the Live Well website also increase the use of assistive technology. <i>Impact on Adults Commissioning Service Budget =</i> | -0.425 | -0.425 | -0.425 |
| Efficiency Savings in Children's Social Care (Revenue Savings) (66) Continue to explore the possibility of improved efficiency of existing safeguarding services by collaborating with a number of other local authority areas to pool resources, share good practice and reduce duplication. <i>Impact on Children's Social Care Service Budget =</i> | -0.125 | -0.125 | -0.125 |
| Cease provision of services at Lincoln House and Mountview (Revenue Savings) (67) It is intended to explore a number of options relating to the delivery of respite in years (2018/19) which align to the opportunity to enhance short-term bed-based care and the move towards a more efficient and effective, person-centred service offer. <i>Impact on Children and Families Directorate Budget =</i> | -0.389 | -0.389 | -0.389 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p><i>Values are not cumulative</i></p> | | | |

| Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|------------------------------|------------------------------|------------------------------|
| Macclesfield Leisure Centre Improvement Programme (Capital Investment) (81) Facility in need of major investment to refurbish reception, extend gym, upgrade all changing facilities, improve accessibility and café offer. <i>New Capital Investment 2018/19 =</i> | +4.000 | 0.000 | 0.000 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| Growth in Demand for Adult Social Care (Revenue Investment) (68) <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 Adults Commissioning Service Budget =</i></p> | +10.900 | +16.900 | +21.900 |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Increase Income (Revenue Savings) (70) <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 Social Care & Health Integration Service Budget =</i></p> | <p style="text-align: center;">-0.100</p> | <p style="text-align: center;">-0.200</p> | <p style="text-align: center;">-0.200</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

| Reducing subsidy <i>Ensure limited resources are redirected to the areas with the most critical need.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|----------------|----------------|----------------|
| 3% reduction in Operational Management Fee (ESAR) (Revenue Savings) (87) 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. <i>Impact on Client Commissioning - Leisure Services Budget =</i> | -0.051 | -0.100 | -0.148 |
| Changes to “Everybody Options” Scheme Investment (ESAR) (Revenue Savings) (88) 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. <i>Impact on Client Commissioning - Leisure Services Budget =</i> | -0.045 | -0.108 | -0.108 |
| Car Park Refunds (Revenue Savings) (89) All leisure centre users currently receive free parking to attend activities. Where this requires the use of a public pay and display car park a refund of £1 is provided. The proposal is to remove the refund of car parking fee for the use of Snow Hill Nantwich and the former Library car park in Crewe. <i>Impact on Client Commissioning - Leisure Services Budget =</i> | -0.045 | -0.045 | -0.045 |
| *Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative | | | |

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 & 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. |

Evidence of Achievement

Performance of Outcome 6 will be measured through the use of performance indicators such as the examples below:

1. Targeting an average speed to answer customer phone calls within 60 seconds (latest 2016/17 performance of 88 seconds).
2. Completing 90% of Freedom of Information requests within 20 days (2017/18 to provide performance baseline).
3. Decreasing the average number of working days lost to staff sickness from 11.14 days in 2016/17 to 10 days.
4. Decreasing our total spend on agency staff and the proportion of agency assignments as a % of our total workforce.
5. Receiving awards and accreditations for delivery of excellent Council services.

Strategic Overview

Outcome 6 focuses on how the Council will be a well run local authority. Appropriate data will be maintained, systems will be run efficiently, the Council will use best practice models wherever appropriate and staff will be trained to provide high quality professional services.

This outcome requires all departments to increase productivity through the better use of systems, automated processes and challenging the value for money of all initiatives. It is crucial that all services are lean and 'fit for purpose' with the right structures to meet residents' needs at the most competitive price and quality. The requirement to create leaner systems and processes, that enhance value for money, extends to all commissioning arrangements, including arrangements with the Council's Alternative Service Delivery Vehicles (ASDVs).

Services most associated with supporting the achievement of Outcome 6, such as Legal, Accountancy, HR and ICT work alongside all Council functions. 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 will be measured by such things as promoting local democracy; unqualified 'true and fair' opinions from the external auditors; the acknowledgement of added value from professional staff; the level of income collection; how the costs of support compare with national comparisons; and achieving the best rate of returns on investments.

The changes contained within this section are achievable, but in some cases will also depend on changing behaviours of residents and staff and moving arrangements to more 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|----------------|----------------|----------------|
| Reduce costs of core processes (Oracle system review) (Revenue Savings) (71) The implementation of a new Enterprise Resource Platform (ERP) solution across Transactional Finance and Human Resources, and the associated business process transformation programme will result in streamlined processes and efficiency savings in future years. <i>Impact on Cross Service Budget =</i> | -0.250 | -0.500 | -0.500 |
| Withdrawal of temporary reduction in funding for Universal Information and Advice service (Revenue Investment) (72) 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 Budget =</i> | 0.000 | +0.010 | +0.010 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|--|--|--|
| Admin Review (Revenue Savings) (73) <p>Current structures and arrangements suggest that there are many roles that provide business or administration support across the Council. The Business Support Review aims to take a fresh look at existing ways of working and build on other parallel projects such as Best4Business. This proposal considers realigning structures; reviewing roles and responsibilities and establishing the required business support model that meet the needs of business whilst delivering financial and operational efficiencies.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p> | <p style="text-align: center;">-0.500</p> | <p style="text-align: center;">-0.500</p> | <p style="text-align: center;">-0.500</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|----------------|----------------|----------------|
| Restructuring of Services (Revenue Savings) (74) Corporate Management - In support of the wider business transformation programme the Corporate Directorate Management structure is under review, consideration is being given to the alignment of functions and spans of control. An options appraisal will be carried out to determine a new delivery model that will deliver strategic and operational savings and efficiencies. Legal & Democratic - A review of the staffing establishment across the legal and democratic services is needed to ensure that the structure is fit for purpose and sustainable to meet the needs of the organisation. As a key enabler to the wider organisation the review will consider roles and responsibilities to create an agile workforce and reduce the use of agency staff. HR - A review of administration function and service delivery across the wider team will result in more efficient use of resources, reduce agency costs and allow more shared working across the Service to deliver more streamlined support to customers. Finance & Performance - The staffing establishment for the teams within Finance & Performance will be reduced to take account of improved ways of working and a restating of the service offering. This process will eliminate dual-processes, improve self-serve options for services, and aim to join up services where possible to increase productivity. <i>Impact on Corporate Service Budgets (as above) =</i> | | | |
| | -0.550 | -0.550 | -0.550 |

*Values represent a +/- variation to the Cheshire East Council approved budget for [2017/18](#).

Values are not cumulative

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Digital Customer Services (Revenue Savings) (75) <p>The Council established the Digital Customer Services programme in 2015. Digital technology is changing all aspects of daily lives. As a customer focused council we want to provide a better experience when residents and businesses use council services online – one that meets the raised expectations set by the many other digital services and tools they use every day. This business case updates the savings that will be delivered by the programme.</p> <p style="text-align: right;"><i>Impact on Cross Service Budget =</i></p> | <p style="text-align: center;">-0.510</p> | <p style="text-align: center;">-1.710</p> | <p style="text-align: center;">-1.710</p> |
| Contract Savings (Revenue Savings) (76) <p>The Corporate Directorate will target reductions, in 2018/19, of £750,000 in contract expenditure through targeted action such as:</p> <ul style="list-style-type: none"> - Proactive vendor and supplier management - Target reductions in both volumes and unit prices - Challenging the benefits of existing provider markets - Smarter negotiation practices to achieve outcomes at best value <p>The Directorate manages contracts of an estimated annual value of £90m per year. At October 2017, Corporate Services have live contracts on the Council's Corporate Contract Register with an estimated annual value totalling £7.1m listed due for renewal in 2018/19.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p> | <p style="text-align: center;">-0.750</p> | <p style="text-align: center;">-0.750</p> | <p style="text-align: center;">-0.750</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|--|--|--|
| Reduce Agency and Consultancy Costs (Revenue Savings) (77) <p>As the Council's workforce is a major component in delivering our Corporate Plan, we have to ensure our resources are sufficient to deliver our outcomes through increased productivity and workforce planning. While we will make every effort to save through improving productivity, we must seek to reduce agency staff costs and consultancy spend as these can occasionally have a premium cost associated with their engagement.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p> | <p style="text-align: center;">-0.200</p> | <p style="text-align: center;">-0.200</p> | <p style="text-align: center;">-0.200</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

| Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| Changes to Community Libraries (Revenue Savings) (79) <p>The Council initially proposed to close its three smallest libraries, also inviting proposals from local community organisations to deliver the libraries as community managed libraries as an alternative to closure. In light of the consultation responses, this proposal has been reviewed. In Alderley Edge and Disley the libraries will achieve some budget savings from revised opening hours and staffing. In Prestbury a small budget saving will be achieved from increased financial support from the community. Usage at these libraries will continue to be monitored and the proposal to close these libraries will be reconsidered if usage declines significantly.</p> <p style="text-align: right;"><i>Impact on Libraries Service Budget =</i></p> | <p style="text-align: center;">-0.046</p> | <p style="text-align: center;">-0.046</p> | <p style="text-align: center;">-0.046</p> |
| <p style="text-align: center;"><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: center;"><i>Values are not cumulative</i></p> | | | |

| Working with the community <i>Services and financial forecasts will be adjusted to react to trends in the way residents interact with key services.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|------------------------------|------------------------------|------------------------------|
| The Local Welfare Safety Net (Revenue Savings) (80) Under the Government's Welfare Reform discretionary welfare support has been devolved to local government and Department for Work and Pensions funding for local welfare provision has ended. This growth will be used to fund crisis support for residents facing financial hardship through the Emergency Assistance scheme and a range of intervention and prevention activities to help reduce future demand. <i>Impact on Benefits Budget =</i> | -0.050 | -0.050 | -0.050 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | |

| Investment in services <i>Investment will be put in to systems that support key services and in to other assets to ensure they remain fit for purpose. The impact of capital spending will be managed at affordable levels.</i> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|---|---|---|
| Childcare Team Costs (Transitional funding ends 2018/19) (Revenue Investment) (85) <p>The volume of instructions to issue care proceedings (a statutory duty where legal threshold is met), has increased year on year for Cheshire East over the last five years. This increase, 100% over the last five years, and approximately 30% in 2016/17 alone, reflects a national trend. The trajectory appears to be continuing for 2017/18. This has created an on-going pressure on staffing costs and the cost of representation in court by counsel (barrister) if appropriate.</p> <p style="text-align: right;"><i>Impact on Legal Services Budget =</i></p> | <p style="text-align: right;">+0.490</p> | <p style="text-align: right;">+0.490</p> | <p style="text-align: right;">+0.490</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|--|--|
| External income – Fees & Charges (Revenue Savings) (86) <p>Across a number of areas the Council receives external income for its delivery of services. A review of all fees and charges will be undertaken to ensure that our tariffs are commensurate with the commercial market place. We will benchmark performance against other local authorities and commercial providers and seek opportunity for further income.</p> <p style="text-align: right;"><i>Impact on Corporate Service Budget =</i></p> | <p style="text-align: center;">-0.100</p> | <p style="text-align: center;">-0.100</p> | <p style="text-align: center;">-0.100</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

| Cross Service Efficiency Targets | 2017/18 Allocation | 2017/18 Achieved in year | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|-----------------------|--------------------------------|----------------|----------------|----------------|
| Replace Former Cross-Cutting Savings with specific savings proposals (90) The 2017/18 Budget contained £9.050m of savings associated with Productivity and Contract Management as well as reductions in expenditure on mileage and post/print. To date, £5.2m of these challenging targets have been embedded within the base budgets of services within the People, Place & Corporate Directorates. Those changes have been reported in the Quarterly Reviews published during 2017/18. To improve overall clarity of the changes to budgets, that are being proposed to balance the 2018/19 position, the 'Cross-Cutting' savings should be deleted, and replaced with specific proposals that are highlighted in this report instead. The figures to the right indicate the financial impact of these changes. | | | | | |
| PEOPLE | +2.876 | -1.157 | +1.719 | +1.719 | +1.719 |
| PLACE | +2.881 | -1.537 | +1.344 | +1.344 | +1.344 |
| CORPORATE | +3.293 | -2.548 | +0.745 | +0.745 | +0.745 |
| <i>Impact on Cross Service Budgets =</i> | +9.050 | -5.242 | +3.808 | +3.808 | +3.808 |
| *Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 Values are not cumulative | | | | | |

Section 2 - Financial Stability

Introduction

1. Local residents and businesses contribute to sustainable Council services through local taxation, contributions and charges; and Central Government provides grants 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.
2. The Government's Autumn Statement for 2017 confirmed no change to the funding available for Local Government and therefore the continuing need to reduce the national public sector deficit and debt to secure economic recovery. Cheshire East Council is proposing to continue supporting this approach in a number of ways:
 - Maintain appropriate reserves levels that protect against risks.
 - React to increases in demand in key areas and develop budget proposals that can reduce net expenditure to compensate where possible.
 - Focusing on economic wellbeing for local residents by investing in local development and infrastructure.
3. 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 47 |
| Collecting Local Taxes for Local Expenditure | 48 to 79 |
| Charges to Local Service Users | 80 to 83 |

Income and expenditure are also influenced by decisions and estimates of the Council in relation to:

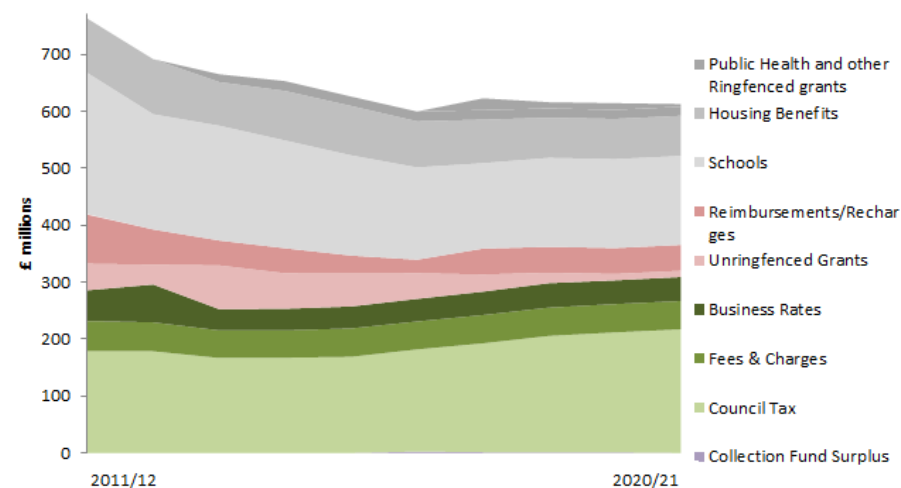
| | |
|---|------------|
| Investment, Borrowing and the Capital Programme | 84 to 112 |
| Other Economic Factors | 113 to 115 |
| Managing the Reserves Position | 116 to 117 |
4. Cheshire East Council is becoming more reliant on local funding and less reliant on Central Government grant. The

Balance of National vs Local Funding

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 90% of the total net funding for 2018/19.

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 has been 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 19th December 2017.
6. Financial planning for the Council must now 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 2018/19 Budget Report is based on the Provisional Local Government Finance Settlement released on 19th December 2017. The final settlement is expected in early February 2018 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 2017/18 and 2018/19. This shows how Government Grants are reducing and how local funding sources are being increased to minimise the financial impact on services.

| Table 2 - Funding available to services | 2017/18 £m | 2018/19 £m | Change £m | Change % |
|---|---------------|---------------|--------------|-------------|
| Council Tax | -191.1 | -206.4 | 15.3 | 8.0% |
| Government Grants | -30.3 | -17.5 | -12.8 | -42.2% |
| Business Rates Retention | -41.0 | -43.0 | 2.0 | 4.9% |
| Collection Fund Contribution | -1.4 | -1.0 | -0.4 | -28.6% |
| Funding Available to Services | -263.8 | -267.9 | 4.1 | 1.6% |

Sources: Cheshire East Finance

Department for 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 and will result 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 2018/19 include:
 - The release of the Autumn Statement on 22nd November 2017.
 - The release of the Provisional Settlement on 19th December 2017 confirming the approach to grants, Council Tax and calculation of business rates estimates.
 - Final Settlement expected in early February 2018.
 - Late announcement of Specific Grants.

These have set out changes to:

- General funding levels – confirming a 60% reduction in Revenue Support Grant.
- Funding from Business Rates – use of CPI inflation to increase the multiplier (change from RPI)

13. The Council receives grant funding from the Government under several main headings:
- Revenue Support Grant (£5.4m in 2018/19)
 - Specific Grants (unring-fenced revenue) (£12.1m in 2018/19)
 - Specific Grants (ring-fenced revenue) (£254.1m in 2018/19)
 - Capital Grants (main programme) (£57.3m in 2018/19)

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 payments will be received in 2019/20.
15. The substantial reduction in RSG, from £13.4m to £5.4m 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 and will also be nil in 2019/20.

Unring-fenced Specific Grants

16. A number of separately identified but unring-fenced Specific Grants have been retained totalling an estimated £12.1m in 2018/19. The detailed list is shown in **Annex 8** and summarised in **Table 3**. Note that Table 3 shows the original budget for 2017/18 and Annex 8 shows the revised in-year position including grants received after the budget was set.
17. Other than RSG, the list of Specific Grants mainly relates to funding for the New Homes Bonus and Social Care Grants. Together they equate to 59% of the total unring-fenced specific grants expected in 2018/19.
18. There is to be no additional support from the continuation of the Transition Grant or Adult Social Care Grant for 2018/19.

| Table 3 - Specific grants and RSG have decreased by 42.2% | 2017/18 | 2018/19 | Overall Change | Overall Change |
|--|----------------|----------------|-----------------------|-----------------------|
| | £m | £m | £m | % |
| Revenue Support Grant | -13.4 | -5.4 | - | - |
| New Homes Bonus | -8.3 | -8.6 | - | - |
| Transitional Funding | -3.0 | 0.0 | - | - |
| Social Care Grants | -2.3 | -0.9 | - | - |
| Independent Living Fund | -0.9 | -0.9 | - | - |
| Education Services Grant | -0.7 | 0.0 | - | - |
| Other Grants | -1.7 | -1.7 | - | - |
| Total Specific Grants | -30.3 | -17.5 | -12.8 | -42.2% |

Sources: Cheshire East Finance

Department for Communities and Local Government

19. Increasing development in Cheshire East means New Homes Bonus (NHB) is expected to exceed recent expectations and income from this grant is expected to increase by £0.3m for 2018/19. This is despite changes to the number of years the grant is paid for down from 5 years to 4 years for 2018/19. The introduction of a threshold before growth is calculated remains at 0.4%.
20. There are to be no further changes, as consulted on, for 2018/19.
21. Education Support Grant (ESG) was previously allocated as an unring-fenced grant from the Department for Education (DfE) to local authorities and to academies proportionate to the number of pupils for which they are responsible. In recent years the grant has been split between a retained duties element and a general rate element.
22. For 2017/18 the general rate was removed as part of national austerity savings and the retained rate was transferred into the ring-fenced Dedicated Schools Grant (DSG). Transitional Funding was available to reflect the intended start date of September 2017. As part of that process the Council reviewed the services funded through ESG and funded them through DSG during 2017/18.
23. For 2018/19 the ESG funding is within DSG and has been transferred into a new Central Schools Services Block. Further details are shown within the ring-fenced specific grants section.

Ring-fenced Specific Grants

Dedicated Schools Grant (DSG)

24. The Government announced the indicative allocations of DSG for 2017/18 on 19th December 2016. DSG is a ring-fenced grant provided to the Council to meet certain educational costs. Following national funding reforms several years ago DSG continues to be allocated in notional funding blocks, namely the Schools Block, Early Years Block and High Needs Block.
25. From 2018/19 a fourth block has been added called the Central Schools Services Block. This has been created through grouping together funding previously top-sliced from the schools block by all authorities to fund certain activities such as capital financing and ICT costs.
26. The Government have undertaken a series of consultation exercises to establish a national funding formula (NFF) to determine how each of the funding blocks provided to local authorities are calculated. Early Years was determined for 2017/18 while schools, high needs and central schools services blocks all formed part of the DfE announcements in September 2017 and three new NFFs apply from 2018/19.
27. The Schools Block allocation to the Council is now based on schools block NFF. This takes the October 2017 pupil data and provides a basic per pupil amount plus additional funding for deprivation, low attainment etc. The NFF also applies a minimum per pupil level of funding of £3,300 Primary, £4,600 Secondary in 2018/19 and £3,500 Primary, £4,800 Secondary in 2019/20.

28. Pupils who are in Resource Provision have transferred into the schools block (but will continue to receive additional funding from the high needs block).
29. Local authorities can continue to provide funding through local formula for 2018/19 and 2019/20.
30. 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.
31. 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.
32. For 2018/19 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
33. The new Central Schools Services Block is based on a NFF that includes:
 - Historic commitments
 - On-going responsibilities
 - An area cost adjustment
34. **Table 4** shows the actual DSG received for 2017/18, the indicative DSG for 2018/19, and per pupil funding levels. (This excludes the adjustment for Academy recoupment).
35. For 2018/19 the Schools Forum have agreed to transfer 0.5% of the Schools Block to High Needs to recognise pressures in that area.
36. 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 2018/19 | Actual 2017/18 £m | Provisional 2018/19 £m | Change £m | Change % |
|--|-------------------------|------------------------------|--------------|-------------|
| Total Dedicated Schools Grant | 257.5 | 265.5 | 8.1 | 3.13% |
| Comprising: | | | | |
| Schools Block (notional) | 205.5 | 207.7 | 2.2 | 1.06% |
| Central School Services Block | 0.0 | 2.9 | 2.9 | n/a |
| Early Years Block (notional) | 18.8 | 21.1 | 2.3 | 12.18% |
| High Needs Block (notional) | 33.2 | 33.8 | 0.7 | 1.96% |
| Per Pupil Funding | £ / pupil 2017/18 | £ / pupil 2018/19 | | |
| Dedicated Schools Grant: | | | | |
| Schools Block (notional) | | | | |
| Primary | } | 4,340 | 3,842 | |
| Secondary | | | 4,909 | |
| Central Schools Block per pupil | | 0.00 | 30.55 | |
| Early Years Block 3&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. | | | | |
| Primary and Secondary per pupil figs not provided in 2017/18 | | | | |

Sources: Cheshire East Finance
Education and Skills Funding Agency

Dedicated Schools Grant (DSG) ~ Academy Funding

37. The DfE 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.
38. The Schools Block funding receivable for the 69 academies which opened before or during 2017/18 has not been

removed from the total DSG award to be received (as reflected in **Table 4**). The funding for these academies of approximately £121.6m will be deducted from the Authority's DSG as part of the academy recoupment process (see **Annex 8**).

Sixth Form Funding

39. Total sixth form funding of £4.1m is receivable for maintained schools (this is an estimated figure to be confirmed when actual sixth form pupil numbers are known). In 2017/18 a balance of £12m was allocated directly to academies by the Education and Skills Funding Agency. The allocation for 2018/19 is not yet known.

Pupil Premium Grant & Pupil Premium Plus

40. The indicator for eligibility will be Free School Meals received in any of the prior six years by any pupil. The allocations for 2018/19 are expected to be the same as in 2017/18 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 £1,900 and children whose parents are in the armed forces continue to attract £300 per annum. It is estimated that Cheshire East Council will receive £4.3m in relation to the Pupil Premium for 2018/19.

Physical Education Grant

41. The Council expects to receive £1.1m for 2018/19. This is an estimate after any reduction for academies.

Universal Infant Free School Meals (UIFSM)

42. The Council expects to receive £2.6m for 2018/19. 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

43. This is a new grant from September 2017 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 the first £30m allocated in September 2017. The Council expects to receive £0.2m for 2017/18 based on 89 maintained schools. This will be adjusted for any further conversions prior to being paid. It is not yet certain if this grant will continue into 2018/19.

SEND Implementation Grant

44. The Council received £0.2m for 2017/18. This was to assist the conversion of all eligible children to an Education, Health and Care Plan. The amount for 2018/19 is not yet known.

Public Health Grant

45. Central Government transferred the responsibility of commissioning and delivering public health services from Health to local authorities in April 2013.
46. 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 and One You services.

47. Public Health grant has been ring-fenced from 2013 and will continue to be so during 2018/19 to ensure expenditure is incurred in line with the public health framework.

Funding from Public Health England (PHE) is shown below:

- 2013/14 – originally £12.7m subsequently revised to £13.8m.
- 2014/15 - £14.3m.
- 2015/16 – originally £14.3m then increased by £2.4m for 0-5 year olds new responsibility (half year funding) and reduced by £1.1m in year. Total £15.6m.
- 2016/17 – Originally £15.6m then increased by £2.4m for the remaining six months of 0-5 year old funding, reduced by £0.4m in year and reduced by £0.3m transfer of base funding to EC CCG for Community special school nursing
Total £17.3m
- 2017/18 - original funding £17.3m then reduced by £0.5m. Total £16.8m.
- A reduction of 2.6% as per forecasts for 2018/19 taking the grant funding down to £16.4m.
- Provisional allocations for 2019/20 estimate the grant to be £16m. This has been prudently reduced by a further 2.6% for 2020/21 taking the grant forecast to £15.6m.
- In 2020/21 the grant is likely to be one of the 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)

48. The Council anticipates collection of approximately £139m (before accounting adjustments) in business rates in 2017/18, based on the Council's NNDR1 return to the central government on 31st January 2017. 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 £23.4m must be paid to government which is used to top-up funding allocations to other local authorities.
49. 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. For 2017/18, a growth estimate of £0.5m in retained rates for the authority was also budgeted for to take account of the steady rise in business rate growth in recent years.
50. For 2018/19 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 £0.8m in retained business rate growth income is being forecast (see **Table 5**). This is in addition to the baseline increase for 2018/19.

| Table 5 - Business Rates Retention | 2017/18 £m | 2018/19 £m | Change £m | Change % |
|------------------------------------|---------------|---------------|--------------|-------------|
| Business Rate Retention Scheme | -41.0 | -43.0 | 2.0 | 4.9% |

Source: Cheshire East Finance

51. Growth in business rates can increase local funding, but this does take time and recent trends in rateable values have slowly increased. The Council's continues to promote inward investment to the area. There are positive signs of investment and **Annex 6** sets out the forecasts for business rate growth over the medium term.
52. During 2017/18, 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.
53. The Pool continues to be a pilot for the 100% growth retention scheme. This will allow growth above 0.5% to be retained in full if achieved. Further information on business rates growth is set out in **Annex 6**.
54. The Impact Assessment at **Annex 3** (Page 122) identifies how changes in business rates could affect local business.

Council Tax

55. Locally collected domestic taxes that are directly retained by the Council will provide approximately 80% of the Council's net funding in 2018/19. The Council therefore takes a very careful approach to managing the domestic and commercial

taxbases in a way that reflects local growth ambitions and supports sustainable services in the medium term.

56. 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, and yet continued to provide services that met the needs of local residents. Growth in the local taxbase (for houses and businesses) 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 is 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 increase Council Tax levels in line with government expectations.
57. The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in 2017/18. 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 proposed to apply half of this increase in 2017/18, and a further 3% in 2018/19. The provisional local government finance settlement announced the referendum limit on base increases was to be increased to 3% in line with inflation. As such, it is proposed that base Council Tax is increased by 2.99% giving a total increase for 2018/19 of 5.99% (including the 3% rise for ASC) to give a Band D charge of £1,404.28 for 2018/19.
58. The proposed increase for 2019/20 is currently 1.99% and a further 1.99% for 2020/21 at this time.

The calculation of the Council Tax for 2018/19 is shown in **Table 6**.

| Table 6 - The calculation of the Cheshire East Council Band D Council Tax | | 2018/19 £m | 2018/19 £m |
|--|---------------------|---------------------------|-----------------------|
| Total Net Revenue Budget 2018/19 | | | 267.9 |
| Specific Grants | | | -12.1 |
| Revenue Budget recommended to Council on 22nd February 2018 | | | 255.8 |
| Less: | | | |
| Business Rates Retention Scheme | -16.8% ¹ | -43.0 | |
| Revenue Support Grant | -2.1% ¹ | -5.4 | -48.4 |
| Surplus on Council Tax | -0.4% ¹ | | -1.0 |
| Amount to be Raised from Council Tax | | 80.7% ¹ | 206.4 |
| No. of Band D Equivalent Properties | | | 147,003.80 |
| Band D Council Tax | | | £1,404.28 |

¹. Percentage of Cheshire East net budget

Source: Cheshire East Finance

The impact on each Council Tax Band and the number of dwellings in each band is shown in **Table 7**.

Table 7 - Impact of Council Tax on each Band

| Band | A | B | C | D |
|-----------------|----------|----------|----------|----------|
| Council Tax £ | 936.19 | 1,092.22 | 1,248.25 | 1,404.28 |
| No of Dwellings | 30,430 | 35,950 | 33,839 | 25,541 |
| Band | E | F | G | H |
| Council Tax £ | 1,716.34 | 2,028.41 | 2,340.47 | 2,808.56 |
| No of Dwellings | 19,795 | 13,574 | 12,142 | 1,816 |

Source: Cheshire East Finance

Council Tax Base

59. 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.
60. The gross tax base for 2018/19 (before making an allowance for non-collection) is calculated as 148,488.68. After taking into account current high collection rates, the non-collection rate has been maintained at 1.00% for 2018/19. This results in a final tax base of **147,003.80** Band D equivalent domestic properties.
61. The tax base for 2018/19 reflects an increase of 1.9% on the 2017/18 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 14th December 2017](#).

62. 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%).

The impact of the Council Tax Support Scheme

63. 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.
64. The impact of Council Tax Support reductions is slowly decreasing 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 2018/19.

Collection Fund

65. 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).
66. 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 tax base vary from the predicted changes, or if collection rates exceed forecasts.

67. The estimated balance on the Council Tax Collection Fund has been forecast to be a £1.2m surplus at 31st March 2018. £1.0m of this surplus is retained by the Council and is factored in to the 2018/19 budget.
68. The year-end balance on the Business Rates Collection Fund is estimated to be a cumulative surplus position of £0.6m, of which £0.3m will be payable to Cheshire East. This estimated surplus equates to 0.4% of the net rates forecast to be collected for 2017/18 (£139m before accounting adjustments).
69. 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

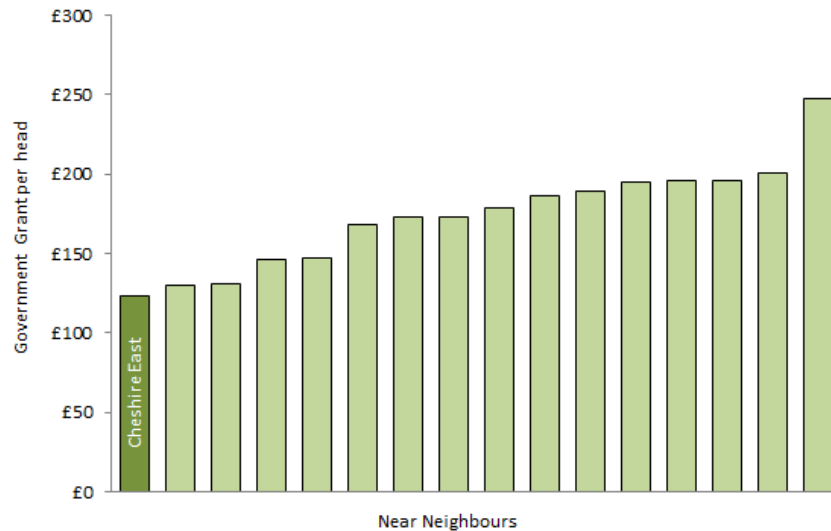
70. During 2006 the Cheshire Local Government Association (LGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:-
 - 50% to be retained by local authorities.
 - The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

71. The final figures cannot be calculated until each authority has set its 2018/19 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 2018/19 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £221,000.
72. 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

73. 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
Department for Communities and Local Government

What is the Council doing about it?

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

Responding to Key Consultations

75. 2017/18 has seen several consultations on changes to local government finance. The Council has had the opportunity to input into the relevant responses collated by the Society of County Treasurers and the Local Government Association (Cheshire East Council is a member of both) and therefore, in some cases, relied on their collective responses to make any

relevant comments. The Council also joined the Society of Unitary Treasurers in 2015 to assist with influencing collective messages. The consultations that have taken place so far in 2017/18 are as follows:

- Rates Retention and Formula Grant
 - 100% Business Rates Retention: Further consultation on the design of the reformed system (closed May 2017)
 - 2018/19 Local Government Finance settlement: technical consultation (closed October 2017)
 - 2018/19 Provisional Local Government Finance Settlement (closed Jan 2018)
 - Fair Funding Review – Needs and redistribution (closing March 2018)
- Schools and Academies
 - Changes to the criteria for agreeing loan schemes (closed April 2017)
- Local Taxation
 - Discretionary Business Rates Relief Scheme (closed April 2017)
- Accounting and Audit
 - Consultation on Proposed Changes to the Treasury Management Code (closed September 2017)
 - Proposed changes to the prudential framework of capital finance (closed December 2017)
- General
 - Unaccompanied Asylum-seeking Children (closed September 2017)

Membership of Collective Groups

76. 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
77. The Council is also making use of the CIPFA / Pixel Financial Management Service to assist with financial forecasts and strategy.

Monitoring Developments

78. 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 100% business rates retention scheme early. The results of these pilots will be closely followed.

On-going briefing with Members of Parliament

79. 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.

Charges to Local Service Users

80. 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.

81. Approximately 8% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
82. 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.
83. 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

84. 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.

85. The Council applies an agreed Treasury Management Strategy to ensure capital financing is affordable in the medium term. During 2017/18 the S151 Officer explored options to revise the approach to calculating the Minimum Revenue Provision (MRP) to release revenue funding and mitigate overspending on services. Liaison with the Council's treasury management advisors, Arlingclose, has taken place and the proposal to use the annuity method under the Asset Life (Option 3) to calculate the Minimum Revenue Provision has resulted in the ability to take a MRP 'holiday'. A saving of £6m has been realised in 2017/18.
86. The capital financing budget for 2018/19 is shown in **Table 8**. 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 a further reduction of £4m in 2018/19, reducing the budget to £10m. This is for the 2018/19 financial year only and the capital financing budget will return to the level of £14m in future years.
87. Charges for the amount borrowed are made to the Council's income and expenditure account and, for 2018/19, 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.
88. Details of the Council's Minimum Revenue Provision Policy are shown at **Annex 10**.
89. The Council currently has external borrowing of £145m of which £44m 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. 3.1%). Currently long term interest rates are around 2.6%.
90. The rate of interest to be earned on the Council's cash balances that are temporarily invested is budgeted to be £0.3m.
91. The Council sets out the approach to these issues in its Treasury Management Strategy which is also being reported to Cabinet and Council in February 2018.

| Table 8 - Capital Financing Budget | 2018/19 |
|--|----------------|
| | £m |
| Repayment of Outstanding Debt | 10.0 |
| Contribution re: Schools Transforming Learning Communities Schemes | -0.9 |
| Transfer from revenue reserve | -2.6 |
| Interest on Loans | 3.8 |
| Less: Interest Receivable on Cash Balances | -0.3 |
| Net Capital Financing Budget | 10.0 |

Source: Cheshire East Finance

Capital Programme Planning

92. The 2017/20 capital programme was approved by Council on 23rd February 2017. Updates have been provided via quarterly reports to Cabinet during 2017/18.

93. The Third Quarter Review of Performance and the revised profile of spend for 2018/20 onwards forms the base for the 2018/21 programme, which is detailed in **Annex 10**.
94. 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.
95. Services are required to provide business cases in accordance with the HM Treasury five case model.
96. 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 regulations.

Capital Programme Financing

97. The level of resources required to fund capital investment in the medium term is set out in **Table 9** 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 9 - Capital Programme Summary | 2018/19 | 2019/20 | 2020/21 | Total 2018/21 |
|--------------------------------------|---------|---------|---------|------------------|
| | £m | £m | £m | £m |
| Committed Schemes | 95.1 | 108.1 | 63.5 | 266.7 |
| New Schemes | 32.0 | 13.7 | 13.7 | 59.4 |
| Total Capital Programme | 127.1 | 121.8 | 77.2 | 326.1 |
| Financing | | | | |
| Prudential Borrowing | 55.3 | 14.3 | 15.7 | 85.3 |
| Government Grants | 57.3 | 93.4 | 19.1 | 169.8 |
| Capital Receipts | 4.3 | 4.2 | 10.0 | 18.5 |
| External Contributions | 7.5 | 9.9 | 32.4 | 49.8 |
| Other Revenue Contributions | 2.7 | 0.0 | 0.0 | 2.7 |
| Total Sources of Funding | 127.1 | 121.8 | 77.2 | 326.1 |
| Source: Cheshire East Finance | | | | |

Source: Cheshire East Finance

98. 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 £18.5m 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.
99. The schemes in the Capital Programme, both existing and new proposals, have been through a challenge process 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.

100. 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
101. 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 10**:

| Table 10 - Capital Programme Summary - ADDENDUM | 2018/19 | 2019/20 | 2020/21 | Total 2018/21 |
|--|-------------|--------------|-------------|------------------|
| | £m | £m | £m | £m |
| Directorate | | | | |
| People | 2.9 | 0.0 | 0.0 | 2.9 |
| Place | 78.0 | 114.3 | 63.4 | 255.7 |
| Corporate | 6.2 | 4.4 | 3.1 | 13.7 |
| Total Capital Schemes | 87.1 | 118.7 | 66.5 | 272.3 |

Source: Cheshire East Finance

Borrowing for Capital Expenditure

102. 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.
103. The level of Prudential Borrowing required in 2018/19 and in future years is detailed in **Annex 10** 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

104. 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.

105. The Council seeks to maximise allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs for local residents. Overall Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and major highways infrastructure. Over the medium term these resources equate to £170m, which is 52% of the total Capital Programme. **Annex 9** provides a list of Government Grants that are supporting the Cheshire East capital programme.

Capital Receipts

106. A capital receipt is an amount of money which is generated from the sale of an asset. The asset rationalisation process is managed by the Asset Management Service and continues to explore opportunities to generate capital receipts by disposing of surplus property assets after considering potential development opportunities. An asset disposal schedule is maintained to indicate the timing and estimated values of future receipts.
107. Capital receipts are pooled in the Council's capital reserve and are allocated each year in line with corporate priorities. Asset disposals also have revenue benefits by reducing the costs relating to retaining assets, such as business rates, insurance and utility costs.
108. The guidance on the Flexible Use of Capital Receipts, 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. The Council has reviewed the guidance and expects to identify potential expenditure that meets the eligibility criteria within each financial year.

External Contributions to Capital Expenditure

109. The Council receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments.
110. Section 106 agreements are drawn up during the planning process which identifies and addresses the local needs of the community in relation to new developments. The agreement obligates the developer to provide a sum of money to enable the provision of facilities such as play areas and open spaces, increased education placements and road improvements.
111. As at 31st March 2017 the authority held Section 106 balances totalling £13.6m which is expected to increase to £17.6m as at 31st March 2018. The use of the funding is restricted by the terms of the original agreement and the timing of developer contributions is less predictable than other sources.

Other Revenue Contributions to Capital Expenditure

112. 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. Business cases for schemes with revenue returns will be monitored throughout the year to ensure revenue returns are realised.

Other Economic Factors

113. 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 2018-21 issued in November 2017, and updated through the year via the Central Finance Group. Allowance will be made in the 2018/19 budget for other economic factors, such as pay inflation and pension costs, totalling £5.0m.
114. The Budget Report for 2018/19 continues the theme of not including any central allowance for non-pay inflationary pressures on the basis this is being mitigated by service efficiency proposals, increased charges or specifically bid for as a separate policy proposal.

Employer Pensions Contributions

115. The Workforce Planning section (**Annex 4**) provides further details on the Pensions provision.
116. 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 is being taken in 2018/19.

Managing the Reserves Position

117. The Council Reserves Strategy 2018/19 states that the Council will maintain reserves to protect against risk and support investment. The strategy is updated each year and latest update is provided in the MTFS 2018-21 Report at **Annex 12**.
118. 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

119. **Table 11** summarises the position for 2017/18 to 2019/20.

| Summary position for 2018/19 to 2020/21 Table 11 | Estimated Net Budget 2018/19 £m | Estimated Net Budget 2019/20 £m | Estimated Net Budget 2020/21 £m |
|---|--|--|--|
| Outcome 1 | 24.8 | 25.3 | 25.8 |
| Outcome 2 | 26.9 | 27.2 | 27.6 |
| Outcome 3 | 46.9 | 48.3 | 49.8 |
| Outcome 4 | 30.5 | 29.2 | 29.6 |
| Outcome 5 | 99.2 | 104.8 | 111.0 |
| Outcome 6 | 30.3 | 29.9 | 30.9 |
| Total Outcomes | 258.6 | 264.7 | 274.7 |
| <i>CENTRAL BUDGETS:</i> | | | |
| Capital Financing | 10.0 | 12.0 | 12.0 |
| Past Pensions Adjustment | 0.3 | 0.2 | 1.2 |
| Income from Capital Receipts | -2.0 | -1.0 | -1.0 |
| Contingency | 1.0 | 1.0 | 1.0 |
| New Homes Bonus Community Fund | 1.0 | 1.0 | 0.0 |
| Use of / Contribution to Earmarked Reserve | -1.0 | 0.0 | 0.0 |
| TOTAL: CENTRAL BUDGETS | 267.9 | 277.9 | 277.9 |
| <i>FUNDED BY:</i> | | | |
| Council Tax | -206.4 | -212.7 | -219.2 |
| Business Rate Retention Scheme | -43.0 | -41.8 | -42.3 |
| Revenue Support Grant | -5.4 | 0.0 | 0.0 |
| Specific Grants | -12.1 | -12.4 | -11.2 |
| Sourced from Collection Fund | -1.0 | -1.0 | 0.0 |
| TOTAL: FUNDED BY | -267.9 | -267.9 | -272.7 |
| Funding Deficit | 0.0 | 10.0 | 5.2 |

120. Service expenditure for 2018/19 is shown as **£267.9m**. This represents an increase of £4.1m (1.6%) on the Budget at the [Three Quarter Year Review](#) position.

121. The Funding Available to Services in 2018/19 is estimated at **£267.9m** to give a balanced position.

122. 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 2018/19 to 2020/21

123. 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.

124. Work with other organisations, as detailed from Para 74 (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.

125. Council funding is now guaranteed to reduce over the medium term and it is almost certain that inflationary pressure on services will continue to increase.

126. The Medium Term Financial Strategy reflects a balanced position for 2018/19 with a mix of specific policy proposals in each Service.
127. The position for 2019/20 and 2020/21 is still a challenge as per the estimates in this document. This position will continue to be addressed during 2018/19 as changes are bedded in and cost pressures are firmed up.
128. 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 12 – Forecasting the Medium Term Budget |
|---|--|
| <p>Measure One</p> <p>Challenge Financial Assumptions</p> | <ul style="list-style-type: none"> • In December 2017 the Government issued provisional Core Spending Power figures for the next two years (2018/19 to 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. • 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: <ul style="list-style-type: none"> Business Rates <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 (with an additional £0.3m in 2018/19) 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 national revaluation of non-domestic premises implemented in April 2017 may increase appeals levels further. - The Provisional Local Government Finance Settlement in December 2017 announced the Government's aim 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. However, a greater share of the growth in business rates will be able to be retained after this time. |

| Measure | Table 12 – Forecasting the Medium Term Budget |
|---|---|
| <p>Measure One</p> <p>Challenge</p> <p>Financial</p> <p>Assumptions</p> | <p>Revenue Support Grant (RSG)</p> <ul style="list-style-type: none"> - RSG will reduce to nil by 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 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 and income from this grant is expected to increase by £0.3m for 2018/19. This is despite changes to the number of years the grant is paid for down from 5 to 4 years for 2018/19. The threshold before growth is calculated remains at 0.4%. - There are to be no further changes, as consulted on, for 2018/19 and £8.6m is forecast for 2018/19. <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 12 – 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 Adult Social Care (5.99% in total). • Increases for later years will be reviewed annually but current assumptions are for 1.99% and 1.99% increases per annum in 2019/20 and 2020/21 respectively. • The Council will continue to maximise its tax base through 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. • 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. • 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. |

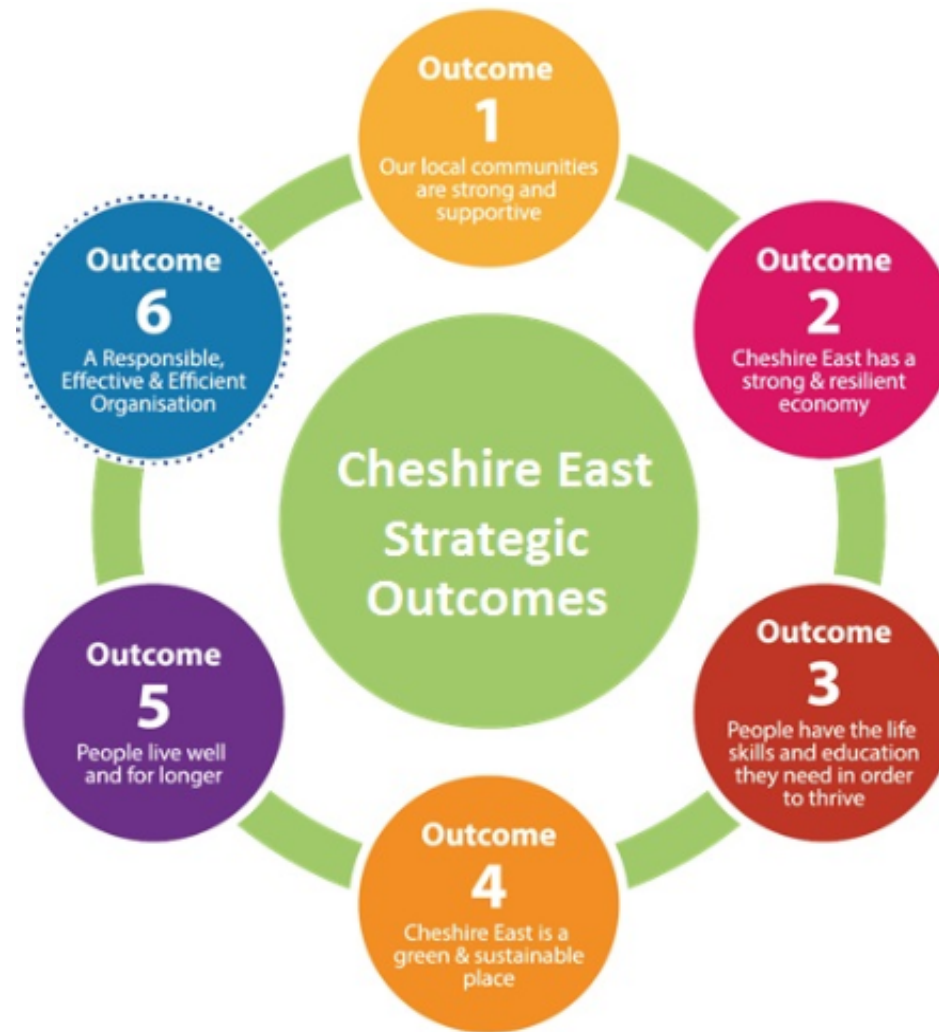
| Measure | Table 12 – Forecasting the Medium Term Budget |
|--|---|
| Measure Three Manage Reserves | <ul style="list-style-type: none"> • The Council adopts a rigorous approach to managing in-year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting 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. A contingency of £1m per annum to mitigate demand pressures has also been introduced from 2018/19. • The Reserves Strategy for 2018-21 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 2018/19, many of these programmes will deliver further savings through to 2020/21 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 2% in the medium term. - Reviewing management control and staffing structures. Expenditure on employees accounts for c.21% of the Council's revenue 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.11% 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 procured. |

| Measure | Table 12 – Forecasting the Medium Term Budget |
|---|---|
| <p>Measures Four and Five</p> <p>Manage Cost Drivers and Income</p> | <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. • 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 2018/21

February 2018

1. Corporate Plan 2018 to 2021



2. Business Planning Process - Engagement

Introduction

- 2.1 Cheshire East Council is conducting an engagement process on its Medium Term Financial Plans through a number of stages running from November 2017 to Council in February 2018, and beyond that as proposals are implemented.
- 2.2 The [Pre-Budget Consultation](#), published on the 7th November 2017, 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 2018-21 followed the standard timescale for consultation and allowed nearly 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](#) 2018-21, issued on 7th November 2017 and shared with [Corporate Overview and Scrutiny Committee](#) on 15th November 2017. Two All Member

Finance Briefings were organised for the 28th November and 11th December 2017.

2.9 All the feedback received by the Council, including the use of an online survey, is set out in detail in **Appendix B** to The Councils Medium Term Financial Strategy 2018/21 Report.

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

Table 1 – Key Engagement Events

| Event | Date | Comments |
|--|---------------------------------|--|
| Corporate Leadership Team / Cabinet Away Day (1) | 6 th June 2017 | First consideration of budget changes being proposed. |
| Cabinet | 13 th June 2017 | Revenue 2016/17 Outturn. |
| Cabinet | 12 th September 2017 | Receive First Quarter Review of Performance. |
| Corporate Leadership Team / Cabinet Away Day (2) | 19 th September 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Corporate Leadership Team / Cabinet Away Day (3) | 9 th October 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Corporate Leadership Team / Cabinet Away Day (4) | 1 st November 2017 | Further update on the process and revisiting of the proposals being considered for consultation. |
| Cheshire East Council website | 7 th November 2017 | Pre-Budget Consultation placed on Council's website and Centranet to launch consultation exercise. |
| Team Voice | 15 th November 2017 | Issued to all staff and Members to headline release of Pre-Budget Consultation. |

| Event | Date | Comments |
|--|--|---|
| Corporate Overview and Scrutiny Committee | 15th November 2017 | Received Pre-Budget Consultation and Mid-Year Review of Performance Report. |
| Cabinet | 7 th November 2017 | Received the Mid-Year Review of Performance Report. |
| Trades Unions | 7 th November 2017 | Considered Pre-Budget Consultation . |
| All Member Briefing (1) | 28 th November 2017 | Considered Pre-Budget Consultation . |
| Cabinet | 5 th December 2017 | Consider the Domestic and Non-Domestic Tax Base for recommendation to Council. |
| Schools Forum | 7 th December 2017 | Considered Pre-Budget Consultation . |
| Council | 14 th December 2017 | Agree the Domestic and Non-Domestic Tax Bases . |
| Provisional Funding announcements | 19 th December 2017 | From Central Government |
| All Member Briefing (2) | 11 th December 2017 | Considered Pre-Budget Consultation . |
| Third Quarter Review of Performance – Challenge sessions | 11 th to 21 st December 2017 | Provided updated baseline spending calculations for services and potential impact on calculations proposed within the MTFS. |
| South Cheshire Chambers of Commerce Business Event | 11 th January 2018 | Considered Pre-Budget Consultation . |

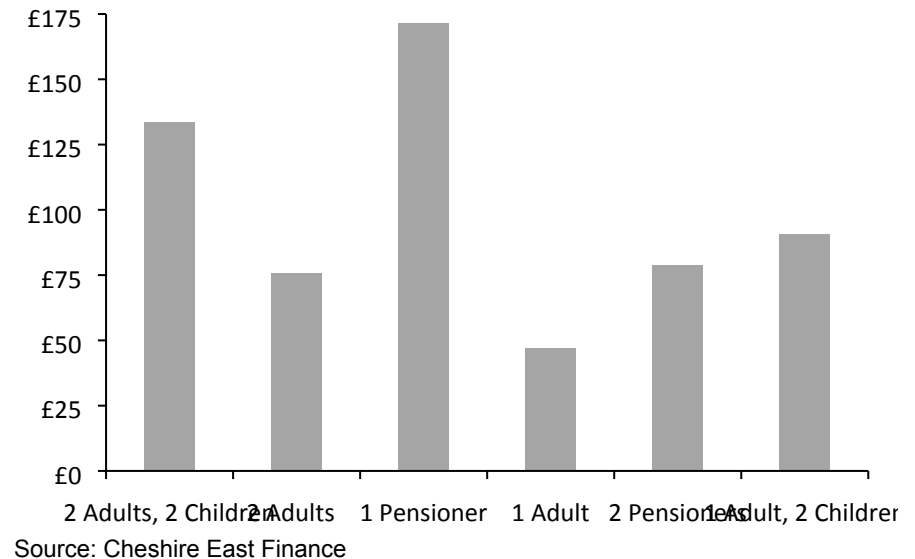
| Event | Date | Comments |
|--|---|---|
| Children & Families Overview and Scrutiny Committee | 15th January 2018 | Considered Pre-Budget Consultation (relevant budget areas) |
| Environment & Regeneration Overview and Scrutiny Committee | 23rd January 2018 | Considered Pre-Budget Consultation (relevant budget areas) |
| Macclesfield Chamber of Commerce Business Event | 24 th January 2018 | Considered Pre-Budget Consultation . |
| Corporate Overview and Scrutiny Committee | 1st February 2018 | Receive MTFS Report / Review Final Budget Proposals |
| Cabinet | 6th February 2018 | Received the Third Quarter Review of Performance Report. Consider MTFS Report and recommend proposals to Council |
| Town and Parish Council Conference | 20 th February 2018 | Engagement event with local town and parish councils |
| Council | 22nd February 2018 | Debate and approval of 2018/19 budget |

3. Impact Assessment

Household Calculator

- 3.1 The 2018/19 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 2017, were to be applied.

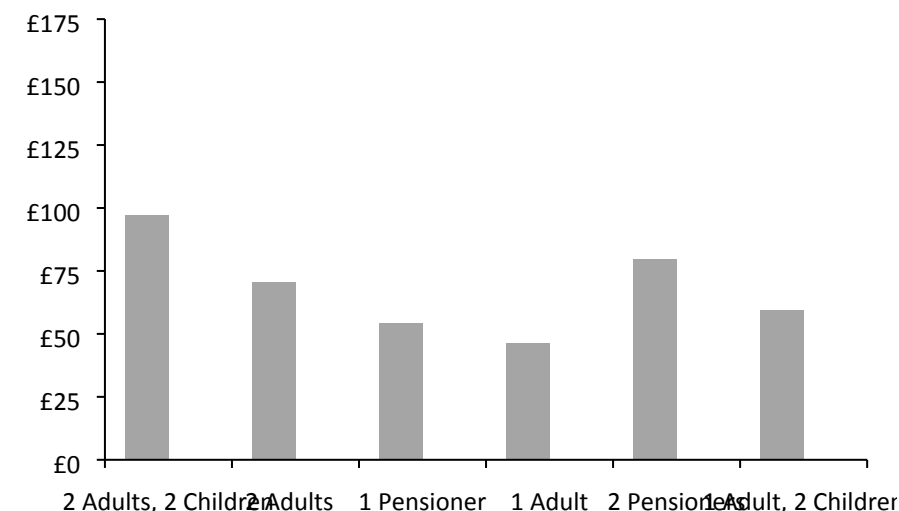
Chart 1: Without a strategic approach households could face £47 to £172 increases in costs if simple inflation was applied to charges



- 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 £68. This is £32 lower than an average increase of £100 if RPI at 3.9% had been applied across all services. Fees and charges in these typical household examples are not forecast to rise for 2018/19 and council tax is forecast to rise by 5.99%.

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 D 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.

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 2018/19 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 pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow.

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.

In their first year they helped create 988 new jobs which in turn resulted in an increase in Gross Value Added of £84m and a projected business rate income of £470,000. The company supported 232 high growth businesses, large employers and inward investment enquiries which led to £15m of capital investment, £18m of revenue spend and an increase in floor space of 561,000 sq ft.

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 2018-21 period, over £25m 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.

In Macclesfield the council also remains committed to town centre regeneration with plans to invest in the public realm of the town centre in addition to facilitating private development to widen the town centre leisure offer with the objectives of boosting the evening economy and enhancing the visitor experience to encourage higher footfall and additional private investment. Further regeneration initiatives over the 2018-21 period are also under consideration through the ongoing development of the Macclesfield Town Centre Revitalisation Strategy.



Government sets new Business Rates multipliers for 2018/19

- The multiplier for 2018/19 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 multiplier has been set as follows:-
 - Provisional 2018/19 Standard Multiplier at 49.3p* in the £.
 - Provisional Small Business Multiplier 48.0p** 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. Any relief under the new transition scheme will be automatically calculated and will appear on rate demands issued from 1st April 2018.

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 the Chancellor announced 3 new reliefs for businesses affected by the revaluation of 2017. All reliefs are fully funded by the Government.

- Pub Relief - £1,000 in 2017/18 for pubs with RV below £100,000. This relief has been extended in the Autumn Budget to include 2018/19.
- 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 will be available as shown in the table below:

| Amount of discretionary revaluation relief awarded (£) | | | | TOTAL £ |
|--|-------------------|-------------------|-------------------|------------------|
| Year 1 2017/18 | Year 2 2018/19 | Year 3 2019/20 | Year 4 2020/21 | |
| 756,541 | 367,463 | 151,308 | 21,615 | 1,296,928 |

Relief will be provided to properties with a RV of up to and including £100,000. In 2017/18, the scheme will award all eligible ratepayers 70% of the increase in rates due to the revaluation from 2016 to 2017 (a de-minimus value of £50 will apply). In most cases the relief will be awarded automatically without the need for application. Ratepayers who may have state aid implications will be required to make an application for relief. The Council will review the percentage awarded for each new financial year to take account of the funding available from central government.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2018/19.

| | |
|--|--|
| | <p>Local Retention of Business Rates</p> <p>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.</p> <p>Local Discretionary Rate Relief</p> <p>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.</p> <p>Other measures to support local businesses with business rates</p> <p>Continuation of the option to spread business rates bills over 12 months rather than 10 months.</p> |
|--|--|

Council Partners and Stakeholders



Councillor Arthur Moran was appointed as Mayor on 17th May 2017. He is Cheshire East's ninth Mayor and represents the Nantwich North and West Ward.

For Example:

Town and Parish Councils, Health, Fire, Police, Schools, Colleges, Universities, Community, Voluntary and Faith Organisations, Housing Providers, Community Partnerships.



The Council proactively works with partners to deliver services in Cheshire East. We seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. We are working with partners to focus our joint resources on early intervention and prevention, and supporting the development of resilient, self-reliant communities.

The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer of assets and devolution of services where appropriate.

The Council is committed to further developing and managing collaborative partnership working in local areas to deliver services as locally as possible and to develop strong communities. We are leading activity to secure outcomes based on understanding the needs of the community through:

- Developing our strategic partnerships across Cheshire East to enable joint commissioning and improve integration of local services.
- Bringing local partners together to better share resources and redesigning public sector services across Cheshire East to better meet local needs.
- Connecting Communities through our new and ambitious approach agreed by Cabinet in December 2016.
- This connecting communities approach will enable us to:
 - Engage communities to identify and be involved in addressing their local issues.
 - Promote and support community networks, neighbourhood and town partnerships to further develop communities with a stronger sense of neighbourliness.
 - Deliver differently in neighbourhoods which provide services where local people will use them, so that services are delivered in the way which gives best value for local people.
 - Work collaboratively with partners to deliver against our joint rural priorities, and to rural proof key decisions.
 - Work with partners and communities to ensure that local people feel safe and are safe in their communities.
 - Develop positive relationships between the Council and the community, voluntary and faith sector, at both a local and strategic level, and supporting the sectors to become commissioning ready.
 - Invest in our Community Grants scheme to ensure communities can develop their initiatives.

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 2018/19, 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 is developing 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 including the major refurbishment of heating and ventilation equipment in two leisure centres.
- 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 routes. Carbon reduction delivered - 25%.
- The strategy continues to make good progress with a three year programme (2016 – 2019) to convert 24,000 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.

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

Complex world

- 4.1 We are living and working in a complex world where residents and communities have high expectations of both business and public services.
- 4.2 Greater resident and community choice and control is driving the shape of public services, with a growing public expectation that services will meet their needs, helping them achieve personal goals and aspirations. This becomes even more challenging within this era of austerity and the significant financial pressures that all public services face.
- 4.3 Doing more of the same won't work. Increasing demand, greater complexity, rising expectations and severe financial constraints mean that the current situation is not sustainable. Tomorrow's solutions will need to engage people as active participants, delivering accessible, responsive services of the highest quality. We don't have all of the answers to the challenges that we face. We need to work closely with other partners and providers in all sectors to find new ways to design and deliver services across the public sector and to seize the opportunities as they emerge.
- 4.4 As the rules of delivering public service are being re-written, making people and relationships the key to sustainable success is more important than ever. Only through deepened relationships with and between employees, partners, residents and communities will the Council innovate and adapt fast enough whilst maintaining service delivery. Tomorrow's solutions will need to bring together the diverse

skills and talents and unlock the potential of people across the public sector.

Connected Council

- 4.5 Consciously building and strengthening connections in the way we lead, manage and work together within and across the Council, with members, partners and our communities is at the heart of our workforce strategy. We aim to build a more connected council and workforce through:
 - **Purpose and direction** – ensuring our workforce have a common understanding of why they exist as an entity, a clear sense of what they are trying to achieve and the strategy to get there around which people can unite and flourish.
 - **Authenticity** – leaders who act in a way that is in line with our FIRST values and who build relationships of trust and respect.
 - **Devolved decision making** – the sharing of power across the organisation with decisions being made as close to the customer as possible, whilst key strategic decisions are made centrally.
 - **Collaborative achievement** – close working within and across teams and organisations so that end to end processes work efficiently and effectively.
 - **Agility** – colleagues are encouraged to share what they learn and to operate in a culture that supports experimentation.

People Plan 2018/19

- 4.6 Placing the right people in the right places at the right times is at the heart of the Council's success. To support and enable the delivery of the Council's ambitious plans, eight workforce priorities come together to form the Council's Connected People Plan.
- 4.7 **Organisation Design** – to provide change management support to services, enabling our workforce to be flexible and adaptable in a rapidly changing local, regional and national environment.
- 4.8 **Recruitment, Resourcing and Retention** – to review the Council's recruitment process and undertake a strategic workforce assessment. Create career pathway plans including talent management planning across the Council.
- 4.9 **Connected Council** – to develop and implement a leadership and management model and development strategy which increases leadership impact and facilitates cultural change.
- 4.10 **Employee Development** – to continue to develop highly skilled and competent professionals who operate safe practice and risk awareness and can work effectively across internal and external boundaries as the structure and form of public service changes.
- 4.11 **Engagement and Wellbeing** – to continue to build employee engagement with particular focus on improving staff wellbeing, resilience and attendance management, to ensure our workforce are engaged and performing at the highest level.

- 4.12 **Pay and Rewards** – to monitor and review approaches to pay to meet business needs and further develop financial and non-financial rewards and employee benefits, whilst meeting equal pay and gender pay gap requirements.
- 4.13 **Service Delivery** – to further develop and clarify the HR offer to ensure a safe, healthy and supportive environment, which equips the workforce to contribute effectively and reach their potential.
- 4.14 **HR Business Development** – to ensure the Council's HR service is in the best position to fully support the delivery of business priorities and exploit further business opportunities.

Productivity

- 4.15 Further savings will be realised through a combination of a reduction in consultancy and agency requirements and core staffing costs alongside increased productivity and further workforce initiatives. Working closely with Members, Trade Unions and staff, consultation will take place to ensure that resources are maximised and service changes are based on resident and community need.

NJC Pay Spine Review

- 4.16 Local Government national negotiations for 2018/19 and 2019/20 are underway.
- 4.17 The national employers have made a final pay offer to the unions of a two year deal for the period 1st April 2018 to 31st March 2020. This will be an average pay increase on the

national pay bill of 2.7% in year 1 and 2.8% in year 2. This final offer is in response to the Unions claim for 5% this year and has yet to be agreed.

- **Year 1 (2018/19)**

The lowest spinal points 6-19 will be increased to meet the significant national living wage pay gap potentially making the lowest spinal point £8.50 per hour. Spinal point 20 and above will receive a 2.0% pay increase.

- **Year 2 (2019/20)**

In this year the offer looks to gain further headroom over the national living wage increase due in 2019. The bottom spinal point will become £9.00 per hour. In addition it is proposed that the bottom twelve pay scales will be merged into six new points starting at new point one. 2% increases will be applied from new spinal point 23 onwards.

Living Wage

- 4.18 The Council implemented a Local Living Wage on 1st November 2015 of £7.85 per hour. The National Living Wage is due to increase to £7.83 per hour on 1st April 2018, and is projected to rise to £9 per hour by 2020.
- 4.19 As outlined in the previous section regarding the NJC Pay Spine Review it is anticipated that the proposed changes to the spinal points will make the need for a Local Living Wage obsolete as the lowest NJC scale point will significantly exceed the Councils local living wage from 1st April 2018.

Apprenticeship levy

- 4.20 Through the Finance Act 2017, the payment of an apprenticeship levy became a statutory requirement from April 2017. The levy is paid by employers (including the public sector) on 0.5% of the pay bill. All employers receive an annual allowance of £15,000 to offset against their levy, meaning that the levy only applies to employers whose annual wage bill is £3m or above. The Council's total liability is forecast to be approximately £689,000 per year. The Government tops this fund up by 10% and it is then made available to employers through a digital account. This account is then accessed to fund the training costs of apprenticeships. If funds are not spent within 24 months, they revert to the Government.
- 4.21 From April 2017, a duty for public sector companies to have 2.3% of their workforce to be made up of apprentices was also introduced by the government. Based on current headcount, this is estimated to be 180 apprenticeship new starts for the Council each year, including ASDVs and maintained schools. This can be made up of new apprentices or existing members of staff undertaking an apprenticeship qualification. 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.

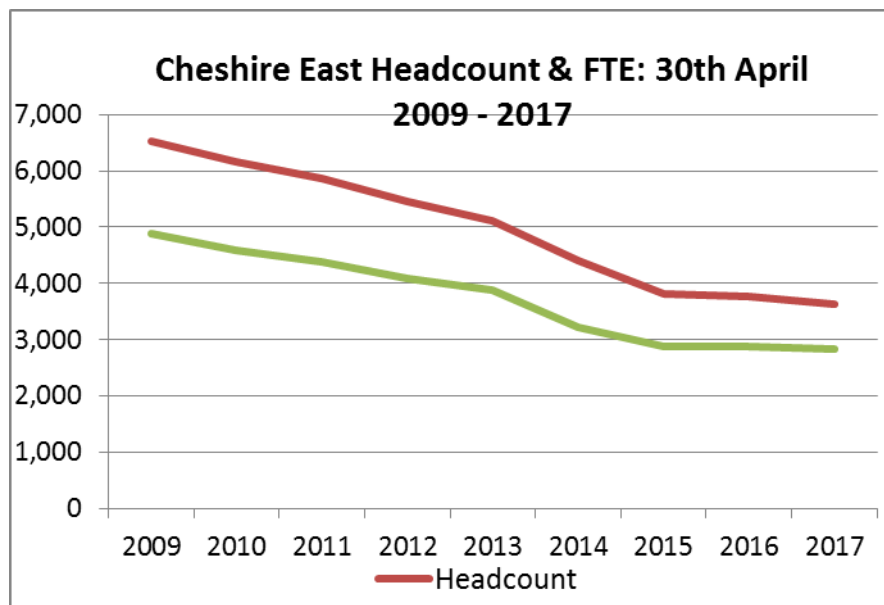
Pension – employer contribution review

4.22 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. An increase in employer contribution rates of 1.5% has been factored into the figures within this report.

4.23 Between April 2009 and September 2017 the Cheshire East Council employee headcount has reduced by 45%, and the overall number of full time equivalent (FTE) Cheshire East Council employees has decreased by 42%. Reductions of more than 10% between April 2013/14 and April 2014/15 are attributable to the restructuring of services and the TUPE transfer of staff to Alternative Service Delivery Vehicles.

Headcount analysis and trend

Chart 1: Cheshire East Headcount & FTE



| 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> | | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|--|--|----------------|----------------|----------------|
| Pay and Pensions Allocation (Revenue Investment) (91) 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, 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 | | +2.662 | +4.727 | +6.792 |
| PLACE | | +0.913 | +1.759 | +2.606 |
| CORPORATE | | +1.948 | +4.029 | +6.109 |
| <i>Impact on Cross Service Budgets =</i> | | +5.523 | +10.515 | +15.507 |
| <i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18. Values are not cumulative</i> | | | | |

| 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> | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|---|---|---|
| <p>Mutually Agreed Resignation Scheme (Revenue Savings) (92)</p> <p>Overall revenue budget savings, from reductions in post numbers, can be achieved through MARS. The principles for the MARS scheme were developed from the NHS Staff Council Section 20 national agreement and recommended as good practice for NHS Trusts to support them to alleviate the need for future redundancies and to reduce costs. It has also been used to increase flexibility for an employer to address rapid change and service redesign. Since then the scheme has become more widely utilised and now operates in Local Government and Education.</p> <p>The Council is developing a local MARS as reported to Staffing Committee (25th January 2018) and Cabinet (6th February 2018).</p> <p>As the scheme is mutual, and managed by application, the total ongoing savings are estimated in full as part of this proposal and will only be allocated to specific budgets once applications are completed and approved. Beneficial consequences of staff leaving the organisation through a MARS scheme include the creation of opportunities not always available under compulsory/voluntary redundancy arrangements, short term payback of any up-front costs, mutual agreement from employer and employee as well as associated productivity and moral benefits from this not being a competitive process.</p> <p style="text-align: right;"><i>Impact on Cross Service Budgets =</i></p> | <p style="text-align: right;">-1.500</p> | <p style="text-align: right;">-1.500</p> | <p style="text-align: right;">-1.500</p> |
| <p><i>*Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18.</i></p> <p style="text-align: right;"><i>Values are not cumulative</i></p> | | | |

Evidence of Achievement

Measuring the effectiveness of the workforce priorities will be tracked through a small number of macro performance indicators such as:

1. Employee engagement index
2. Employee turnover
3. Sickness absence
4. Ratio of agency workers to employed staff
5. Number of staff with performance development plans and performance ratings

5. Risk Management

- 5.1 The Council recognises that there are risks involved in everything it does and that it has a duty to manage threats and opportunities in a balanced, structured and cost effective way. In doing this the Council is better placed to achieve its objectives and enhance the services it provides.
- 5.2 The Council is committed to the effective management of risks, both threats and opportunities. The aim is not to have risk eliminated completely from Council activities, but rather to ensure that every effort is made to maximise potential opportunities and minimise the adverse effects of risk.
- 5.3 In this constantly evolving environment; with a need to continually adapt internal organisation to meet legal requirements, economic challenges, urban changes, and demographic and social changes; decision makers need a strong risk management framework to anticipate risks that may arise suddenly or unexpectedly and to respond to changes in need.
- 5.4 The Council has a Risk Management Policy Statement and Strategy which gives the scope, direction and priorities for risk management activity across the Council.
- 5.5 Underpinning the strategy and policy are risk management procedures articulated in a framework document. Taken together, the documents provide practical guidance to assist Officers and Members in the identification, evaluation and control of risks that may impact upon the achievement of corporate and service level objectives and priorities. The Corporate Assurance Group (CAG) and Risk Management Sub Group (which include officer and portfolio holder representation) were involved in the development of the policy, strategy and procedures within the framework.
- 5.6 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.
- 5.7 Against the backdrop of continued fiscal austerity, the Council is looking to the future with a sense of confidence in its ability to deliver on an ambitious agenda. As we look to 2021, there will also be new threats and opportunities arising and so the Council's corporate risk register continues to be monitored and updated. 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.
- 5.8 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.
- 5.9 A contingency budget has been included in the revenue budget of £1m per annum from 2018/19 as per the table overleaf.

| | 2018/19 £m* | 2019/20 £m* | 2020/21 £m* |
|---|----------------|----------------|----------------|
| Contingency Revenue Budget (96) As the Council is facing significant uncertainty in the medium term it is appropriate to build in flexibility to the annual revenue budget. Inclusion of a £1m contingency, that can be reviewed annually, will alleviate pressure on general reserves, and can help with managing financial issues from one year to the next. Appropriate use of the contingency would be reported during the year as part of the Council's quarterly reporting process. | | | |
| <i>Impact on Central Budget =</i> | +1.000 | +1.000 | +1.000 |
| * Values represent a +/- variation to the Cheshire East Council approved budget for 2017/18 . Values are not cumulative | | | |

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 two 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 2018/19 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 2017/18 the NNDR1 return is forecasting retained rates above the funding baseline (of £39.7m) for Cheshire East to be £1.3m giving a contribution to the revenue budget of £41.0m. This budget above the baseline is accounting for the growth projections plus levy savings that were forecast as part of the 2017-20 Medium Term Financial Strategy report.
- 6.5 A Non Domestic taxbase for 2018/19 was formally reported to Cabinet and Council in December 2017 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 2018/19 and the background on the Business Rates Retention Scheme is available in the report that was approved at [Council](#) on 14th December 2017.
- 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.

2019/20 and 2020/21 has been factored into the medium term budget forecast based on the information below.

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.
- 6.9 The end result has been converted to business rates and processed via a BRRS model developed and maintained by Strategy Finance.
- 6.10 This model also takes account of any impact of pooling.

Results

- 6.11 **Table 1** sets out the results.
- 6.12 Retained rates income forecast from growth in the taxbase for 2018/19 is forecast to be £2.1m. After the central share and levy payments have been made it results in a net increase for Cheshire East of £0.79m as per **Table 1**.
- 6.13 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 estimate of £0.8m growth in 2018/19 and a further £0.5m in

| Table 1 - Estimated Increased Net Business Rates Income (incremental) | | |
|---|-------------|-------------|
| Business Type | 2018/19 | 2019/20 |
| | £m | £m |
| Retail | 0.81 | 0.85 |
| Offices | 0.70 | 0.00 |
| Manufacturing | 0.52 | 0.12 |
| Leisure | 0.02 | 0.01 |
| Other | 0.00 | 0.25 |
| Total Net Growth | 2.06 | 1.23 |
| Total Retention for Cheshire East | 0.79 | 0.47 |

Source: Cheshire East Finance

7. The Budget Setting Process

| Set Parameters | Gather Evidence | Consult and refine | Approve | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------------|-------------------------------|---------------|------------------|-------|---|----------------|--------|---|--------------------|-------|---|-----------------------------|-----|---|-------|-----|--|--|--------------------|----|--|--|------|---|---|------|---|----------------------------------|------|---|---|------|---|-------------------------------------|------|---|------------------------------|------|---|-------|-----|--|---|-------------------|----|--|--|------|---|---|------|---|---|------|---|------------------------------|------|---|-------|-----|--|---|-----------------|----|------------------|-------|----------------|--------|--------------------|-------|-----------------------------|------|-------|-----|
| May to June 2017 | July 2017 to October 2017 | November 2017 to January 2018 | February 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div>Assumptions reported to Cabinet / Council in Feb 2017:</div> <table><tr><th>Revenue Budget 2018/19</th><th>£m</th><th></th></tr><tr><td>Cost of services</td><td>260.2</td><td>➔</td></tr><tr><td>Local Taxation</td><td>-245.0</td><td>➔</td></tr><tr><td>Government Funding</td><td>-15.2</td><td>➔</td></tr><tr><td>Council Tax Collection Fund</td><td>0.0</td><td>➔</td></tr><tr><td>Total</td><td>0.0</td><td></td></tr></table> | Revenue Budget 2018/19 | £m | | Cost of services | 260.2 | ➔ | Local Taxation | -245.0 | ➔ | Government Funding | -15.2 | ➔ | Council Tax Collection Fund | 0.0 | ➔ | Total | 0.0 | | <div>Develop Pre-Budget Consultation:</div> <table><tr><th>Review Assumptions</th><th>£m</th><th></th></tr><tr><td>Additional growth pressures forecast (post Feb 2017)</td><td>+6.6</td><td>➔</td></tr><tr><td>Revise down draft savings proposals (post Feb 2017)</td><td>+5.0</td><td>➔</td></tr><tr><td>Further Local Tax Base increases</td><td>-2.5</td><td>➔</td></tr><tr><td>Minimum Revenue Provision policy change</td><td>-4.0</td><td>➔</td></tr><tr><td>Additional New Homes Bonus Forecast</td><td>-0.5</td><td>➔</td></tr><tr><td>Other Central Budget Changes</td><td>-4.6</td><td>➔</td></tr><tr><td>Total</td><td>0.0</td><td></td></tr></table> | Review Assumptions | £m | | Additional growth pressures forecast (post Feb 2017) | +6.6 | ➔ | Revise down draft savings proposals (post Feb 2017) | +5.0 | ➔ | Further Local Tax Base increases | -2.5 | ➔ | Minimum Revenue Provision policy change | -4.0 | ➔ | Additional New Homes Bonus Forecast | -0.5 | ➔ | Other Central Budget Changes | -4.6 | ➔ | Total | 0.0 | | <div>Changes post Pre-Budget Consultation:</div> <table><tr><th>Confirm Proposals</th><th>£m</th><th></th></tr><tr><td>Proposed changes following consultation period</td><td>+1.9</td><td>➔</td></tr><tr><td>Additional council tax increase (up to 5.99%)</td><td>-1.9</td><td>➔</td></tr><tr><td>Funding estimates further refined following Prov Settlement</td><td>-1.8</td><td>➔</td></tr><tr><td>Reduction in use of reserves</td><td>+1.8</td><td>➔</td></tr><tr><td>Total</td><td>0.0</td><td></td></tr></table> | Confirm Proposals | £m | | Proposed changes following consultation period | +1.9 | ➔ | Additional council tax increase (up to 5.99%) | -1.9 | ➔ | Funding estimates further refined following Prov Settlement | -1.8 | ➔ | Reduction in use of reserves | +1.8 | ➔ | Total | 0.0 | | <div>Budget Report:</div> <table><tr><th>Latest Position</th><th>£m</th></tr><tr><td>Cost of services</td><td>267.9</td></tr><tr><td>Local Taxation</td><td>-249.4</td></tr><tr><td>Government Funding</td><td>-17.5</td></tr><tr><td>Council Tax Collection Fund</td><td>-1.0</td></tr><tr><td>Total</td><td>0.0</td></tr></table> | Latest Position | £m | Cost of services | 267.9 | Local Taxation | -249.4 | Government Funding | -17.5 | Council Tax Collection Fund | -1.0 | Total | 0.0 |
| Revenue Budget 2018/19 | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of services | 260.2 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Taxation | -245.0 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government Funding | -15.2 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Council Tax Collection Fund | 0.0 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Review Assumptions | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional growth pressures forecast (post Feb 2017) | +6.6 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revise down draft savings proposals (post Feb 2017) | +5.0 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Further Local Tax Base increases | -2.5 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Minimum Revenue Provision policy change | -4.0 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional New Homes Bonus Forecast | -0.5 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Central Budget Changes | -4.6 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Confirm Proposals | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Proposed changes following consultation period | +1.9 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional council tax increase (up to 5.99%) | -1.9 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding estimates further refined following Prov Settlement | -1.8 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reduction in use of reserves | +1.8 | ➔ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Latest Position | £m | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of services | 267.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local Taxation | -249.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government Funding | -17.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Council Tax Collection Fund | -1.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 0.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

8. Revenue Grant Funding

| Corporate Grants Register 2018/19 | Revised Budget 2017/18 £000 | Forecast 2018/19 £000 | Forecast 2019/20 £000 | Forecast 2020/21 £000 |
|---|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| SPECIFIC USE (Held within Services) | | | | |
| People | | | | |
| Schools | | | | |
| Dedicated Schools Grant | 257,470 | 265,521 | 265,521 | 265,521 |
| Less Academy Recoupment | 120,283 | 121,550 | 121,550 | 121,550 |
| Dedicated Schools Grant (Cheshire East) | 137,187 | 143,971 | 143,971 | 143,971 |
| Pupil Premium Grant (maintained schools only) | 3,720 | 3,348 | 3,348 | 3,348 |
| Pupil Premium Plus (maintained schools only) | 928 | 927 | 927 | 927 |
| Sixth Form Funding (maintained schools only) | 4,098 | 4,098 | 4,098 | 4,098 |
| Universal Infant Free School Meals | 2,586 | 2,586 | 2,586 | 2,586 |
| Physical PE Sports Grant | 1,077 | 1,077 | 1,077 | 1,077 |
| School Improvement Monitoring and Brokering Grant | 165 | 283 | 283 | 283 |
| SEND Implementation Grant | 239 | 0 | 0 | 0 |
| Milk Subsidy | 32 | 32 | 32 | 32 |
| Total Schools | 150,032 | 156,322 | 156,322 | 156,322 |
| Children & Families | 603 | 498 | 498 | 498 |
| Adult Social Care | 9,022 | 10,244 | 11,222 | 4,185 |
| Public Health | 16,833 | 16,400 | 15,967 | 15,552 |
| Total People | 176,490 | 183,464 | 184,009 | 176,557 |
| Place | | | | |
| Growth and Regeneration | 1,157 | 197 | 0 | 0 |
| Planning and Sustainable Development | 121 | 0 | 0 | 0 |
| Directorate | 787 | 0 | 0 | 0 |
| Total Place | 2,065 | 197 | 0 | 0 |
| CORPORATE | | | | |
| Customer Operations | 76,425 | 70,391 | 70,391 | 70,391 |
| Total | 76,425 | 70,391 | 70,391 | 70,391 |
| TOTAL SPECIFIC USE | 254,980 | 254,052 | 254,400 | 246,948 |

| Corporate Grants Register 2018/19 | Revised Budget 2017/18 £000 | Forecast 2018/19 £000 | Forecast 2019/20 £000 | Forecast 2020/21 £000 |
|---|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| GENERAL PURPOSE (Held Corporately) | | | | |
| Central Funding | | | | |
| Revenue Support Grant | 13,415 | 5,416 | 0 | 0 |
| PEOPLE - Children and Families | | | | |
| Troubled Families (including Coordinator) | 654 | 195 | 195 | 0 |
| Staying Put Implementation Grant | 113 | 0 | 0 | 0 |
| Remand Funding | 7 | 0 | 0 | 0 |
| Adult Skills (Lifelong Learning) | 706 | 706 | 706 | 706 |
| Extended Rights to Free Transport | 123 | 0 | 0 | 0 |
| PEOPLE - Adult Social Care and Independent Living | | | | |
| Independent Living Fund | 917 | 888 | 861 | 818 |
| Local Reform and Community Voices | 201 | 0 | 0 | 0 |
| Social Care in Prisons | 77 | 0 | 0 | 0 |
| War Pension Scheme Disregard | 64 | 0 | 0 | 0 |
| Adult Social Care Support Grant | 1,457 | 0 | 0 | 0 |
| PLACE | | | | |
| Lead Local Flood Authorities | 14 | 15 | 16 | 0 |
| Neighbourhood Planning Grant for Local Planning Authorities | 60 | 0 | 0 | 0 |
| Homelessness Reduction Act - new burdens | 50 | 37 | 47 | 0 |

| Corporate Grants Register 2018/19 | Revised Budget 2017/18 £000 | Forecast 2018/19 £000 | Forecast 2019/20 £000 | Forecast 2020/21 £000 |
|--|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| CORPORATE - Customer Operations | | | | |
| Housing and Council Tax Benefit Administration | 1,209 | 1,073 | 1,073 | 1,073 |
| NNDR Administration Grant | 506 | 566 | 509 | 459 |
| Universal Support Grant | 62 | 0 | 0 | 0 |
| Business Rates Relief Schemes: Payments of New Burdens 2017/18 | 12 | 0 | 0 | 0 |
| Discretionary Funding for Business Rates Relief 2017/18 | 378 | 0 | 0 | 0 |
| CORPORATE - Chief Operating Officer | | | | |
| New Homes Bonus | 8,254 | 8,563 | 9,080 | 8,194 |
| New Homes Bonus: Returned Funding Grant 2017/18 | 96 | 0 | 0 | 0 |
| Education Services Grant | 641 | 0 | 0 | 0 |
| Transitional Funding | 2,974 | 0 | 0 | 0 |
| Transition to Individual Electoral Registration 2017/18 | 64 | 0 | 0 | 0 |
| TOTAL GENERAL PURPOSE | 32,054 | 17,459 | 12,487 | 11,250 |
| TOTAL GRANT FUNDING | 287,034 | 271,511 | 266,887 | 258,198 |

9. Capital Grant Funding

| | Prior Years Grant Received | Expected Receipt 2018/19 | Application of Grants in 2018/19 | Expected Receipt 2019/20 | Application of Grants in 2019/20 | Expected Receipt Future Years | Application of Grants in Future Years |
|--|-------------------------------|-----------------------------|--|-----------------------------|--|-------------------------------------|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| SPECIFIC PURPOSE (Held Corporately) | | | | | | | |
| PEOPLE | | | | | | | |
| Education and 14-19 Skills | | | | | | | |
| School Condition Grant 2018/19 | 0 | 2,166 | 2,164 | 0 | 2 | 0 | 0 |
| School Condition Grant 2019/20 | 0 | 0 | 0 | 1,862 | 1,862 | 0 | 0 |
| School Condition Grant 2020/21 | 0 | 0 | 0 | 0 | 0 | 1,560 | 1,560 |
| Capital Maintenance Grant | 5,054 | 0 | 5,054 | 0 | 0 | 0 | 0 |
| Devolved Formula Capital 2016/17 | 169 | 0 | 169 | 0 | 0 | 0 | 0 |
| Devolved Formula Capital 2017/18 | 499 | 0 | 295 | 0 | 204 | 0 | 0 |
| Devolved Formula Capital 2018/19 | 0 | 435 | 0 | 0 | 171 | 0 | 264 |
| Devolved Formula Capital 2019/20 | 0 | 0 | 0 | 370 | 0 | 0 | 370 |
| Basic Need Grant 2015/16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Basic Need Grant 2016/17 | 2,236 | 0 | 2,236 | 0 | 0 | 0 | 0 |
| Basic Need Grant 2017/18 | 4,692 | 0 | 4,692 | 0 | 0 | 0 | 0 |
| Basic Need Grant 2018/19 | 0 | 15,054 | 15,054 | 0 | 0 | 0 | 0 |
| TOTAL PEOPLE | 12,650 | 17,655 | 29,664 | 2,232 | 2,239 | 1,560 | 2,194 |

| | Prior Years Grant Received | Expected Receipt 2018/19 | Application of Grants in 2018/19 | Expected Receipt 2019/20 | Application of Grants in 2019/20 | Expected Receipt Future Years | Application of Grants in Future Years |
|---|-------------------------------|-----------------------------|--|-----------------------------|--|-------------------------------------|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| SPECIFIC PURPOSE (Held Corporately) | | | | | | | |
| PLACE | | | | | | | |
| Growth and Regeneration | | | | | | | |
| Disabled Facilities Grant 2017/18 | 350 | 0 | 350 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grant 2018/19 | 0 | 1,750 | 1,750 | 0 | 0 | 0 | 0 |
| Disabled Facilities Grant 2019/20 | 0 | 0 | 0 | 1,750 | 1,750 | 0 | 0 |
| Disabled Facilities Grant 2020/21 | 0 | 0 | 0 | 0 | 0 | 1,750 | 1,750 |
| Crewe Town Centre Regeneration / Local Growth Fund | 0 | 1,800 | 1,800 | 6,095 | 6,095 | 1,505 | 1,505 |
| Rural and Green Infrastructure | | | | | | | |
| Rights of Way Improvement Plan Cycle/Walking Schemes | 251 | 0 | 251 | 0 | 0 | 0 | 0 |
| Tatton Vision / Heritage Lottery Funding | 33 | 0 | 33 | 0 | 0 | 0 | 0 |
| Client Commissioning | | | | | | | |
| Connecting Cheshire Digital 2020 - Super Fast Broadband | 0 | 4,094 | 4,094 | 2,515 | 2,515 | 0 | 0 |

| | Prior Years Grant Received £000 | Expected Receipt 2018/19 £000 | Application of Grants in 2018/19 £000 | Expected Receipt 2019/20 £000 | Application of Grants in 2019/20 £000 | Expected Receipt Future Years £000 | Application of Grants in Future Years £000 |
|---|---------------------------------------|-------------------------------------|--|-------------------------------------|--|---|---|
| SPECIFIC PURPOSE (Held Corporately) | | | | | | | |
| PLACE | | | | | | | |
| Infrastructure and Highways | | | | | | | |
| A51/A500 Corridor Nantwich | 0 | 0 | -131 | 0 | 0 | 0 | 0 |
| A6 MARR CMM / Department for Transport | 0 | 7 | 7 | 0 | 0 | 0 | 0 |
| Congleton Relief Road / Local Growth Fund | 0 | 0 | 0 | 45,000 | 45,000 | 0 | 0 |
| Crewe Green Roundabout / Local Growth Fund | 0 | 2,046 | 2,046 | 0 | 0 | 0 | 0 |
| Hibel Road Junction | 0 | 0 | 0 | 3,500 | 3,500 | 0 | 0 |
| Incentive Fund 2018/19 / Department for Transport | 0 | 1,751 | 1,751 | 0 | 0 | 0 | 0 |
| Incentive Fund 2019/20 / Department for Transport | 0 | 0 | 0 | 1,751 | 1,751 | 0 | 0 |
| Incentive Fund 2020/21 / Department for Transport | 0 | 0 | 0 | 0 | 0 | 1,751 | 1,751 |
| Integrated Transport Block 2018/19 / Department for Transport | 0 | 1,804 | 1,804 | 0 | 0 | 0 | 0 |
| Integrated Transport Block 2019/20 / Department for Transport | 0 | 0 | 0 | 1,804 | 1,804 | 0 | 0 |
| Integrated Transport Block 2020/21 / Department for Transport | 0 | 0 | 0 | 0 | 0 | 1,803 | 1,803 |
| Macclesfield Movement Strategy / Local Growth Fund | 0 | 40 | 40 | 0 | 0 | 0 | 0 |
| Maintenance Block 2018/19 / Department for Transport | 0 | 8,409 | 8,409 | 0 | 0 | 0 | 0 |
| Maintenance Block 2019/20 / Department for Transport | 0 | 0 | 0 | 8,409 | 8,409 | 0 | 0 |
| Maintenance Block 2020/21 / Department for Transport | 0 | 0 | 0 | 0 | 0 | 8,409 | 8,409 |
| Poynton Relief Road / Local Growth Fund | 0 | 1,200 | 1,200 | 20,299 | 20,299 | 1,701 | 1,701 |
| Safer Road Fund / Department for Transport | 880 | 0 | 880 | 0 | 0 | 0 | 0 |
| Sydney Road Bridge / Local Growth Fund | 0 | 3,356 | 3,356 | 0 | 0 | 0 | 0 |
| TOTAL PLACE | 1,514 | 26,257 | 27,640 | 91,123 | 91,123 | 16,919 | 16,919 |
| | | | | | | | |
| TOTAL SPECIFIC PURPOSE - CAPITAL GRANT FUNDING | 14,164 | 43,912 | 57,304 | 93,355 | 93,362 | 18,479 | 19,113 |

10. Capital Strategy

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Annexes:

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Executive Summary

10.1 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.

10.2 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.

10.3 This Strategy provides a framework and significant guidance on developing the Council's Capital Programme in a way that is affordable and can deliver the Council's Corporate Objectives as well as setting out the approach to capital investment and decision making processes.

Five Principles

10.4 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 focussed 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.

10.5 The Strategy is driven by the Council's Corporate Plan protecting and enhancing the "Quality of Place" in the Borough and supporting the well being of our local residents through the Council's strategic outcomes.

F Jordan

Frank Jordan

Executive Director of Place and Acting Deputy Chief Executive

Comment from the Section 151 Officer

10.6 The Capital Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS). It will be reviewed each year alongside the MTFS and will support my opinion in determining the robustness of the Council's financial plans.

10.7 In particular the capital strategy:

- takes account of significant revenue implications
- 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

10.8 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

10.9 The Strategy also incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

J Willis

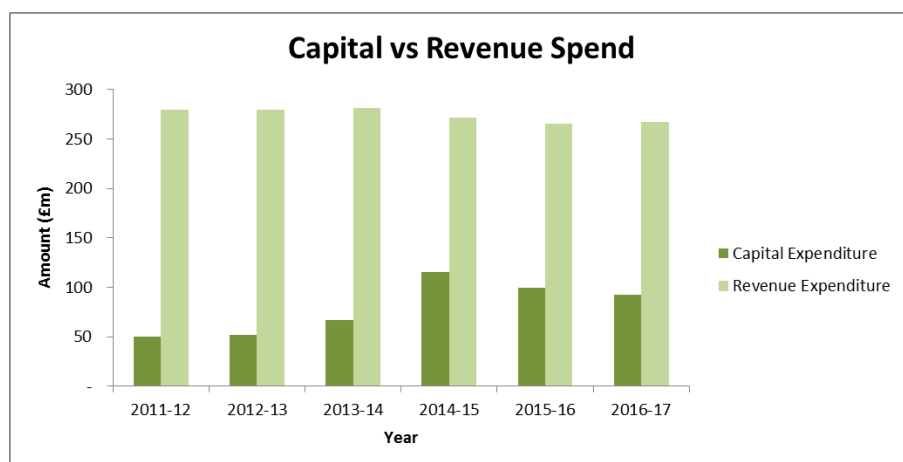
Jan Willis CPFA MBA

Interim Executive Director of Corporate Services
(Section 151 Officer)

1. Introduction

10.10 As a public sector organisation, with assets in excess of £850m, Cheshire East Council must have 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.

10.11 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.



10.12 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.

10.13 Capital planning is about capital investment or expenditure, as distinct from revenue expenditure or running costs. 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, 2012).

10.14 The accounting treatment of capital will be in accordance with International Accounting Standard 16 *Property, Plant and Equipment*.

10.15 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).

10.16 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.

- 10.17 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.
- 10.18 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.
- 10.19 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

- 10.20 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 Five 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 focussed 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 capped to ensure value for money is maintained. This 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.
5. There will be a corporate approach to generating and applying capital resources.

- 10.21 These principles will be achieved through a process of

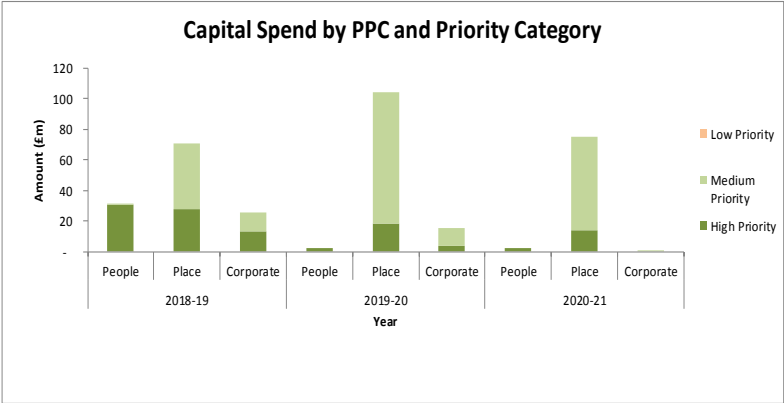
prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

2. Prioritisation of Expenditure

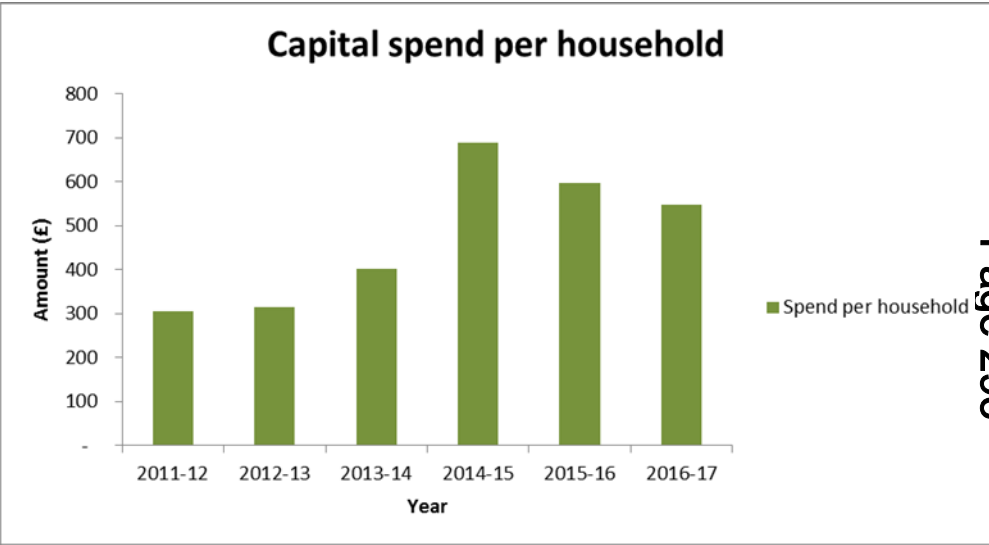
10.22 Capital Projects will be submitted for approval to the Council's Capital Programme based on how they will meet the needs of the Council as expressed in the Corporate Plan and how they adhere to the Principles of the Capital Strategy.

10.23 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.

10.24 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.



10.25 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 £0.3 billion. 67% of the funding is planned to come from government grants or contributions from other external partners. In addition, 6% will come from the Council's work to maximise the value of asset sales to support development in the local area.



10.26 The budget process has also identified £0.2 billion of new projects which will require business cases to be developed prior to being submitted for approval to be added to the Capital Programme.

10.27 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

10.28 High Level Business Cases (HLBCs) will allow projects to be compared, so must be written in a consistent format.

10.29 The format of a HLBC will be defined by the Section 151 Officer and will include:

- Strategic Case
- Economic Case
- Commercial Case
- Financial Case
- Management Case

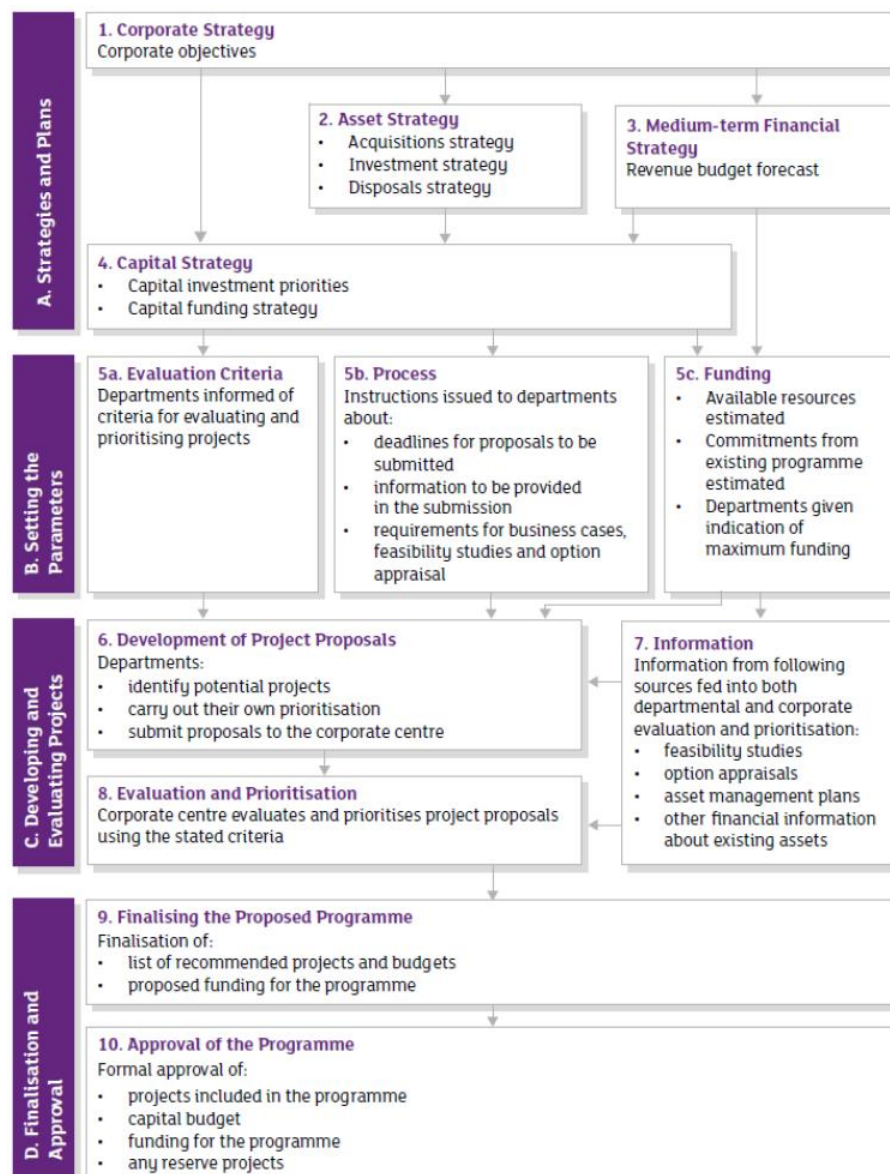
10.30 HLBCs will allow projects to be analysed so should provide supporting information where this explains the business case further. The Section 151 Officer will determine the level of training required by business case authors.

10.31 The Section 151 Officer will analyse submitted business cases in accordance with the five 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 |
| | An agreed service provision that is defined within the MTFS |
| | Projects required to meet compliance and legislative needs |
| | Fully funded by external sources |
| Medium | Self-funding projects with high level financial returns |
| | Cost effective repairs and maintenance of existing assets |
| | Projects with positive financial returns |
| Low | Part funded projects of strategic importance to outcomes |
| | Cosmetic repairs and maintenance |
| | Unfunded projects without financial returns |
| | Other projects |

10.32 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. Low priority projects are unlikely to be recommended for approval unless specific strategic importance is associated with the project, or public demand is significant.

10.33 **Annex A** provides the current Capital Programme for the Council with a clear indication of the priority status of each project.



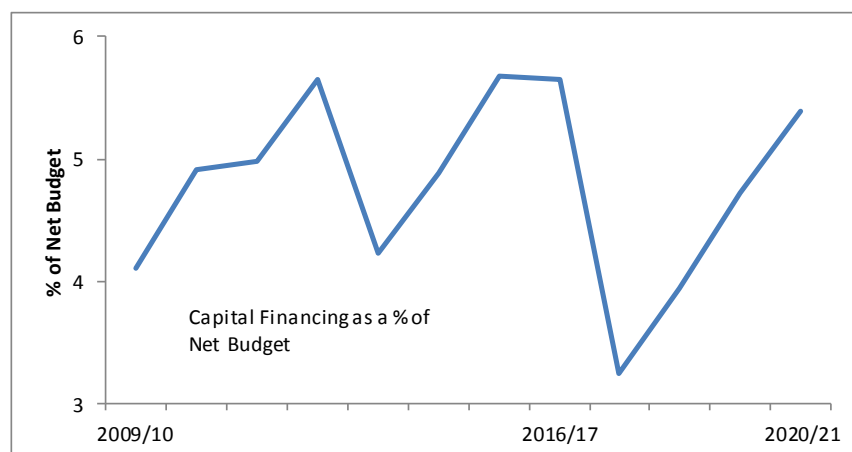
3. Financial Controls

Setting Financial Parameters

- 10.34 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.
- 10.35 In each financial year the Council will review and agree:
- A Capped Level for the Capital Financing Budget (CFB)
 - The Flexible Use of Capital Receipts
- 10.36 These values set the parameters of affordability for projects within the Capital Programme.
- 10.37 As part of the Budget Setting process for each financial year 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.
- 10.38 The Section 151 Officer will invite bids for Capital Expenditure on a quarterly 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.

- 10.39 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.
- 10.40 Current forecasts are that the CFB will continue at 4% to 5% of the Net Revenue budget in the medium term.



- 10.41 **Table 1**, provides the Financial Parameters for the period 2018/19 to 2020/21, followed by the strategy behind each element of the calculation.

Table 1: Financial Parameters for 2018/19 to 2020/21

| Parameter | Value (£m) | | | Notes |
|--|-------------|-------------|-------------|---|
| | 2018/19 | 2019/20 | 2020/21 | |
| | £m | £m | £m | |
| Repayment of Borrowing | | | | |
| Minimum Revenue Provision* | 10.0 | 12.9 | 13.7 | |
| External Loan Interest | 3.8 | 3.7 | 3.6 | |
| Investment Income | (0.3) | (0.3) | (0.3) | |
| Contributions from Services Revenue Budgets | (0.9) | (1.0) | (1.9) | See Annex B for Schedule of contributions |
| Total Capital Financing Costs | 12.6 | 15.3 | 15.1 | |
| Use of Financing EMR | 2.6 | 3.3 | 1.1 | |
| Actual CFB in MTFS | 10.0 | 12.0 | 14.0 | Capped Level of CFB |
| *Capital Receipts targets | 4.3 | 4.3 | 10.0 | |
| Flexible use of Capital Receipts | 2.0 | 1.0 | 0.0 | |

* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 10.42 The Section 151 Officer will use professional judgement, supported by application of the CIPFA Prudential Code to determine an appropriate approach to the repayment of borrowing. At all times the impact on taxpayers past, current and future will be considered in determining an approach that reflects value for money.
- 10.43 The Minimum Revenue Provision (MRP) Statement (**Annex E**) sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
- 10.44 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).
- 10.45 The Section 151 Officer will consider advice from CIPFA, central government, Treasury Management Advisors, and External Auditors in determining the policy on MRP.
- 10.46 External loan interest payments will be determined by the Section 151 Officer in accordance with the Council's Treasury Management Strategy.
- 10.47 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

Investment Income

- 10.48 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.
- 10.49 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.
- 10.50 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

- 10.51 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.
- 10.52 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.
- 10.53 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.

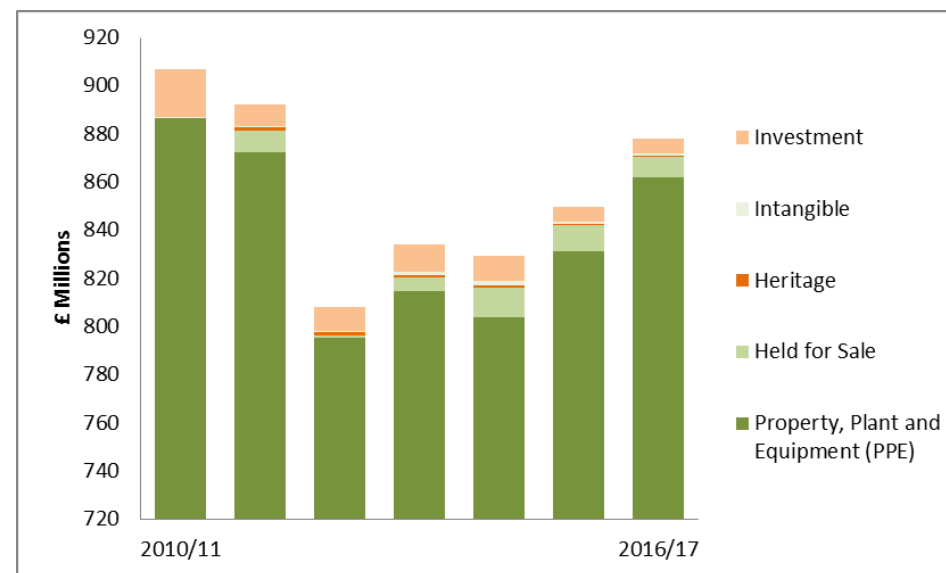
- 10.54 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget as shown in **Annex B** to the Capital Strategy.

Use of Financing Earmarked Reserve

- 10.55 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.
- 10.56 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.
- 10.57 The Council's current strategy is to draw-down up to £7m from the Financing Earmarked Reserve for the period 2018/19 to 2020/21.

Capital Receipts

- 10.58 Asset disposals can provide receipts that can be utilised to fund capital expenditure and therefore reduce the overall level of the Capital Financing Budget.



- 10.59 The Council will therefore maintain a co-ordinated approach to disposal, and acquisition, of assets to achieve sustainable services and value for money. The Council's overarching approach will consider the impact of disposals and acquisitions across five key areas:

- 1 Housing provision
- 2 Financial returns to the Council
- 3 Improvement of infrastructure
- 4 Regeneration
- 5 Community facilities

- 10.60 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.

10.61 The Council's current strategy is to realise net receipts of £18.6m for the period 2018/19 to 2020/21 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

10.62 Central governments Statutory Guidance on the Flexible Use of Capital Receipts requires local authorities to prepare and publish a strategy before the start of each year, setting out their planned use of this flexibility, listing the planned projects and the expected savings or service transformation outcome for each project, and the impact on the local authority's prudential indicators.

10.63 From the second year onwards the strategy should also report on the outcomes of previous years' projects. **Annex C** provides details of the plans under this part of the strategy.

10.64 The Council's strategy is to utilise up to £3m of capital receipts to support Transformation Projects over the period 2018/19 to 2019/20.

Funding Capital Expenditure

10.65 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

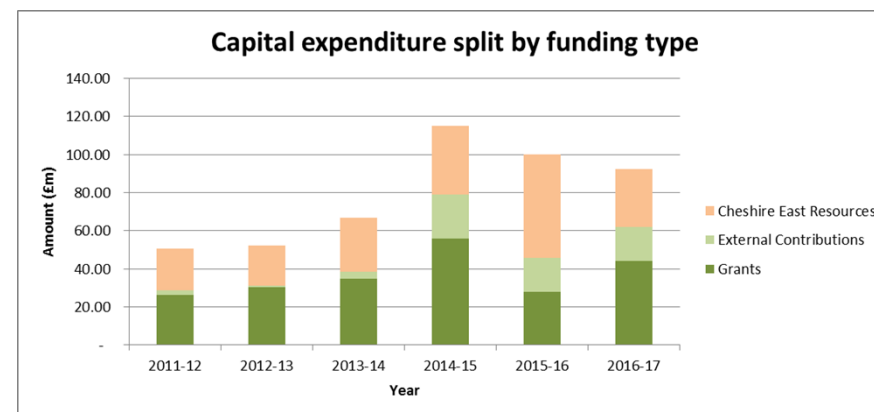
reflects the organisation's long-term objectives rather than short-term expedience.

10.66 The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.

10.67 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.

10.68 Main forecasted income sources are:

- Government Grants (£170m / 52%)
- Other external contributions (£50m / 15%)
- Receipts from Council Assets (£19m / 6%)



10.69 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.

10.70 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.

10.71 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.

10.72 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 and Risk Strategy

Risk

10.73 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.

10.74 A risk management framework is 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.

10.75 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.

10.76 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.

- 10.77 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.
- 10.78 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.

Background Papers

10.79 Section 1 – Introduction

CEC Accounts
CEC Budget
CEC Quarterly Reviews
CEC VFM Docs
CIPFA

10.80 Section 2 – Asset planning

Better Practice Guide on the Strategic and Operational Management of Assets by Public Sector Entities (Commonwealth of Australia, 2010)

Highway Infrastructure Asset Management Guidance (Highways Efficiency Management Programme/Department for Transport, 2013)

Hot Property: Getting the Best from Local Authority Assets (Audit Commission, 2000)

Local Authority Asset Management Best Practice (RICS, 2009)

Managing Council Property Assets (Audit Commission, 2014)

Public Sector Property Asset Management Guidelines 2nd Edition (RICS, 2012)

Room for Improvement: Strategic Asset Management in Local Government (Audit Commission, 2009)

10.81 Section 3 – Developing a capital strategy

Capital Strategy and Corporate Asset Management Plan 2013 – 2016 Handbook (Bournemouth Borough Council, 2013)

Guidebook on Capital Investment Planning for Local Governments (World Bank, 2011)

10.82 Section 4 – Developing a capital programme

Capital Project Proposal Scoring (Report to Wrexham County Borough Council's Finance and Performance Scrutiny Committee, 15th March 2012)

The Green Book: Appraisal and Evaluation in Central Government (HM Treasury, 2003)

Option Appraisal: A Practical Guide for Public Service Organisations (CIPFA, 2011)

10.83 Section 5 – Capital budgeting and financing

Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (CIPFA, 2014)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2014)

Practitioners' Guide to Capital Finance in Local Government (CIPFA, 2012)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2011)

UK public finances and the financial crisis (presentation given by Carl Emmerson and Gemma Tetlow of the Institute of

Fiscal Studies at a workshop on 'European public finances through the financial crisis' at the ZEW Centre for European Economic Research, Mannheim, Germany, 11th June 2014)

CAPITAL STRATEGIES AND PROGRAMMING

10.84 Section 6 – Alternative ways of procuring assets

Managing Complex Capital Investment Programmes Utilising Private Finance (National Audit Office and HM Treasury, 2010)

A New Approach to Public Private Partnerships (HM Treasury, 2012)

10.85 Section 7 – Delivering capital investment

Achieving Excellence in Construction (Office of Government Commerce, 2007)

Guidelines for Managing Programmes: Understanding Programmes and Programme Management (Department of Business, Innovation & Skills, 2010)

Guidelines for Managing Projects: How to Organise, Plan and Control Projects (Department of Business, Innovation & Skills, 2010)

OGC Guidance on Framework Agreements in the Procurement Regulations (Office of Government Commerce, 2008)

Public Sector Business Cases Using the Five Case Model (HM Treasury, 2013)

The Public Sector Programme Management Approach Guide (Capital Ambition, 2011)

The Scottish Government's web pages on programme management:
www.scotland.gov.uk/Topics/Government/ProgrammeProjectDelivery/Programmemanagement

The Scottish Government's web pages on project management:
www.scotland.gov.uk/Topics/Government/ProgrammeProjectDelivery/Projman

10.86 Section 8 – Adapting to austerity

Double-Shift Schooling: Design and Operation for Cost-effectiveness (Unesco, 2008)

One Public Estate Programme Prospectus (Local Government Association, 2014)

Termination of the SIREN ICT Project (public interest report to the Police and Crime Commissioner for Surrey and the Chief Constable for Surrey, Grant Thornton UK LLP, 2014)

Tri-Borough Proposals Report: Bold Ideas for Challenging Times (London Borough of Hammersmith and Fulham, The Royal Borough of Kensington and Chelsea and Westminster City Council, 2011) Page 66

Annex A – Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Prior Years £000 | Budget 2018/19 £000 | Budget 2019/20 £000 | Budget 2020/21 £000 | Total Budget 2018/21 £000 |
|--|------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|
| Committed Schemes - In Progress | | | | | |
| People | 16,714 | 22,190 | 2,239 | 2,194 | 26,623 |
| Place | 170,604 | 48,985 | 90,755 | 61,265 | 201,005 |
| Corporate | 42,692 | 23,958 | 15,090 | 50 | 39,098 |
| Total Committed Schemes - In Progress | 230,009 | 95,133 | 108,084 | 63,509 | 266,726 |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Prior Years £000 | Budget 2018/19 £000 | Budget 2019/20 £000 | Budget 2020/21 £000 | Total Budget 2018/21 £000 |
|--------------------------|------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|
| New Schemes | | | | | |
| People | 0 | 8,627 | 0 | 0 | 8,627 |
| Place | 5,118 | 21,568 | 13,714 | 13,713 | 48,995 |
| Corporate | 15 | 1,771 | 0 | 0 | 1,771 |
| Total New Schemes | 5,133 | 31,966 | 13,714 | 13,713 | 59,393 |
| Total | 235,142 | 127,099 | 121,798 | 77,222 | 326,119 |

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Prior Years £000 | Budget 2018/19 £000 | Budget 2019/20 £000 | Budget 2020/21 £000 | Total Budget 2018/21 £000 |
|--|------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|
| Funding Requirement | | | | | |
| Indicative Funding Analysis: (See note 1) | | | | | |
| Government Grants | 116,744 | 57,304 | 93,361 | 19,113 | 169,778 |
| External Contributions | 8,111 | 7,464 | 9,909 | 32,389 | 49,762 |
| Revenue Contributions | 669 | 2,734 | 0 | 0 | 2,734 |
| Capital Receipts | 30,708 | 4,263 | 4,250 | 10,000 | 18,513 |
| Prudential Borrowing (See note 2) | 78,909 | 55,333 | 14,279 | 15,719 | 85,332 |
| Total | 235,142 | 127,099 | 121,798 | 77,222 | 326,119 |

Notes:

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 2018-21 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.
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 2018/19 - 2020/21

| | Prior Years £000 | Budget 2018/19 £000 | Budget 2019/20 £000 | Budget 2020/21 £000 | Total Budget 2018/21 £000 |
|-----------------------|------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|
| Addendum | | | | | |
| People | 0 | 2,930 | 0 | 0 | 2,930 |
| Place | 118 | 78,019 | 114,337 | 63,393 | 255,749 |
| Corporate | 0 | 6,211 | 4,391 | 3,127 | 13,729 |
| Total Addendum | 118 | 87,160 | 118,728 | 66,520 | 272,408 |
| Total | 118 | 87,160 | 118,728 | 66,520 | 272,408 |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Priority | Prior | Budget | Budget | Budget | Total Budget | Forecast Funding | | | |
|--|----------|--------|---------|---------|---------|--------------|------------------|----------|----------------------------------|------------------|
| | | Years | 2018/19 | 2019/20 | 2020/21 | 2018/21 | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Committed Schemes - In Progress | | | | | | | | | | |
| Childrens Social Care | | | | | | | | | | |
| Foster Carer Capacity Scheme | Medium | 363 | 277 | 0 | 0 | 277 | 0 | 0 | 277 | 0 |
| Children and Families | | | | | | | | | | |
| Adelaide Academy | High | 50 | 149 | 0 | 0 | 149 | 149 | 0 | 0 | 0 |
| Alsager Planning Area (Primary Schools - 105 Places) | High | 27 | 1,200 | 0 | 0 | 1,200 | 1,173 | 27 | 0 | 0 |
| Alsager Planning Area (Secondary Schools - 150 Places) | High | 51 | 2,749 | 0 | 0 | 2,749 | 2,749 | 0 | 0 | 0 |
| Chelford Planning Area (Primary Schools - 30 Places) | High | 200 | 100 | 0 | 0 | 100 | 96 | 4 | 0 | 0 |
| DFC Grant | High | 4,605 | 375 | 375 | 634 | 1,384 | 1,384 | 0 | 0 | 0 |
| Disley Primary School (Basic Needs) | High | 290 | 223 | 0 | 0 | 223 | 223 | 0 | 0 | 0 |
| Hungerford Primary School | High | 2,442 | 100 | 0 | 0 | 100 | 100 | 0 | 0 | 0 |
| Kitchens block (Gas interlock) | High | 604 | 9 | 0 | 0 | 9 | 0 | 0 | 9 | 0 |
| Monks Coppenhall Primary School - Basic Needs | High | 2,496 | 100 | 0 | 0 | 100 | 100 | 0 | 0 | 0 |
| Nantwich Planning Area (Primary Schools - 105 Places) | High | 99 | 1,200 | 0 | 0 | 1,200 | 1,101 | 99 | 0 | 0 |
| Nantwich Planning Area (Secondary Schools - 300 Places) | High | 100 | 3,350 | 0 | 0 | 3,350 | 3,350 | 0 | 0 | 0 |
| Pupil Referral Unit - New Site | High | 925 | 2,069 | 0 | 0 | 2,069 | 2,069 | 0 | 0 | 0 |
| Sandbach Planning Area (Primary Schools - 105 Places) | High | 230 | 1,100 | 0 | 0 | 1,100 | 970 | 130 | 0 | 0 |
| Sandbach Planning Area (Secondary Schools - 300 Places) | High | 0 | 3,450 | 0 | 0 | 3,450 | 3,450 | 0 | 0 | 0 |
| Schools Condition Capital Grant | High | 1,325 | 2,702 | 1,864 | 1,560 | 6,126 | 6,120 | 0 | 6 | 0 |
| Shavington Planning Area (Primary Schools - 210 Places) | High | 600 | 1,800 | 0 | 0 | 1,800 | 1,509 | 291 | 0 | 0 |
| To Expand 'in borough' SEN placement Capacity - Springfield Special School | High | 100 | 500 | 0 | 0 | 500 | 0 | 350 | 150 | 0 |
| Universal free school meals | High | 80 | 30 | 0 | 0 | 30 | 30 | 0 | 0 | 0 |
| Weaver Primary School | High | 110 | 441 | 0 | 0 | 441 | 441 | 0 | 0 | 0 |
| Prevention and Support | | | | | | | | | | |
| Childcare Sufficiency Capital Programme | High | 2,016 | 266 | 0 | 0 | 266 | 266 | 0 | 0 | 0 |
| Total Committed Schemes - In Progress | | 16,714 | 22,190 | 2,239 | 2,194 | 26,623 | 25,280 | 901 | 442 | |

People CAPITAL

| CAPITAL PROGRAMME 2018/19 - 2020/21 | | | | | | | | | | |
|--|----------|-------------|----------------|----------------|----------------|----------------------|------------------|----------|----------------------------------|------------------|
| | Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
| | | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| | | | | | | | | | | |
| New Schemes | | | | | | | | | | |
| Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas (awaiting infromation from DfE regarding value of allocation) | High | 0 | 8,627 | 0 | 0 | 8,627 | 8,417 | 210 | 0 | 0 |
| | | | | | | | | | | |
| Total New Schemes | | 0 | 8,627 | 0 | 0 | 8,627 | 8,417 | 210 | 0 | 0 |
| | | | | | | | | | | |
| Total | | 16,714 | 30,817 | 2,239 | 2,194 | 35,250 | 33,697 | 1,111 | 442 | 0 |

People Addendum CAPITAL

| CAPITAL PROGRAMME 2018/19 - 2020/21 | | | | | | | | | |
|---|-------------|----------------|----------------|----------------|----------------------|------------------|----------|----------------------------------|------------------|
| | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
| | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Addendum Schemes | | | | | | | | | |
| Childcare Sufficiency Capital Programme | 0 | 234 | 0 | 0 | 234 | 0 | 0 | 234 | 0 |
| To Expand 'in borough' SEN placement Capacity | 0 | 2,696 | 0 | 0 | 2,696 | 0 | 0 | 2,696 | 0 |
| Total Addendum Schemes | 0 | 2,930 | 0 | 0 | 2,930 | 0 | 0 | 2,930 | 0 |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Priority | Prior | Budget | Budget | Budget | Total Budget | Forecast Funding | | | |
|---|----------|--------|---------|---------|---------|--------------|------------------|----------|----------------------------------|------------------|
| | | Years | 2018/19 | 2019/20 | 2020/21 | 2018/21 | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Committed Schemes - In Progress | | | | | | | | | | |
| Infrastructure & Highways | | | | | | | | | | |
| A500 Dualling scheme | Medium | 2,513 | 1,615 | 0 | 0 | 1,615 | 0 | 1,462 | 153 | 0 |
| A556 Knutsford to Bowdon | High | 273 | 231 | 0 | 0 | 231 | 0 | 231 | 0 | 0 |
| A51/A500 Corridor Nantwich - Option Development | Medium | 150 | 100 | 0 | 0 | 100 | -131 | 0 | 231 | 0 |
| A6 MARR CMM - Disley | Medium | 1,442 | 417 | 263 | 0 | 680 | 7 | 186 | 487 | 0 |
| A6 MARR CMM - Handforth | Medium | 387 | 113 | 0 | 0 | 113 | 0 | 113 | 0 | 0 |
| Alderley Edge Bypass Scheme Implementation | - | 60,071 | 1,040 | 0 | 0 | 1,040 | 0 | 0 | 1,040 | 0 |
| Asset Management Invest to Save | Medium | 325 | 150 | 0 | 0 | 150 | 0 | 0 | 150 | 0 |
| Car Parking Improvements | Medium | 226 | 32 | 0 | 0 | 32 | 0 | 0 | 32 | 0 |
| Congleton Link Road | Medium | 8,823 | 10,740 | 47,216 | 23,964 | 81,920 | 45,000 | 23,700 | 13,220 | 0 |
| Crewe Green Link Road Phase 2 | Medium | 24,420 | 100 | 62 | 1,165 | 1,327 | 0 | 653 | 674 | 0 |
| Crewe Green Roundabout | Medium | 3,190 | 3,779 | 531 | 0 | 4,310 | 2,046 | 1,882 | 383 | 0 |
| Crewe HS2 Hub Project Development | Medium | 1,552 | 1,403 | 0 | 0 | 1,403 | 0 | 0 | 1,403 | 0 |
| Digital Solutions - Parking | Medium | 154 | 23 | 23 | 0 | 46 | 0 | 0 | 46 | 0 |
| Hibel Road Junction | Medium | 0 | 1,500 | 4,000 | 0 | 5,500 | 3,500 | 0 | 2,000 | 0 |
| Macclesfield Movement Strategy - Option Development | Medium | 60 | 240 | | | 240 | 40 | 0 | 200 | 0 |
| Middlewich Eastern Bypass | Medium | 3,022 | 485 | 0 | 0 | 485 | 0 | 0 | 485 | 0 |
| North West Crewe (Leighton West) | Medium | 2,213 | 317 | 0 | 0 | 317 | 0 | 0 | 317 | 0 |
| Poynton Relief Road | Medium | 5,476 | 2,881 | 20,409 | 21,891 | 45,181 | 23,200 | 7,700 | 14,281 | 0 |
| Road Network and Linked Key Infrastructure | Medium | 8 | 250 | 0 | 0 | 250 | 0 | 0 | 250 | 0 |
| Highways Section 106 & 278 Schemes | High | 2,141 | 162 | 25 | 0 | 187 | 0 | 187 | 0 | 0 |
| Safer Roads Fund | High | 150 | 880 | 0 | 0 | 880 | 880 | 0 | 0 | 0 |
| Sydney Road Bridge | High | 2,759 | 6,172 | 1,233 | 337 | 7,742 | 3,356 | 4,387 | 0 | |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Priority | Prior | Budget | Budget | Budget | Total Budget | Forecast Funding | | | |
|---------------------------------------|----------|---------|---------|---------|---------|--------------|------------------|----------|------------------------------|--------|
| | | Years | 2018/19 | 2019/20 | 2020/21 | 2018/21 | Grants | External | Borrowing / Capital Receipts | |
| | | | | | | | | | Revenue | |
| | | | | | | | | | Contribution | |
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Committed Schemes - In Progress | | | | | | | | | | |
| <u>Growth and Regeneration</u> | | | | | | | | | | |
| Crewe Town Centre Regeneration | Medium | 7,453 | 1,885 | 8,494 | 13,805 | 24,184 | 9,400 | 0 | 4,784 | 10,000 |
| Disabled Facilities Grants | High | 7,693 | 1,900 | 0 | 0 | 1,900 | 1,900 | 0 | 0 | 0 |
| Farms Strategy | Medium | 1,261 | 389 | 1,730 | 0 | 2,119 | 0 | 0 | 0 | 2,119 |
| Starter Homes - Phase 1 | Medium | 9 | 858 | 0 | 0 | 858 | 0 | 0 | 858 | 0 |
| Regeneration & Development Programme | Medium | 2,153 | 1,255 | 0 | 0 | 1,255 | 0 | 0 | 1,255 | 0 |
| Private Sector Assistance | Medium | 1,658 | 250 | 83 | 0 | 333 | 0 | 0 | 333 | 0 |
| Schools Capital Maintenance | High | 1,448 | 400 | 0 | 0 | 400 | 400 | 0 | 0 | 0 |
| Premises Capital (FM) | High | 17,216 | 2,750 | 2,500 | 0 | 5,250 | 0 | 0 | 5,250 | 0 |
| Minor Works | High | 2,660 | 400 | 500 | 0 | 900 | 0 | 0 | 900 | 0 |
| <u>Rural and Green Infrastructure</u> | | | | | | | | | | |
| Archives Option Development | Medium | 150 | 125 | 0 | 0 | 125 | 0 | 0 | 125 | 0 |
| Countryside Vehicle Replacement | Medium | 397 | 92 | 26 | 103 | 221 | 0 | 0 | 221 | 0 |
| Accessibility – Walking & Cycling | High | 1,168 | 251 | 0 | 0 | 251 | 251 | 0 | 0 | 0 |
| Rural & Green Section 106 Schemes | High | 39 | 31 | 0 | 0 | 31 | 0 | 31 | 0 | 0 |
| Tatton Vision - Field to Fork Project | Medium | 1,150 | 199 | 0 | 0 | 199 | 33 | 0 | 166 | 0 |
| Tatton Park Investment Phase 2 | Medium | 250 | 1,145 | 1,145 | 0 | 2,290 | 0 | 0 | 2,290 | 0 |
| <u>Client Commissioning</u> | | | | | | | | | | |
| Connecting Cheshire Phase 2 | Medium | 5,904 | 331 | 0 | 0 | 331 | 0 | 0 | 331 | 0 |
| Connecting Cheshire Digital 2020 | Medium | 641 | 4,094 | 2,515 | 0 | 6,609 | 6,609 | 0 | 0 | 0 |
| Total Committed Schemes - In Progress | | 170,604 | 48,985 | 90,755 | 61,265 | 201,005 | 96,490 | 40,532 | 51,865 | 12,119 |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Priority | Prior | Budget | Budget | Budget | Total Budget | Forecast Funding | | | |
|---|----------|---------|---------|---------|---------|--------------|------------------|----------|----------------------------------|------------------|
| | | Years | 2018/19 | 2019/20 | 2020/21 | 2018/21 | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| | | | | | | | | | | |
| New Schemes | | | | | | | | | | |
| <u>Infrastructure & Highways</u> | | | | | | | | | | |
| Integrated Transport Block - LTP | High | 0 | 1,804 | 1,804 | 1,803 | 5,411 | 5,411 | 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 |
| LED Street Lighting Upgrade – Residential Areas | Medium | 0 | 2,700 | | | 2,700 | 0 | 0 | 2,700 | 0 |
| Managing the Highways Network | Medium | 0 | 5,000 | 0 | 0 | 5,000 | 0 | 0 | 5,000 | 0 |
| <u>Growth and Regeneration</u> | | | | | | | | | | |
| Disabled Facilities Grants | High | 0 | 200 | 1,750 | 1,750 | 3,700 | 3,700 | 0 | 0 | 0 |
| <u>Client Commissioning</u> | | | | | | | | | | |
| Strategic Site Development | High | 5,118 | 1,704 | | | 1,704 | 0 | 0 | 0 | 1,704 |
| Total New Schemes | | 5,118 | 21,568 | 13,714 | 13,713 | 48,995 | 39,591 | 0 | 7,700 | 1,704 |
| | | | | | | | | | | |
| Total | | 175,722 | 70,553 | 104,469 | 74,978 | 250,000 | 136,081 | 40,532 | 59,565 | 13,823 |

Place Addendum

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21

| Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
|--|-------------|----------------|----------------|----------------|----------------------|------------------|---------------|----------------------------------|------------------|
| | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | | | | | £000 | £000 | £000 | £000 |
| Infrastructure & Highways | | | | | | | | | |
| Managing the Highways Network | 0 | 0 | 10,000 | 10,000 | 20,000 | 0 | 0 | 20,000 | 0 |
| A51/A500 Corridor Nantwich | 0 | 3,750 | 0 | 0 | 3,750 | 0 | 3,000 | 750 | 0 |
| Alderley Road, Wilmslow – A34 Junction and pedestrian | 118 | 1,082 | 0 | 0 | 1,082 | 0 | 0 | 1,082 | 0 |
| Bollington Bridge | 0 | 160 | 0 | 0 | 160 | 0 | 0 | 160 | 0 |
| King Street Enhancement Scheme | 0 | 2,000 | 0 | 0 | 2,000 | 1,500 | 0 | 500 | 0 |
| Macclesfield Movement Strategy | 0 | 4,000 | 0 | 0 | 4,000 | 0 | 0 | 4,000 | 0 |
| Road Network and Linked Key Infrastructure | 0 | 1,950 | 2,000 | 0 | 3,950 | 0 | 0 | 3,950 | 0 |
| Active Travel Investment (LGF match funding) | 0 | 250 | 250 | 0 | 500 | 0 | 0 | 500 | 0 |
| Middlewich Eastern Bypass | 0 | 12,045 | 26,502 | 18,199 | 56,746 | 46,780 | 7,000 | 2,967 | 0 |
| North West Crewe (Leighton West) | 0 | 13,365 | 18,617 | 7,920 | 39,902 | 15,600 | 15,095 | 9,206 | 0 |
| HS2 Crewe Hub | 0 | 3,045 | 6,000 | 0 | 9,045 | 5,413 | 3,000 | 632 | 0 |
| Winter Service Facility | 0 | 3,000 | 0 | 0 | 3,000 | 0 | 0 | 3,000 | 0 |
| A50 Corridor Study | 0 | 30 | 0 | 0 | 30 | 0 | 0 | 30 | 0 |
| Town Studies | 0 | 183 | 183 | 184 | 550 | 0 | 550 | 0 | 0 |
| Mid Cheshire Towns Transport Study - Stage 2 Masterplan | 0 | 120 | 0 | 0 | 120 | 0 | 0 | 120 | 0 |
| Mid Cheshire Towns Transport Study - Clive Green Lane | 0 | 80 | 0 | 0 | 80 | 0 | 0 | 80 | 0 |
| Infrastructure Delivery Plan (spending profile to be agreed). | | | | | | | | | |
| Middlewich Southern Link OBC | 0 | 2,500 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 0 |
| B5077 Crewe Road/B5078 Sandbach Road North junction | 0 | 400 | 0 | 0 | 400 | 400 | 0 | 0 | 0 |
| Improvements to the A5020 Weston Gate Roundabout | 0 | 2,500 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 0 |
| A537 Adams Hill junction improvements | 0 | 400 | 0 | 0 | 400 | 400 | 0 | 0 | 0 |
| Brook Street/Hollow Lane junction improvements | 0 | 400 | 0 | 0 | 400 | 400 | 0 | 0 | 0 |
| Burford junction improvements, to include complementary | 0 | 2,500 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 0 |
| Alvaston roundabout junction improvements | 0 | 1,600 | 0 | 0 | 1,600 | 1,600 | 0 | 0 | 0 |
| Peacock roundabout junction improvements | 0 | 750 | 0 | 0 | 750 | 750 | 0 | 0 | 0 |
| A534 Old Mill Road/The Hill junction and Old Mill | 0 | 1,500 | 0 | 0 | 1,500 | 1,500 | 0 | 0 | 0 |
| A34/A538 West junction improvements | 0 | 1,500 | 0 | 0 | 1,500 | 1,500 | 0 | 0 | 0 |
| Total Infrastructure & Highways | 118 | 59,110 | 63,552 | 36,303 | 158,965 | 83,343 | 28,645 | 46,977 | |

Place Addendum

CAPITAL

CAPITAL PROGRAMME 2018/19 - 2020/21

| Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
|---|----------------|-------------------|-------------------|-------------------|-------------------------|------------------|---------------|------------------------------|--------------|
| | | | | | | Grants | External | Borrowing / Capital Receipts | |
| | | | | | | | | Revenue | |
| | | | | | | | | Contribution | |
| | £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 |
| Gypsy and Traveller Sites | 0 | 2,401 | 0 | 0 | 2,401 | 0 | 0 | 200 | 0 |
| Private Sector Assistance | 0 | 0 | 300 | 0 | 300 | 900 | 0 | 1,501 | 0 |
| Housing Development Fund | 0 | 1,212 | 0 | 0 | 1,212 | 0 | 0 | 300 | 0 |
| Investment in Heritage Assets | 0 | 3,000 | 2,500 | 0 | 5,500 | 0 | 0 | 1,212 | 0 |
| Premises Capital (FM) | 0 | 0 | 0 | 2,500 | 2,500 | 0 | 0 | 5,500 | 0 |
| Minor Works | 0 | 0 | 0 | 500 | 500 | 0 | 0 | 2,500 | 0 |
| Macclesfield Town Centre Regeneration Phased Public Realm Enhancement Programme | 0 | 950 | 2,350 | 1,150 | 4,450 | 0 | 0 | 500 | 0 |
| Strategic Acquisitions | 0 | 5,000 | 6,000 | 0 | 11,000 | 0 | 0 | 4,450 | 0 |
| Housing Site Development | 0 | 3,694 | 923 | 640 | 5,257 | 0 | 0 | 11,000 | 0 |
| Strategic Housing Sites Infrastructure | 0 | 1,852 | 18,923 | 21,300 | 42,075 | 0 | 0 | 5,257 | 0 |
| Total Growth & Regeneration | 0 | 18,309 | 30,996 | 26,090 | 75,395 | 31,700 | 0 | 10,375 | 0 |
| | | | | | | 32,600 | 0 | 42,795 | 0 |
| <u>Rural & Green</u> | | | | | | | | | |
| Tatton Park Investment Phase 2 | 0 | 600 | 389 | 0 | 989 | 0 | 0 | 989 | 0 |
| Archives | 0 | 0 | 13,000 | 0 | 13,000 | 4,000 | 4,000 | 5,000 | 0 |
| Total Rural & Green | 0 | 600 | 13,389 | 0 | 13,989 | 4,000 | 4,000 | 5,989 | 0 |
| | | | | | | | | | |
| <u>Client Commissioning</u> | | | | | | | | | |
| Strategic Site Development | 0 | 0 | 1,800 | 1,000 | 2,800 | 0 | 0 | 0 | 2,800 |
| Energy Projects | 0 | 0 | 4,600 | 0 | 4,600 | 0 | 4,600 | 0 | 0 |
| Total Client Commissioning | 0 | 0 | 6,400 | 1,000 | 7,400 | 0 | 4,600 | 0 | 2,800 |
| | | | | | | | | | |
| Total | 118 | 78,019 | 114,337 | 63,393 | 255,749 | 119,943 | 37,245 | 95,761 | 2,800 |

CAPITAL PROGRAMME 2018/19 - 2020/21

| | Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
|---|----------|----------------|-------------------|-------------------|-------------------|-------------------------|------------------|----------|--|---------------------|
| | | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | | | | | | £000 | £000 | £000 | £000 |
| Committed Schemes - In Progress | | | | | | | | | | |
| ICT Services | | | | | | | | | | |
| Digital Customer Services | High | 5,500 | 500 | 0 | 0 | 500 | 0 | 0 | 500 | 0 |
| ACPH (Care Act Phase 2) | High | 3,384 | 1,610 | 1,320 | 0 | 2,930 | 0 | 0 | 2,530 | 400 |
| Best4Business | High | 3,709 | 2,328 | 0 | 0 | 2,328 | 0 | 0 | 2,328 | 0 |
| ICT Infrastructure Investment Programmme | High | 9,845 | 5,400 | 2,120 | 0 | 7,520 | 0 | 0 | 3,230 | 4,290 |
| Information Assurance and Data Management | High | 7,684 | 1,217 | 0 | 0 | 1,217 | 0 | 0 | 1,217 | 0 |
| Core Financials, HR Services | High | 6,735 | 780 | 124 | 0 | 904 | 0 | 0 | 904 | 0 |
| Finance & Performance | | | | | | | | | | |
| Strategic Capital Projects | Medium | 2,044 | 2,383 | 0 | 0 | 2,383 | 0 | 0 | 2,383 | 0 |
| Customer Operations | | | | | | | | | | |
| Next Generation - Self Service | Medium | 327 | 30 | 0 | 0 | 30 | 0 | 0 | 30 | 0 |
| Client Commissioning Leisure | | | | | | | | | | |
| Congleton Leisure Centre | Medium | 874 | 6,000 | 1,926 | 0 | 7,926 | 0 | 0 | 7,926 | 0 |
| Client Commissioning Environmental | | | | | | | | | | |
| Organic Waste Treatment Plant | Medium | 800 | 2,300 | 9,400 | 0 | 11,700 | 0 | 8,120 | 3,580 | 0 |
| Household Waste Recycling Review | Medium | 200 | 800 | 0 | 0 | 800 | 0 | 0 | 800 | 0 |
| Playing Fields Fund | Medium | 0 | 100 | 0 | 0 | 100 | 0 | 0 | 100 | 0 |
| Litter Bin Monitors | Medium | 42 | 18 | 0 | 0 | 18 | 0 | 0 | 18 | 0 |
| Household Bins Schemes | Medium | 1,156 | 155 | 50 | 50 | 255 | 0 | 0 | 255 | 0 |
| Park Development Fund | Medium | 242 | 277 | 150 | 0 | 427 | 0 | 0 | 427 | 0 |
| Weston Cemetery Extension | Medium | 150 | 60 | 0 | 0 | 60 | 0 | 0 | 60 | 0 |
| Total Committed Schemes - In Progress | | 42,692 | 23,958 | 15,090 | 50 | 39,098 | 0 | 8,120 | 26,288 | 4,690 |

| CAPITAL PROGRAMME 2018/19 - 2020/21 | | | | | | | | | | |
|---|----------|----------------|-------------------|-------------------|-------------------|-------------------------|------------------|--------------|--|---------------------|
| | Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
| | | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | | | | | | £000 | £000 | £000 | £000 |
| New Schemes | | | | | | | | | | |
| <u>ICT Services</u> | | | | | | | | | | |
| Information Assurance and Data Management | High | 0 | 1,200 | 0 | 0 | 1,200 | 0 | 0 | 1,200 | 0 |
| Corporate Procurement | | | | | | | | | | |
| Vendor Management | Medium | 15 | 571 | 0 | 0 | 571 | 0 | 0 | 571 | 0 |
| Total New Schemes | | 15 | 1,771 | 0 | 0 | 1,771 | 0 | 0 | 1,771 | 0 |
| | | | | | | | | | | |
| Total | | 42,707 | 25,729 | 15,090 | 50 | 40,869 | 0 | 8,120 | 28,059 | 4,690 |

| CAPITAL PROGRAMME 2018/19 - 2020/21 | | | | | | | | | | |
|--|----------|----------------|-------------------|-------------------|-------------------|-------------------------|------------------|----------|--|---------------------|
| | Priority | Prior Years | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 | Total Budget 2018/21 | Forecast Funding | | | |
| | | | | | | | Grants | External | Borrowing / Revenue Contribution | Capital Receipts |
| | | | | | | | £000 | £000 | £000 | £000 |
| <u>ICT Services</u> | | | | | | | | | | |
| Information Assurance and Data Management | | 0 | 0 | 750 | 0 | 750 | 0 | 0 | 750 | 0 |
| Core Financials, HR Services | | 0 | 0 | 233 | 500 | 733 | 0 | 0 | 733 | 0 |
| <u>Corporate Procurement</u> | | | | | | | | | | |
| Vendor Management | | 0 | 0 | 420 | 0 | 420 | 0 | 0 | 420 | 0 |
| Digital Dynamics CRM | | 0 | 435 | 0 | 0 | 435 | 0 | 0 | 435 | 0 |
| Elections Systems Replacement | | 0 | 36 | 0 | 36 | 72 | 0 | 0 | 72 | 0 |
| ICT People Systems Procurement | | 0 | 688 | 353 | 276 | 1,317 | 0 | 0 | 1,317 | 0 |
| Place ICT System Procurement | | 0 | 1,002 | 635 | 315 | 1,952 | 0 | 0 | 1,952 | 0 |
| <u>Client Commissioning Leisure</u> | | | | | | | | | | |
| Macclesfield Leisure Centre: Capital Improvement | | 0 | 4,000 | 0 | 0 | 4,000 | 0 | 0 | 4,000 | 0 |
| <u>Client Commissioning Environmental</u> | | | | | | | | | | |
| Congleton Household Waste Recycling Centre | | 0 | 50 | 2,000 | 2,000 | 4,050 | 0 | 0 | 4,050 | 0 |
| Total | | 0 | 6,211 | 4,391 | 3,127 | 13,729 | 0 | 0 | 13,729 | 0 |

Annex B – Revenue Contributions from Services

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|-----------------|
| A: Direct Revenue Contributions | | | |
| Schools Transforming Learning Communities Schemes | 895 | 895 | 895 |
| Highway Schemes | | 200 | 200 |
| Environment Schemes | | 352 | 352 |
| Leisure Schemes | | 500 | 500 |
| B: Revenue Savings arising from capital investment included in the MTFS | | | |
| Create a new Investment Portfolio (Revenue Savings) (9) <i>Growth & Regeneration - Strategic Acquisitions</i> | 0 | 250 | 500 |
| Tatton Vision Phase 1 (Revenue Savings) (12) <i>Rural & Green - Tatton Vision</i> | 45 | 45 | 45 |
| Street Lighting Improvements (Revenue Savings) (30) <i>Infrastructure & Highways - LED Street Lighting Upgrade</i> | 50 | 100 | 100 |
| Supply of Household Recycling & Waste Bins - Cost Avoidance (Revenue Savings) (41) <i>Client Commissioning Environmental - Household Bins Schemes</i> | | | |
| Reduce costs of core processes (Oracle system review) (Revenue Savings) (71) <i>ICT Services - Best4Business</i> | 250 | 500 | 500 |
| Digital Customer Services - new recurring technology (Revenue Savings) (75) <i>ICT Services - Digital Customer Services</i> | 510 | 1710 | 1710 |
| Contract Savings (Revenue Savings) (76) <i>ICT Services - Vendor Management</i> | 750 | 750 | 750 |

C: Capitalisation of salaries

Staff time spent on a capital project, may be charged to the scheme providing it meets the criteria.

The fundamental test is whether the employees' activities have contributed directly to bringing an asset to a location and into a condition so that it is capable of operating as intended.

Where staff time is intended to be capitalised estimates are included within the budgets contained within this report.

Further details will be provided throughout 2018/19 and updated via the quarterly reporting process.

Annex C – Flexible use of capital receipts strategy

10.87 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.

10.88 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.

10.89 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.

10.90 In the Medium Term Financial Strategy reported to Council on 23rd February 2017 it was reported that at present, the Council's 2017/18 budget does not rely on this flexibility to balance the revenue budget. If this opportunity would benefit the longer term financial stability of the Council then the quarterly reporting cycle will be used to raise awareness

with Members and seek appropriate Council approval based on the value for money associated with the approach.

10.91 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.

10.92 An update was provided within the Mid Year Review of Performance report in November 2017 and full Council then approved the revised approach to expenditure that meets the criteria and can be funded from available in-year capital receipts.

10.93 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.

10.94 The forecast use of flexible capital receipts for 2018/19 to 2020/21 is included within **Section 3**, paragraph 10.41, **Table 1**.

Annex D: Prudential Indicators revisions to: 2017/18 and 2018/19 – 2020/21, and future years

Background

10.95 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.

Gross Debt and the Capital Financing Requirement

10.96 This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

10.97 If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

10.98 The Section 151 Officer reports that the Authority had no difficulty meeting this requirement in 2017/18, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

10.99 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

| Capital Expenditure | 2017/2018 | 2018/2019 | 2019/20 | 2020/21 | Future years |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| | Estimate £m | Estimate £m | Estimate £m | Estimate £m | Estimate £m |
| Total | 111.0 | 127.1 | 121.8 | 77.2 | 0.0 |

Source: Cheshire East Finance

10.100 Capital expenditure will be financed or funded as follows:

| Capital Financing | 2017/2018 Estimate £m | 2018/2019 Estimate £m | 2019/20 Estimate £m | 2020/21 Estimate £m | Future years Estimate £m |
|------------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|--------------------------------|
| Capital receipts | 2.2 | 4.3 | 4.3 | 10.0 | 0.0 |
| Government Grants | 34.9 | 57.3 | 93.3 | 19.1 | 0.0 |
| External Contributions | 6.3 | 7.5 | 9.9 | 32.4 | 0.0 |
| Revenue Contributions | 0.5 | 2.7 | 0.0 | 0.0 | 0.0 |
| Total Financing | 43.9 | 71.8 | 107.5 | 61.5 | 0.0 |
| Prudential Borrowing | 67.1 | 55.3 | 14.3 | 15.7 | - |
| Total Funding | 67.1 | 55.3 | 14.3 | 15.7 | 0.0 |
| Total Financing and Funding | 111.0 | 127.1 | 121.8 | 77.2 | 0.0 |

Source: Cheshire East Finance

10.101 The above table shows how the capital expenditure plans of the Authority will be funded.

Ratio of Financing Costs to Net Revenue Stream

10.102 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

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

| Ratio of Financing Costs to Net Revenue Stream | 2017/2018 Estimate % | 2018/2019 Estimate % | 2019/2020 Estimate % | 2020/21 Estimate % |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| Total | 3.24 | 3.91 | 4.70 | 5.36 |

Source: Cheshire East Finance

Capital Financing Requirement

10.104 The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

| Capital Financing Requirement | 2017/2018 Estimate £m | 2018/2019 Estimate £m | 2019/2020 Estimate £m | 2020/21 Estimate £m |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| Total | 347 | 390 | 393 | 403 |

Source: Cheshire East Finance

Actual External Debt

10.105 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

| Actual External Debt as at 31/03/2017 | | £m |
|---------------------------------------|--|------------|
| Borrowing | | 116 |
| Other Long-term Liabilities | | 28 |
| Total | | 144 |

Source: Cheshire East Finance

Incremental Impact of Capital Investment Decisions

10.106 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

| Incremental Impact of Capital Investment Decisions | 2017/2018 Estimate | 2018/2019 Estimate | 2019/2020 Estimate |
|--|--------------------|--------------------|--------------------|
| | £ | £ | £ |
| Band D Council Tax | 11.50 | 22.26 | 20.46 |

Source: Cheshire East Finance

Authorised Limit and Operational Boundary for External Debt

10.107 The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

10.108 The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

10.109 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

10.110 The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

10.111 The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but

not worst case scenario, and without the additional headroom included within the Authorised Limit.

| | 2017/2018 Estimate £m | 2018/2019 Estimate £m | 2019/2020 Estimate £m | 2020/21 Estimate £m |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| Authorised Limit for Borrowing | 360 | 400 | 405 | 415 |
| Authorised Limit for Other Long-Term Liabilities | 27 | 25 | 24 | 23 |
| Authorised Limit for External Debt | 387 | 425 | 429 | 438 |
| Operational Boundary for Borrowing | 350 | 390 | 395 | 405 |
| Operational Boundary for Other Long-Term Liabilities | 27 | 25 | 24 | 23 |
| Operational Boundary for External Debt | 377 | 415 | 419 | 428 |

Source: Cheshire East Finance

Adoption of the CIPFA Treasury Management Code

10.112 This indicator demonstrates that the Authority has adopted the principles of best practice.

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

Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 23rd February 2012

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

10.114 These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

10.115 The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

| | Existing level (or Benchmark level) at 31/10/16 | 2017/2018 Approved | 2017/2018 Revised | 2018/2019 Estimate | 2019/2020 Estimate | 2020/2021 Estimate |
|---|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | % | % | % | % | % | % |
| Upper Limit for Fixed Interest Rate Exposure | 100% | 100% | 100% | 100% | 100% | 100% |
| Upper Limit for Variable Interest Rate Exposure | 0% | 100% | 100% | 100% | 100% | 100% |

Source: Cheshire East Finance

10.116 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's Treasury Management Strategy.

Maturity Structure of Fixed Rate borrowing

10.117 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

10.118 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period, as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

10.119 The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has remained at 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2017/18.

| Maturity structure of fixed rate borrowing | Level as at 31 st March 2018 (based on Current Borrowing) | Lower Limit for 2018/2019 | Upper Limit for 2018/2019 |
|--|--|---------------------------|---------------------------|
| | % | % | % |
| under 12 months | 38% | 0% | 60% |
| 12 months and within 24 months | 6% | 0% | 25% |
| 24 months and within 5 years | 5% | 0% | 35% |
| 5 years and within 10 years | 0% | 0% | 50% |
| 10 years and within 20 years | 22% | 0% | 100% |
| 20 years and within 30 years | 7% | 0% | 100% |
| 30 years and within 40 years | 22% | 0% | 100% |
| 40 years and within 50 years | 0% | 0% | 100% |
| 50 years and above | 0% | 0% | 100% |

Source: Cheshire East Finance

Credit Risk

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

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

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

- Published credit ratings of the financial institution

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

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

Annex E: Minimum Revenue Provision

- 10.124 The annual Minimum Revenue Provision (MRP) Statement sets out the Council's responsibility to ensure it makes adequate provision for funding the consequences of its capital investment decisions.
- 10.125 Capital expenditure is expenditure that provides on-going benefits to the Council for a period of longer than one year. Accounting rules require that where this capital expenditure is not funded through external contributions, external grants, capital receipts or contributions from revenue budgets, it must be charged against the Council's General Fund Balances. The period over which this charge is made should reflect the length of time that the expenditure will provide benefits to the Council.
- 10.126 The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.
- 10.127 CIPFA is currently out to consultation on the Treasury Management Code of Practice 2011 Edition the consultation period ended on 22nd December 2017 and any changes will apply from 2018/19 onwards.
- 10.128 Prior to 1st April 2008 the major proportion of MRP relates to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will be charged at a 2% annuity rate over a 50 year period.
- 10.129 New capital expenditure for each subsequent year will, in general, be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
- 10.130 Charges to the revenue budget will commence in the year following the creation of the asset, i.e., in the asset's first full year of operation. This allows the Council to constantly review the most cost effective way of funding capital expenditure.
- 10.131 For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.
- 10.132 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.
- 10.133 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. The MRP Statement will be submitted to Council before the start of the 2018/19 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

11. Financial Summary Tables (Revenue)

The 2017/18 Budget, shown as the starting point for the following tables, takes account of any permanent changes made during the 2017/18 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 2017/18 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 2018/19 £m |
|--|---|--|--|---|
| Directorate | 1,539 | | | 1,539 |
| Children's Social Care | 33,178 | -120 | | 33,058 |
| Education & 14-19 Skills | 12,481 | -123 | | 12,358 |
| Prevention & Support | 9,594 | -459 | -25 | 9,110 |
| Adult Social Care - Operations | 28,090 | | | 28,090 |
| Adult Social Care - Commissioning | 67,534 | -71 | | 67,463 |
| Public Health and Communities | 2,673 | | | 2,673 |
| People | 155,089 | -773 | -25 | 154,291 |
| Directorate | -1,080 | | | -1,080 |
| Planning & Sustainable Development | 2,572 | -95 | | 2,477 |
| Infrastructure & Highways (incl Car Parking) | 13,515 | | | 13,515 |
| Growth & Regeneration | 15,917 | -50 | -60 | 15,807 |
| Rural & Green Infrastructure | 2,831 | | | 2,831 |
| Place | 33,755 | -145 | -60 | 33,550 |

| Service | Current Net Budget 2017/18 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 2018/19 £m |
|-----------------------------|---|--|--|---|
| Directorate | 1,970 | | -16 | 1,954 |
| Customer Operations | 8,870 | -81 | | 8,789 |
| Legal & Democratic Services | 5,413 | -64 | | 5,349 |
| Human Resources | 2,441 | | 25 | 2,466 |
| Finance & Performance | 5,951 | | 60 | 6,011 |
| ICT | 5,741 | | | 5,741 |
| Communications | 591 | | | 591 |
| Client Commissioning | | | | 0 |
| Leisure | 2,183 | | 16 | 2,199 |
| Environmental & Bereavement | 27,745 | | | 27,745 |
| Corporate | 60,905 | -145 | 85 | 60,845 |
| Total Services Net Budget | 249,749 | -1,063 | 0 | 248,686 |

Cheshire East Council Revenue Budget Summary

REVENUE

| Service Area | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-----------------------------------|-----------------|----------------|-----------------------------------|-----------------|----------------|-----------------------------------|-----------------|----------------|
| | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| People | 380,107 | -216,827 | 163,280 | 387,132 | -216,494 | 170,638 | 394,781 | -216,079 | 178,702 |
| Place | 64,315 | -28,775 | 35,540 | 63,998 | -29,682 | 34,316 | 64,658 | -29,932 | 34,726 |
| Corporate | 167,336 | -107,580 | 59,756 | 167,515 | -107,739 | 59,776 | 169,173 | -107,739 | 61,434 |
| Total Cost of Service | 611,758 | -353,182 | 258,576 | 618,645 | -353,915 | 264,730 | 628,612 | -353,750 | 274,862 |
| Central Budgets | 12,263 | -2,982 | 9,281 | 14,163 | -1,008 | 13,155 | 14,163 | -1,008 | 13,155 |
| Total Net Budget | 624,021 | -356,164 | 267,857 | 632,808 | -354,923 | 277,885 | 642,775 | -354,758 | 288,017 |
| Policy Proposals included above | | | | | | | | | |
| People | 7,709 | 1,283 | 8,992 | 7,025 | 333 | 7,358 | 7,649 | 415 | 8,064 |
| Place | 2,670 | -682 | 1,988 | -317 | -907 | -1,224 | 660 | -250 | 410 |
| Corporate | -1,242 | 152 | -1,090 | 179 | -159 | 20 | 1,658 | | 1,658 |
| Central Budgets | -2,900 | -2,834 | -5,734 | 1,900 | 1,974 | 3,874 | | | 0 |
| Financial Impact of Policy Proposals | 6,237 | -2,081 | 4,156 | 8,787 | 1,241 | 10,028 | 9,967 | 165 | 10,132 |

| People Summary | | | REVENUE | | | | | | |
|---|-----------------------------------|-----------------|----------------|-----------------------------------|-----------------|----------------|-----------------------------------|-----------------|----------------|
| Service Area | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
| | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Directorate | 828 | -220 | 608 | 869 | -220 | 649 | 910 | -220 | 690 |
| Schools Grant Funded Expenditure | 156,322 | -156,322 | 0 | 156,322 | -156,322 | 0 | 156,322 | -156,322 | 0 |
| Children's Social Care | 37,809 | -1,683 | 36,126 | 39,333 | -1,683 | 37,650 | 40,857 | -1,683 | 39,174 |
| Education and 14-19 Skills | 13,942 | -1,504 | 12,438 | 13,894 | -1,504 | 12,390 | 13,925 | -1,504 | 12,421 |
| Prevention and Support | 10,277 | -1,856 | 8,421 | 10,671 | -1,856 | 8,815 | 11,065 | -1,856 | 9,209 |
| Adult Social Care: Commissioning | 111,889 | -36,175 | 75,714 | 117,862 | -36,275 | 81,587 | 122,862 | -36,275 | 86,587 |
| Adult Social Care: Operations | 29,362 | -1,897 | 27,465 | 28,797 | -1,897 | 26,900 | 29,732 | -1,897 | 27,835 |
| Public Health and Communities | 19,678 | -17,170 | 2,508 | 19,384 | -16,737 | 2,647 | 19,108 | -16,322 | 2,786 |
| Total Cost of Service | 380,107 | -216,827 | 163,280 | 387,132 | -216,494 | 170,638 | 394,781 | -216,079 | 178,702 |
| Service Area | Policy Proposals included above | | | Policy Proposals included above | | | Policy Proposals included above | | |
| | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Directorate | -1,932 | 1,000 | -932 | 41 | | 41 | 41 | | 41 |
| Children's Social Care | 3,074 | | 3,074 | 1,524 | | 1,524 | 1,524 | | 1,524 |
| Education and 14-19 Skills | 130 | -50 | 80 | -48 | | -48 | 31 | | 31 |
| Prevention and Support | -689 | | -689 | 394 | | 394 | 394 | | 394 |
| Adult Social Care: Commissioning | 8,350 | -100 | 8,250 | 5,973 | -100 | 5,873 | 5,000 | | 5,000 |
| Adult Social Care: Operations | -626 | | -626 | -565 | | -565 | 935 | | 935 |
| Public Health and Communities | -598 | 433 | -165 | -294 | 433 | 139 | -276 | 415 | 139 |
| Financial Impact of Policy Proposals | 7,709 | 1,283 | 8,992 | 7,025 | 333 | 7,358 | 7,649 | 415 | 8,064 |

Note: Appendix 8 shows a breakdown of Schools Grant Funding

People Directorate

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 (Children & Families) | 3,5 | 787 | -220 | 567 | 787 | -220 | 567 | 787 | -220 | 567 |
| Pay & Pensions | 1,3,5 | 41 | | 41 | 82 | | 82 | 123 | | 123 |
| Total Cost of Service | | 828 | -220 | 608 | 869 | -220 | 649 | 910 | -220 | 690 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Directorate (Children & Families): | | | | | | | | | | |
| Children and Families Staffing Gap | 3,5 | 17 | | 17 | | | 0 | | | 0 |
| End of Early Intervention short-term funding allocation (non Public Health element) | 3,5 | -2,000 | 1,000 | -1,000 | | | 0 | | | 0 |
| Reallocation of unachievable mileage target to services | 3 | 10 | | 10 | | | 0 | | | 0 |
| Pay & Pensions | 1,3,5 | 41 | | 41 | 41 | | 41 | 41 | | 41 |
| Financial Impact of Policy Proposals | | -1,932 | 1,000 | -932 | 41 | 0 | 41 | 41 | 0 | 41 |

Children's Social Care

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 Service | 5 | 357 | -110 | 247 | 357 | -110 | 247 | 357 | -110 | 247 |
| Social Care - Cared for Children | 5 | 27,139 | -1,000 | 26,139 | 28,139 | -1,000 | 27,139 | 29,139 | -1,000 | 28,139 |
| Social Care - Child Protection / Children in Need | 5 | 5,370 | | 5,370 | 5,370 | | 5,370 | 5,370 | | 5,370 |
| Safeguarding including Domestic Abuse | 5 | 2,330 | -573 | 1,757 | 2,330 | -573 | 1,757 | 2,330 | -573 | 1,757 |
| Children's Commissioning | 5 | 2,061 | | 2,061 | 2,061 | | 2,061 | 2,061 | | 2,061 |
| Mileage | 5 | 22 | 0 | 22 | 22 | | 22 | 22 | | 22 |
| Pay & Pensions | 5 | 530 | | 530 | 1,054 | | 1,054 | 1,578 | | 1,578 |
| Total Cost of Service | | 37,809 | -1,683 | 36,126 | 39,333 | -1,683 | 37,650 | 40,857 | -1,683 | 39,174 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Children's Commissioning: | | | | | | | | | | |
| Alignment of teams to create a People's Commissioning Service | 5 | -30 | | -30 | | | 0 | | | 0 |
| Review of service provision for children with disabilities | 5 | -136 | | -136 | | | 0 | | | 0 |
| Reduction in Children's commissioned services | 5 | -50 | | -50 | | | 0 | | | 0 |
| Review Early Help Commissioned Services | 5 | -252 | | -252 | | | 0 | | | 0 |
| Review Social Care Commissioning | 5 | -60 | | -60 | | | 0 | | | 0 |
| Social Care - HoS: | | | | | | | | | | |
| Efficiency Savings in Children's Social Care | 5 | -75 | | -75 | | | 0 | | | 0 |

Children's Social Care

REVENUE

| | | | | 2018/19 Budget | | 2019/20 Budget | | 2020/21 Budget | | |
|---|---|-------|-------|---------------------------------|-------|----------------|-------|----------------|-------|-------|
| | | | | Policy Proposals included above | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Social Care - Cared for Children: | | | | | | | | | | |
| Housing related accommodation and support facilities | 5 | 40 | 40 | | | 0 | | 0 | | |
| Efficiency Savings in Children's Social Care | 5 | -50 | -50 | | | 0 | | 0 | | |
| Review of service provision for children with disabilities | 5 | -64 | -64 | | | 0 | | 0 | | |
| Care Placements | 5 | 3,000 | 3,000 | 1,000 | | 1,000 | 1,000 | | 1,000 | |
| Revise Interagency Income Budget | 5 | 500 | 500 | | | 0 | | 0 | | |
| Realignment of Children's Social Care Management and Staffing | 5 | -204 | -204 | | | 0 | | 0 | | |
| Social Care - CiN/CP: | | | | | | | | | | |
| Realignment of Children's Social Care Management and Staffing | 5 | -131 | -131 | | | 0 | | 0 | | |
| Review Social Care Commissioning | 5 | -25 | -25 | | | 0 | | 0 | | |
| Safeguarding: | | | | | | | | | | |
| Allocation of Employee Budget Shortfall | 5 | 59 | 59 | | | 0 | | 0 | | |
| Reallocation of unachievable mileage target to services | 5 | 22 | 22 | | | 0 | | 0 | | |
| Pay & Pensions | 5 | 530 | 530 | 524 | | 524 | 524 | | 524 | |
| Financial Impact of Policy Proposals | | 3,074 | 0 | 3,074 | 1,524 | 0 | 1,524 | 1,524 | 0 | 1,524 |

Education and 14-19 Skills

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Head of Service and Legacy Pension Costs | 3 | 2,398 | | 2,398 | 2,608 | | 2,608 | 2,608 | | 2,608 |
| Education Participation and Pupil Support | 3 | 681 | -136 | 545 | 681 | -136 | 545 | 681 | -136 | 545 |
| Education Infrastructure and Outcomes | 3 | 1,241 | -1,368 | -127 | 1,241 | -1,368 | -127 | 1,241 | -1,368 | -127 |
| Skills and Lifelong Learning | 3 | 866 | | 866 | 866 | | 866 | 866 | | 866 |
| Client Commissioning - Transport | 3 | 8,696 | | 8,696 | 8,407 | | 8,407 | 8,407 | | 8,407 |
| Pay & Pensions | 3 | 60 | | 60 | 91 | | 91 | 122 | | 122 |
| Total Cost of Service | | 13,942 | -1,504 | 12,438 | 13,894 | -1,504 | 12,390 | 13,925 | -1,504 | 12,421 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Client Commissioning - Transport: | | | | | | | | | | |
| Children and Families Transport | 3 | 134 | | 134 | -59 | | -59 | | | 0 |
| Transport - parental subsidy for Available Walking Routes phase 2 | 3 | 70 | | 70 | -70 | | -70 | | | 0 |
| Children & Families Transport Policy review | 3 | -410 | | -410 | -160 | | -160 | | | 0 |
| Head of Service and Legacy Pension Costs: | | | | | | | | | | |
| Provide Schools Meal Subsidy | 3 | 200 | | 200 | 210 | | 210 | | | 0 |
| Education Participation and Pupil Support: | | | | | | | | | | |
| Review Safeguarding Children in Education Settings Team | 5 | | -50 | -50 | | | 0 | | | 0 |
| Allocation of Employee Budget Shortfall | 3 | 74 | | 74 | | | 0 | | | 0 |
| Reallocation of unachievable mileage target to services | 3 | 2 | | 2 | | | 0 | | | 0 |
| Pay & Pensions | 3 | 60 | | 60 | 31 | | 31 | 31 | | 31 |
| Financial Impact of Policy Proposals | | 130 | -50 | 80 | -48 | 0 | -48 | 31 | 0 | 31 |

Prevention and Support

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 |
| Early Intervention and Prevention | 3 | 6,376 | -662 | 5,714 | 6,376 | -662 | 5,714 | 6,376 | -662 | 5,714 |
| Youth Engagement Service | 3 | 1,813 | -808 | 1,005 | 1,813 | -808 | 1,005 | 1,813 | -808 | 1,005 |
| Children's Development and Partnerships | 3, 5 | 258 | | 258 | 258 | | 258 | 258 | | 258 |
| SEND / Education Psychologists | 3 | 1,429 | -386 | 1,043 | 1,429 | -386 | 1,043 | 1,429 | -386 | 1,043 |
| Pay & Pensions | 3, 5 | 401 | | 401 | 795 | | 795 | 1,189 | | 1,189 |
| Total Cost of Service | | 10,277 | -1,856 | 8,421 | 10,671 | -1,856 | 8,815 | 11,065 | -1,856 | 9,209 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Early Intervention and Prevention: | | | | | | | | | | |
| Children and Families Staffing Gap | 3, 5 | 50 | | 50 | | | 0 | | | 0 |
| Children and Families Staffing Gap | 3, 5 | 60 | | 60 | | | 0 | | | 0 |
| Restructure Prevention and Support (Cheshire East Family Service) | 5 | -705 | | -705 | | | 0 | | | 0 |
| Restructure Prevention and Support (Early Years) | 5 | -76 | | -76 | | | 0 | | | 0 |
| Restructure Prevention and Support (Prevention Service) | 5 | -156 | | -156 | | | 0 | | | 0 |
| Youth Support Service Restructure | 5 | -263 | | -263 | | | 0 | | | 0 |
| Pay & Pensions | 3, 5 | 401 | | 401 | 394 | | 394 | 394 | | 394 |
| Financial Impact of Policy Proposals | | -689 | 0 | -689 | 394 | 0 | 394 | 394 | 0 | 394 |

Adult Social Care: Commissioning

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|-----------------------------------|----------------|---------------|-----------------------------------|----------------|---------------|-----------------------------------|----------------|---------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| External Care Costs | 5 | 98,346 | | 98,346 | 104,319 | | 104,319 | 109,319 | | 109,319 |
| Client Contributions | 5 | | -22,761 | -22,761 | | -22,861 | -22,861 | | -22,861 | -22,861 |
| Staffing Team | 5 | 1,495 | | 1,495 | 1,495 | | 1,495 | 1,495 | | 1,495 |
| Early Intervention and Prevention | 5 | 1,069 | | 1,069 | 1,069 | | 1,069 | 1,069 | | 1,069 |
| Other | 5 | 10,979 | -6,274 | 4,705 | 10,979 | -6,274 | 4,705 | 10,979 | -6,274 | 4,705 |
| Better Care Fund Income | 5 | | -7,140 | -7,140 | | -7,140 | -7,140 | | -7,140 | -7,140 |
| Total Cost of Service | | 111,889 | -36,175 | 75,714 | 117,862 | -36,275 | 81,587 | 122,862 | -36,275 | 86,587 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| External Care Costs: | | | | | | | | | | |
| Operational Pathway Redesign | 5 | -440 | | -440 | | | 0 | | | 0 |
| Independent Living Fund - Attrition Factor Reductions | 5 | -29 | | -29 | -27 | | -27 | | | 0 |
| Growth in Demand for Adult Social Care | 5 | 12,400 | | 12,400 | 6,000 | | 6,000 | 5,000 | | 5,000 |
| Reshape commissioning framework | 5 | -714 | | -714 | | | 0 | | | 0 |
| Implement more flexible and responsive commissioning | 5 | -170 | | -170 | | | 0 | | | 0 |
| Further saving to go against reversed Cross-Cuttings (Productivity and Contracts) | 5 | -425 | | -425 | | | 0 | | | 0 |
| New assessment and review framework | 5 | -787 | | -787 | | | 0 | | | 0 |
| Client Contributions: | | | | | | | | | | |
| Increase Income | 5 | | -100 | -100 | | -100 | -100 | | | 0 |
| Early Intervention and Prevention: | | | | | | | | | | |
| Review all funding and shift to "asset-based" model | 5 | -723 | | -723 | | | 0 | | | 0 |
| Other: | | | | | | | | | | |
| Review of Public Health contracts | 5 | -762 | | -762 | | | 0 | | | 0 |
| Financial Impact of Policy Proposals | | 8,350 | -100 | 8,250 | 5,973 | -100 | 5,873 | 5,000 | 0 | 5,000 |

Adult Social Care: Operations

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Care4CE | 5 | 15,077 | -1,479 | 13,598 | 13,577 | -1,479 | 12,098 | 13,577 | -1,479 | 12,098 |
| Staffing Teams | 5 | 11,069 | -418 | 10,651 | 11,069 | -418 | 10,651 | 11,069 | -418 | 10,651 |
| Support To Social Work | 5 | 1,634 | | 1,634 | 1,634 | | 1,634 | 1,634 | | 1,634 |
| Other | 5 | 93 | | 93 | 93 | | 93 | 93 | | 93 |
| Pay and Pensions | 5 | 1,489 | | 1,489 | 2,424 | | 2,424 | 3,359 | | 3,359 |
| Total Cost of Service | | 29,362 | -1,897 | 27,465 | 28,797 | -1,897 | 26,900 | 29,732 | -1,897 | 27,835 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | 0 | | | 0 | | | 0 |
| Care4CE: | | | | 0 | | | 0 | | | 0 |
| Commissioning all services currently provided by our in-house provider, Care4CE | 5 | -1,111 | | -1,111 | -1,500 | | -1,500 | | | 0 |
| Cease provision of services at Lincoln House and Mountview | 5 | -389 | | -389 | | | 0 | | | 0 |
| Staffing Teams: | | | | 0 | | | 0 | | | 0 |
| Reducing Agency Spend | 5 | 100 | | 100 | | | 0 | | | 0 |
| Operational and Commissioning Restructure | 5 | -900 | | -900 | | | 0 | | | 0 |
| Reallocation of unachievable productivity target to services | 5 | 1,654 | | 1,654 | | | 0 | | | 0 |
| Reallocation of unachievable post and print target to services | 5 | 31 | | 31 | | | 0 | | | 0 |
| Growth in Demand for Adult Social Care | 5 | -1,500 | | -1,500 | | | 0 | | | 0 |
| Pay & Pensions | 5 | 1,489 | | 1,489 | 935 | | 935 | 935 | | 935 |
| Financial Impact of Policy Proposals | | -626 | 0 | -626 | -565 | 0 | -565 | 935 | 0 | 935 |

Public Health and Communities

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|--|-------------------|----------------|---------|-------|-----------------------------------|---------|-------|----------------|---------|-------|
| | | Expenditure | Income | Net | Budget including Policy Proposals | | | | | |
| | | | | | Expenditure | Income | Net | Expenditure | Income | Net |
| | | | | | | | | | | |
| Partnerships and Communities | 1 | 2,847 | -479 | 2,368 | 2,847 | -479 | 2,368 | 2,847 | -479 | 2,368 |
| Public Health | 5 | 16,691 | -16,691 | 0 | 16,258 | -16,258 | 0 | 15,843 | -15,843 | 0 |
| Pay & Pensions | 1,5 | 140 | | 140 | 279 | | 279 | 418 | | 418 |
| Total Cost of Service | | 19,678 | -17,170 | 2,508 | 19,384 | -16,737 | 2,647 | 19,108 | -16,322 | 2,786 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Partnerships and Communities: | | | | | | | | | | |
| Increase Community Grants | 1 | 40 | | 40 | | | 0 | | | 0 |
| Review Environmental Enforcement Service based on outcomes (Summer 17) of Flytipping pilot and procurement of patrol company pilot | 1 | -118 | | -118 | | | 0 | | | 0 |
| Restructure to create "front gate", across communities | 5 | -227 | | -227 | | | 0 | | | 0 |
| Public Health | | | | | | | | | | |
| Grant reductions | 5 | -433 | 433 | 0 | -433 | 433 | 0 | -415 | 415 | 0 |
| Pay & Pensions | 1,5 | 140 | | 140 | 139 | | 139 | 139 | | 139 |
| Financial Impact of Policy Proposals | | -598 | 433 | -165 | -294 | 433 | 139 | -276 | 415 | 139 |

Place Summary

REVENUE

| Service Area | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-----------------------------------|----------------|---------------|-----------------------------------|----------------|---------------|-----------------------------------|----------------|---------------|
| | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Directorate | 1,657 | -1,469 | 188 | 1,826 | -1,469 | 357 | 1,995 | -1,469 | 526 |
| Growth and Regeneration | 22,111 | -5,025 | 17,086 | 22,370 | -5,275 | 17,095 | 22,642 | -5,525 | 17,117 |
| Infrastructure and Highways | 22,620 | -10,331 | 12,289 | 22,442 | -10,988 | 11,454 | 22,543 | -10,988 | 11,555 |
| Planning and Sustainable Development | 9,926 | -6,925 | 3,001 | 9,324 | -6,925 | 2,399 | 9,322 | -6,925 | 2,397 |
| Rural and Cultural Economy | 8,001 | -5,025 | 2,976 | 8,036 | -5,025 | 3,011 | 8,156 | -5,025 | 3,131 |
| Total Cost of Service | 64,315 | -28,775 | 35,540 | 63,998 | -29,682 | 34,316 | 64,658 | -29,932 | 34,726 |
| Policy Proposals included above | | | | | | | | | |
| Directorate | 1,267 | | 1,267 | 169 | | 169 | 169 | | 169 |
| Growth and Regeneration | 1,278 | | 1,278 | 259 | -250 | 9 | 272 | -250 | 22 |
| Infrastructure and Highways | -686 | -540 | -1,226 | -178 | -657 | -835 | 101 | | 101 |
| Planning and Sustainable Development | 624 | -100 | 524 | -602 | | -602 | -2 | | -2 |
| Rural and Cultural Economy | 187 | -42 | 145 | 35 | | 35 | 120 | | 120 |
| Financial Impact of Policy Proposals | 2,670 | -682 | 1,988 | -317 | -907 | -1,224 | 660 | -250 | 410 |

Place Directorate

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 | 1,488 | -1,469 | 19 | 1,488 | -1,469 | 19 | 1,488 | -1,469 | 19 |
| Pay & Pensions | 2 | 169 | | 169 | 338 | | 338 | 507 | | 507 |
| Total Cost of Service | | 1,657 | -1,469 | 188 | 1,826 | -1,469 | 357 | 1,995 | -1,469 | 526 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Directorate: | | | | | | | | | | |
| Shortfall in salary budgets and establishment costs | 2 | 105 | | 105 | | | 0 | | | 0 |
| Contract Savings and Place Directorate restructuring | 2 | -370 | | -370 | | | 0 | | | 0 |
| Reallocation of unachievable contracts target to services | 2 | 467 | | 467 | | | 0 | | | 0 |
| Reallocation of unachievable productivity target to services | 2 | 877 | | 877 | | | 0 | | | 0 |
| Reallocation of Visitor Economy adjustment | 2 | 19 | | 19 | | | 0 | | | 0 |
| Pay & Pensions | 2 | 169 | | 169 | 169 | | 169 | 169 | | 169 |
| Financial Impact of Policy Proposals | | 1,267 | 0 | 1,267 | 169 | 0 | 169 | 169 | 0 | 169 |

Growth and Regeneration

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Assets | 2 | 2,473 | -2,163 | 310 | 2,445 | -2,413 | 32 | 2,380 | -2,663 | -283 |
| Regeneration | 2 | 547 | -87 | 460 | 547 | -87 | 460 | 547 | -87 | 460 |
| Strategic Housing | 5 | 3,313 | -630 | 2,683 | 3,313 | -630 | 2,683 | 3,313 | -630 | 2,683 |
| Farms | 2 | 323 | -698 | -375 | 323 | -698 | -375 | 323 | -698 | -375 |
| Client Commissioning - Skills and Growth | 2 | 1,148 | | 1,148 | 1,148 | | 1,148 | 1,148 | | 1,148 |
| Facilities Management | 2 | 14,052 | -1,447 | 12,605 | 14,092 | -1,447 | 12,645 | 14,182 | -1,447 | 12,735 |
| Pay & Pensions | 2,5 | 255 | | 255 | 502 | | 502 | 749 | | 749 |
| Total Cost of Service | | 22,111 | -5,025 | 17,086 | 22,370 | -5,275 | 17,095 | 22,642 | -5,525 | 17,117 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Assets: | | | | | | | | | | |
| Create a new Investment Portfolio | 2 | | | 0 | | -250 | -250 | | -250 | -250 |
| Addressing Budget Shortfall in the Asset Management & FM Service | 2 | 422 | | 422 | -28 | | -28 | -65 | | -65 |
| Facilities Management: | | | | | | | | | | |
| Facilities Management budget shortfalls (NNDR) | 2 | 110 | | 110 | 90 | | 90 | 90 | | 90 |
| Facilities Management budget shortfalls (Crewe Lifestyle Centre) | 2 | 126 | | 126 | | | 0 | | | 0 |
| Facilities Management budget shortfalls (Cledford Lane Depot) | 2 | 500 | | 500 | | | 0 | | | 0 |
| Facilities Management budget shortfalls (Legacy Buildings - Crewe Pool and Library) | 2 | 100 | | 100 | | | 0 | | | 0 |
| Addressing Budget Shortfall in the Asset Management & FM Service | 2 | -95 | | -95 | -50 | | -50 | | | 0 |
| Skills & Growth: | | | | | | | | | | |
| Removal of Fairerpower payment | 2 | -140 | | -140 | | | 0 | | | 0 |
| Pay & Pensions | 2,5 | 255 | | 255 | 247 | | 247 | 247 | | 247 |
| Financial Impact of Policy Proposals | | 1,278 | 0 | 1,278 | 259 | -250 | 9 | 272 | -250 | 22 |

Infrastructure and Highways

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|--|-------------------|---------------------|----------------|-------------|---------------------|----------------|-------------|---------------------|----------------|-------------|
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| | | | | | | | | | | |
| Highways | 4 | 14,193 | -3,542 | 10,651 | 14,044 | -3,542 | 10,502 | 14,044 | -3,542 | 10,502 |
| Strategic Infrastructure | 2 | 1,982 | -949 | 1,033 | 1,982 | -949 | 1,033 | 1,982 | -949 | 1,033 |
| Car Parking | 2 | 1,653 | -5,840 | -4,187 | 1,523 | -6,497 | -4,974 | 1,523 | -6,497 | -4,974 |
| Client Commissioning - Transport | 2 | 4,688 | | 4,688 | 4,688 | | 4,688 | 4,688 | | 4,688 |
| Pay & Pensions | 2,4 | 104 | | 104 | 205 | | 205 | 306 | | 306 |
| Total Cost of Service | | 22,620 | -10,331 | 12,289 | 22,442 | -10,988 | 11,454 | 22,543 | -10,988 | 11,555 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Client Commissioning - Transport: | | | | | | | | | | |
| Changes to subsidised Bus Service | 2 | -1,176 | | -1,176 | | | 0 | | | 0 |
| Strategic Infrastructure: | | | | | | | | | | |
| HS2 Strategy | 2 | 500 | | 500 | | | 0 | | | 0 |
| Highways: | | | | | | | | | | |
| Lead Local Authority Flood Grant Funding | 4 | 1 | | 1 | 1 | | 1 | | | 0 |
| Street Lighting improvements | 4 | -50 | | -50 | -50 | | -50 | | | 0 |
| Highways Procurement | 4 | -100 | | -100 | -100 | | -100 | | | 0 |
| Highways Contract | 4 | -150 | | -150 | | | 0 | | | 0 |
| Car Parking: | | | | | | | | | | |
| Parking Strategy Review | 4 | 185 | -540 | -355 | -130 | -657 | -787 | | | 0 |
| Pay & Pensions | 2,4 | 104 | | 104 | 101 | | 101 | 101 | | 101 |
| Financial Impact of Policy Proposals | | -686 | -540 | -1,226 | -178 | -657 | -835 | 101 | 0 | 101 |

Planning and Sustainable Development

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 |
| Director of Planning and Sustainable Development | 4 | 295 | | 295 | 295 | | 295 | 295 | | 295 |
| Spatial Planning | 4 | 1,722 | -20 | 1,702 | 922 | -20 | 902 | 722 | -20 | 702 |
| Neighbourhood Planning | 4 | 427 | -400 | 27 | 427 | -400 | 27 | 427 | -400 | 27 |
| Development Management | 4 | 2,929 | -3,590 | -661 | 2,929 | -3,590 | -661 | 2,929 | -3,590 | -661 |
| Building Control | 4 | | -1,755 | -1,755 | | -1,755 | -1,755 | | -1,755 | -1,755 |
| Client Commissioning: Civicance | 4 | 1,785 | | 1,785 | 1,785 | | 1,785 | 1,785 | | 1,785 |
| Regulatory Services and Health | 4 | 2,569 | -1,160 | 1,409 | 2,569 | -1,160 | 1,409 | 2,569 | -1,160 | 1,409 |
| Pay & Pensions | 4 | 199 | | 199 | 397 | | 397 | 595 | | 595 |
| Total Cost of Service | | 9,926 | -6,925 | 3,001 | 9,324 | -6,925 | 2,399 | 9,322 | -6,925 | 2,397 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Spatial Planning: | | | | | | | | | | |
| Planning Reserve | 4 | 225 | | 225 | -1,000 | | -1,000 | | | 0 |
| Planning Reserve | 4 | 200 | | 200 | 200 | | 200 | -200 | | -200 |
| Development Management: | | | | | | | | | | |
| Increase planning fees - White Paper proposals | 4 | | -100 | -100 | | | 0 | | | 0 |
| Pay & Pensions | 4 | 199 | | 199 | 198 | | 198 | 198 | | 198 |
| Financial Impact of Policy Proposals | | 624 | -100 | 524 | -602 | 0 | -602 | -2 | 0 | -2 |

Rural and Cultural Economy

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|--|-------------------|-----------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Head of Rural and Cultural Economy | 2 | 119 | | 119 | 119 | | 119 | 119 | | 119 |
| Visitor Economy | 2 | 754 | -536 | 218 | 722 | -536 | 186 | 710 | -536 | 174 |
| Cultural Economy | 2 | 942 | -34 | 908 | 892 | -34 | 858 | 892 | -34 | 858 |
| Tatton Park | 2 | 4,413 | -4,098 | 315 | 4,413 | -4,098 | 315 | 4,413 | -4,098 | 315 |
| Public Rights of Way | 2 | 571 | -166 | 405 | 556 | -166 | 390 | 556 | -166 | 390 |
| Countryside | 2 | 1,015 | -191 | 824 | 1,015 | -191 | 824 | 1,015 | -191 | 824 |
| Pay & Pensions | 2 | 187 | | 187 | 319 | | 319 | 451 | | 451 |
| Total Cost of Service | | 8,001 | -5,025 | 2,976 | 8,036 | -5,025 | 3,011 | 8,156 | -5,025 | 3,131 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Tatton Park: | | | | | | | | | | |
| Tatton Vision Phase 1 | 2 | -3 | -42 | -45 | | | 0 | | | 0 |
| Visitor Economy: | | | | 0 | | | 0 | | | 0 |
| Visitor Economy | 2 | -3 | | -3 | -32 | | -32 | -12 | | -12 |
| Visitor Economy | 2 | 16 | | 16 | | | 0 | | | 0 |
| Marketing Cheshire | 2 | -20 | | -20 | | | 0 | | | 0 |
| Public Rights of Way: | | | | | | | | | | |
| Increase Public Rights of Way Fees & Charges | 2 | | | 0 | -15 | | -15 | | | 0 |
| Cultural Economy: | | | | | | | | | | |
| Reduce funding to Macclesfield Silk Heritage Trust | 2 | -10 | | -10 | | | 0 | | | 0 |
| Cheshire East Reflects | 2 | 20 | | 20 | -50 | | -50 | | | 0 |
| Pay & Pensions | 2 | 187 | | 187 | 132 | | 132 | 132 | | 132 |
| Financial Impact of Policy Proposals | | 187 | -42 | 145 | 35 | 0 | 35 | 120 | 0 | 120 |

Corporate Summary

REVENUE

| Service Area | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|-----------------------------------|-----------------|---------------|
| | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Directorate | 769 | -685 | 84 | 586 | -685 | -99 | 653 | -685 | -32 |
| Legal Services | 7,455 | -1,693 | 5,762 | 7,619 | -1,693 | 5,926 | 7,783 | -1,693 | 6,090 |
| Customer Operations | 85,893 | -77,345 | 8,548 | 85,057 | -77,345 | 7,712 | 85,411 | -77,345 | 8,066 |
| Finance and Performance | 9,172 | -2,994 | 6,178 | 9,416 | -2,994 | 6,422 | 9,660 | -2,994 | 6,666 |
| Human Resources | 3,364 | -919 | 2,445 | 3,466 | -919 | 2,547 | 3,568 | -919 | 2,649 |
| ICT Services | 26,534 | -21,028 | 5,506 | 27,024 | -21,028 | 5,996 | 27,514 | -21,028 | 6,486 |
| Communications | 669 | -54 | 615 | 692 | -54 | 638 | 715 | -54 | 661 |
| Client Commissioning | 33,480 | -2,862 | 30,618 | 33,655 | -3,021 | 30,634 | 33,869 | -3,021 | 30,848 |
| Total Cost of Service | 167,336 | -107,580 | 59,756 | 167,515 | -107,739 | 59,776 | 169,173 | -107,739 | 61,434 |
| Policy Proposals included above | | | | | | | | | |
| Directorate | -1,872 | | -1,872 | -183 | | -183 | 67 | | 67 |
| Legal Services | 573 | -90 | 483 | 164 | | 164 | 164 | | 164 |
| Customer Operations | -301 | | -301 | -836 | | -836 | 354 | | 354 |
| Finance and Performance | 165 | -8 | 157 | 244 | | 244 | 244 | | 244 |
| Human Resources | -20 | | -20 | 102 | | 102 | 102 | | 102 |
| ICT Services | -235 | | -235 | 490 | | 490 | 490 | | 490 |
| Communications | 24 | | 24 | 23 | | 23 | 23 | | 23 |
| Client Commissioning | 424 | 250 | 674 | 175 | -159 | 16 | 214 | | 214 |
| Financial Impact of Policy Proposals | -1,242 | 152 | -1,090 | 179 | -159 | 20 | 1,658 | 0 | 1,658 |

Corporate Directorate

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|-----------------------------------|-------------|---------------|-----------------------------------|-------------|-------------|-----------------------------------|-------------|------------|
| | | Budget including Policy Proposals | | | Budget including Policy Proposals | | | Budget including Policy Proposals | | |
| | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| Executive Director - Corporate | 6 | 63 | | 63 | 63 | | 63 | 63 | | 63 |
| Business Manager | 6 | 92 | | 92 | 92 | | 92 | 92 | | 92 |
| Chief Executive Office | 6 | 462 | | 462 | 462 | | 462 | 462 | | 462 |
| PA Pool | 6 | 551 | -23 | 528 | 551 | -23 | 528 | 551 | -23 | 528 |
| Professional Services and Commercial Services Manager | 6 | 116 | | 116 | 116 | | 116 | 116 | | 116 |
| Transactional Shared Services | 6 | 1,755 | -649 | 1,106 | 1,755 | -649 | 1,106 | 1,755 | -649 | 1,106 |
| Business Solutions | 6 | 382 | -13 | 369 | 382 | -13 | 369 | 382 | -13 | 369 |
| ESG | 1, 4, 6 | -463 | | -463 | -463 | | -463 | -463 | | -463 |
| Mutually Agreed Resignation Scheme (MARS) | 6 | -1,500 | | -1,500 | -1,500 | | -1,500 | -1,500 | | -1,500 |
| Oracle System Review (cross cutter) | 6 | -250 | | -250 | -500 | | -500 | -500 | | -500 |
| Admin Review (cross cutter) | 6 | -500 | | -500 | -500 | | -500 | -500 | | -500 |
| Pay & Pensions | 6 | 61 | | 61 | 128 | | 128 | 195 | | 195 |
| Total Cost of Service | | 769 | -685 | 84 | 586 | -685 | -99 | 653 | -685 | -32 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Executive Director - Corporate | | | | | | | | | | |
| Reduce costs of core processes (Oracle system review) | 6 | -250 | | -250 | -250 | | -250 | | | 0 |
| External income - Fees & Charges | 6 | -2 | | -2 | | | 0 | | | 0 |
| PA Pool: | | | | | | | | | | |
| Reduce Agency and Consultancy Costs | 6 | -1 | | -1 | | | 0 | | | 0 |
| Service Area to be determined: | | | | | | | | | | |
| Admin Review | 6 | -500 | | -500 | | | 0 | | | 0 |
| Restructuring of Services | 6 | -150 | | -150 | | | 0 | | | 0 |
| Reallocation of unachievable cross cutting savings | 6 | 470 | | 470 | | | 0 | | | 0 |
| Mutually Agreed Resignation Scheme (MARS) | 6 | -1,500 | | -1,500 | | | 0 | | | 0 |
| Pay & Pensions | 6 | 61 | | 61 | 67 | | 67 | 67 | | 67 |
| Financial Impact of Policy Proposals | | -1,872 | 0 | -1,872 | -183 | 0 | -183 | 67 | 0 | 67 |

Legal Services

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | | |
|---|-------------------|---------------------|----------------|--------------|-----------------------------------|---------------|--------------|---------------------|----------------|--------------|--|
| | | Expenditure £000 | Income £000 | Net £000 | Budget including Policy Proposals | | | Expenditure £000 | Income £000 | Net £000 | |
| | | | | | | | | | | | |
| Legal Services: | | | | | | | | | | | |
| Monitoring Officer | 6 | -102 | | -102 | -102 | | -102 | -102 | | -102 | |
| Legal Services | 6 | 2,737 | -547 | 2,190 | 2,737 | -547 | 2,190 | 2,737 | -547 | 2,190 | |
| Compliance | 6 | 402 | | 402 | 402 | | 402 | 402 | | 402 | |
| Democratic Services: | | | | | | | | | | | |
| Business Support and Civic Office | 6 | 317 | -10 | 307 | 317 | -10 | 307 | 317 | -10 | 307 | |
| Democratic Services | 6 | 691 | -50 | 641 | 691 | -50 | 641 | 691 | -50 | 641 | |
| Members Services | 6 | 1,399 | | 1,399 | 1,399 | | 1,399 | 1,399 | | 1,399 | |
| Coroners | 6 | 567 | | 567 | 567 | | 567 | 567 | | 567 | |
| Elections Service | 6 | 551 | | 551 | 551 | | 551 | 551 | | 551 | |
| Registrations Service | 6 | 724 | -1,086 | -362 | 724 | -1,086 | -362 | 724 | -1,086 | -362 | |
| Pay & Pensions | 6 | 169 | | 169 | 333 | | 333 | 497 | | 497 | |
| Total Cost of Service | | 7,455 | -1,693 | 5,762 | 7,619 | -1,693 | 5,926 | 7,783 | -1,693 | 6,090 | |
| Policy Proposals included above | | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | | |
| Monitoring Officer: | | | | | | | | | | | |
| Restructuring of Services | 6 | -200 | | -200 | | | 0 | | | 0 | |
| Contract Savings | 6 | -37 | | -37 | | | 0 | | | 0 | |
| Reduce Agency and Consultancy Costs | 6 | -24 | | -24 | | | 0 | | | 0 | |
| Legal Services: | | | | | | | | | | | |
| Childcare Team Costs (Transitional funding ends 2018/19) | 6 | 490 | | 490 | | | 0 | | | 0 | |
| External income - Fees & Charges | 6 | | -90 | -90 | | | 0 | | | 0 | |
| Service Area to be determined: | | | | | | | | | | | |
| Productivity - Unachievement of 17/18 cross cutting savings - Legal & Dem | 6 | 175 | | 175 | | | 0 | | | 0 | |
| Pay & Pensions | 6 | 169 | | 169 | 164 | | 164 | 164 | | 164 | |
| Financial Impact of Policy Proposals | | 573 | -90 | 483 | 164 | 0 | 164 | 164 | 0 | 164 | |

Customer Operations

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|---------------------|----------------|-------------|-----------------------------------|----------------|-------------|---------------------|----------------|-------------|
| | | Expenditure £000 | Income £000 | Net £000 | Budget including Policy Proposals | | | | | |
| | | | | | Expenditure £000 | Income £000 | Net £000 | Expenditure £000 | Income £000 | Net £000 |
| | | | | | | | | | | |
| Customer Services Management | 6 | 41 | | 41 | 41 | | 41 | 41 | | 41 |
| Customer Services | 6 | 2,177 | -9 | 2,168 | 2,177 | -9 | 2,168 | 2,177 | -9 | 2,168 |
| Library Services | 6 | 3,741 | -405 | 3,336 | 3,741 | -405 | 3,336 | 3,741 | -405 | 3,336 |
| Revenues | 6 | 1,500 | -1,110 | 390 | 1,500 | -1,110 | 390 | 1,500 | -1,110 | 390 |
| Benefits Administration | 6 | 2,352 | -135 | 2,217 | 2,362 | -135 | 2,227 | 2,362 | -135 | 2,227 |
| Service Development and Systems | 6 | 778 | | 778 | 778 | | 778 | 778 | | 778 |
| Emergency Planning | 6 | 173 | -32 | 141 | 173 | -32 | 141 | 173 | -32 | 141 |
| Online Services | 6 | 260 | | 260 | 260 | | 260 | 260 | | 260 |
| Benefit Payments | 6 | 75,572 | -75,654 | -82 | 75,572 | -75,654 | -82 | 75,572 | -75,654 | -82 |
| Digital Savings | 6 | -1,060 | | -1,060 | -2,260 | | -2,260 | -2,260 | | -2,260 |
| Pay & Pensions | 6 | 359 | | 359 | 713 | | 713 | 1,067 | | 1,067 |
| Total Cost of Service | | 85,893 | -77,345 | 8,548 | 85,057 | -77,345 | 7,712 | 85,411 | -77,345 | 8,066 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Customer Services Management: | | | | | | | | | | |
| Contract Savings | 6 | -37 | | -37 | | | 0 | | | 0 |
| Reduce Agency and Consultancy Costs | 6 | -17 | | -17 | | | 0 | | | 0 |
| Benefits Administration: | | | | | | | | | | |
| Withdrawal of temporary reduction in funding for Universal Information and Advice service | 6 | | | 0 | 10 | | 10 | | | 0 |
| The Local Welfare Safety Net | 6 | -50 | | -50 | | | 0 | | | 0 |
| Library Services: | | | | | | | | | | |
| Community Library Provision - Close 3 Libraries | 6 | -46 | | -46 | | | 0 | | | 0 |
| Service Area to be determined: | | | | | | | | | | |
| Digital Customer Services | 6 | -800 | | -800 | -800 | | -800 | | | 0 |
| Digital Customer Services - New Recurring Technology | 6 | 130 | | 130 | | | 0 | | | 0 |
| Digital Customer Services phase 2 | 6 | -190 | | -190 | -400 | | -400 | | | 0 |
| Digital Unachievement from 17/18 | 6 | 350 | | 350 | | | 0 | | | 0 |
| Pay & Pensions | 6 | 359 | | 359 | 354 | | 354 | 354 | | 354 |
| Financial Impact of Policy Proposals | | -301 | 0 | -301 | -836 | 0 | -836 | 354 | 0 | 354 |

Finance and Performance

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|---------------------|----------------|-------------|-----------------------------------|----------------|-------------|---------------------|----------------|-------------|
| | | Expenditure £000 | Income £000 | Net £000 | Budget including Policy Proposals | | | Expenditure £000 | Income £000 | Net £000 |
| | | | | | Expenditure £000 | Income £000 | Net £000 | | | |
| Head of Finance and Performance | 6 | -222 | | -222 | -222 | | -222 | -222 | | -222 |
| Financial Strategy and Reporting | 6 | 1,182 | -12 | 1,170 | 1,182 | -12 | 1,170 | 1,182 | -12 | 1,170 |
| Finance Partnering and Accountancy | 6 | 1,802 | -799 | 1,003 | 1,802 | -799 | 1,003 | 1,802 | -799 | 1,003 |
| Projects Finance | 6 | 264 | -30 | 234 | 264 | -30 | 234 | 264 | -30 | 234 |
| Performance Strategy and Reporting | 6 | 54 | | 54 | 54 | | 54 | 54 | | 54 |
| Business Intelligence - People | 6 | 348 | | 348 | 348 | | 348 | 348 | | 348 |
| Business Intelligence - Place and Corporate | 6 | 318 | -6 | 312 | 318 | -6 | 312 | 318 | -6 | 312 |
| Project Management Office | 6 | 1,397 | -792 | 605 | 1,397 | -792 | 605 | 1,397 | -792 | 605 |
| Procurement | 6 | 556 | -201 | 355 | 556 | -201 | 355 | 556 | -201 | 355 |
| Audit | 6 | 581 | -31 | 550 | 581 | -31 | 550 | 581 | -31 | 550 |
| Risk Management | 6 | 71 | | 71 | 71 | | 71 | 71 | | 71 |
| Insurance | 6 | 2,577 | -1,123 | 1,454 | 2,577 | -1,123 | 1,454 | 2,577 | -1,123 | 1,454 |
| Pay & Pensions | 6 | 244 | | 244 | 488 | | 488 | 732 | | 732 |
| Total Cost of Service | | 9,172 | -2,994 | 6,178 | 9,416 | -2,994 | 6,422 | 9,660 | -2,994 | 6,666 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Head of Finance and Performance: | | | | | | | | | | |
| Contract Savings | 6 | -23 | | -23 | | | 0 | | | 0 |
| Reduce Agency and Consultancy Costs | 6 | -6 | | -6 | | | 0 | | | 0 |
| Finance Partnering and Accountancy: | | | | | | | | | | |
| External income - Fees & Charges | 6 | | -8 | -8 | | | 0 | | | 0 |
| Service Area to be determined: | | | | | | | | | | |
| Restructuring of Services | 6 | -150 | | -150 | | | 0 | | | 0 |
| Productivity - Unachievement of 17/18 cross cutting savings - Procurement | 6 | 100 | | 100 | | | 0 | | | 0 |
| Pay & Pensions | 6 | 244 | | 244 | 244 | | 244 | 244 | | 244 |
| Financial Impact of Policy Proposals | | 165 | -8 | 157 | 244 | 0 | 244 | 244 | 0 | 244 |

Human Resources

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 | 2 | | 2 | 2 | | 2 | 2 | | 2 |
| HR Strategy and Policy | 6 | 626 | | 626 | 626 | | 626 | 626 | | 626 |
| Health and Safety inc. Occ Health | 6 | 527 | -372 | 155 | 527 | -372 | 155 | 527 | -372 | 155 |
| Workforce Development | 6 | 1,009 | -90 | 919 | 1,009 | -90 | 919 | 1,009 | -90 | 919 |
| HR Delivery Non-Schools | 6 | 738 | -17 | 721 | 738 | -17 | 721 | 738 | -17 | 721 |
| HR Delivery Schools | 6 | 360 | -440 | -80 | 360 | -440 | -80 | 360 | -440 | -80 |
| Pay & Pensions | 6 | 102 | | 102 | 204 | | 204 | 306 | | 306 |
| Total Cost of Service | | 3,364 | -919 | 2,445 | 3,466 | -919 | 2,547 | 3,568 | -919 | 2,649 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Head of Human Resources: | | | | | | | | | | |
| Contract Savings | 6 | -64 | | -64 | | | 0 | | | 0 |
| Reduce Agency and Consultancy Costs | 6 | -8 | | -8 | | | 0 | | | 0 |
| Service Area to be determined: | | | | | | | | | | |
| Restructuring of Services | 6 | -50 | | -50 | | | 0 | | | 0 |
| Pay & Pensions | 6 | 102 | | 102 | 102 | | 102 | 102 | | 102 |
| Financial Impact of Policy Proposals | | -20 | 0 | -20 | 102 | 0 | 102 | 102 | 0 | 102 |

ICT Services

REVENUE

| 2018/19 Budget | | | | 2019/20 Budget | | | 2020/21 Budget | | | |
|--------------------------------------|-------------|-----------------------------------|---------|----------------|--------|---------|----------------|--------|---------|-------|
| | | Budget including Policy Proposals | | | | | | | | |
| Outcome | Expenditure | Income | Net | Expenditure | Income | Net | Expenditure | Income | Net | |
| Reference | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| Service Area | | | | | | | | | | |
| ICT Strategy | 6 | 8,356 | -3,348 | 5,008 | 8,356 | -3,348 | 5,008 | 8,356 | -3,348 | 5,008 |
| ICT Service Delivery | 6 | 17,680 | -17,680 | 0 | 17,680 | -17,680 | 0 | 17,680 | -17,680 | 0 |
| Pay & Pensions | 6 | 498 | | 498 | 988 | | 988 | 1,478 | | 1,478 |
| Total Cost of Service | | 26,534 | -21,028 | 5,506 | 27,024 | -21,028 | 5,996 | 27,514 | -21,028 | 6,486 |
| Policy Proposals included above | | | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| ICT Strategy: | | | | | | | | | | |
| Contract Savings | 6 | -589 | | -589 | | | 0 | | | 0 |
| Reduce Agency and Consultancy Costs | 6 | -144 | | -144 | | | 0 | | | 0 |
| Pay & Pensions | 6 | 498 | | 498 | 490 | | 490 | 490 | | 490 |
| Financial Impact of Policy Proposals | | -235 | 0 | -235 | 490 | 0 | 490 | 490 | 0 | 490 |

Communications

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 | 595 | -54 | 541 | 595 | -54 | 541 | 595 | -54 | 541 |
| Corporate Campaigns | 6 | 10 | | 10 | 10 | | 10 | 10 | | 10 |
| Cheshire Shows | 6 | 40 | | 40 | 40 | | 40 | 40 | | 40 |
| Pay & Pensions | 6 | 24 | | 24 | 47 | | 47 | 70 | | 70 |
| Total Cost of Service | | 669 | -54 | 615 | 692 | -54 | 638 | 715 | -54 | 661 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Pay & Pensions | 6 | 24 | | 24 | 23 | | 23 | 23 | | 23 |
| Financial Impact of Policy Proposals | | 24 | 0 | 24 | 23 | 0 | 23 | 23 | 0 | 23 |

Client Commissioning

REVENUE

| | | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 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 |
| Environmental (including Bereavement) | 4 | 30,931 | -2,862 | 28,069 | 30,581 | -3,021 | 27,560 | 30,206 | -3,021 | 27,185 |
| Leisure | 5 | 2,058 | | 2,058 | 1,946 | | 1,946 | 1,898 | | 1,898 |
| Pay & Pensions | 4,5 | 491 | | 491 | 1,128 | | 1,128 | 1,765 | | 1,765 |
| Total Cost of Service | | 33,480 | -2,862 | 30,618 | 33,655 | -3,021 | 30,634 | 33,869 | -3,021 | 30,848 |
| | | Policy Proposals included above | | | | | | | | |
| Policy Proposals | | | | | | | | | | |
| Environmental: | | | | | | | | | | |
| Household Waste Recycling Centre income generation and efficiencies | 4 | -576 | | -576 | | | 0 | | | 0 |
| Ansa income generation & efficiencies | 4 | -90 | | -90 | -1,140 | | -1,140 | -435 | | -435 |
| Environmental Services base budget | 4 | 152 | | 152 | | | 0 | | | 0 |
| Housing Growth , Waste Contract Inflation and Tonnage Growth | 4 | 588 | | 588 | 350 | | 350 | 350 | | 350 |
| Food Waste Recycling (Composting Plant) | 4 | | | 0 | 440 | | 440 | -290 | | -290 |
| Markets Income | 4 | | 250 | 250 | | -159 | -159 | | | 0 |
| Leisure: | | | | | | | | | | |
| 3% reduction in Operational Management Fee (ESAR) | 5 | -51 | | -51 | -49 | | -49 | -48 | | -48 |
| Changes to “Everybody Options” Scheme Investment (ESAR) | 5 | -45 | | -45 | -63 | | -63 | | | 0 |
| Car Park Refunds | 5 | -45 | | -45 | | | 0 | | | 0 |
| Pay & Pensions | 4,5 | 491 | | 491 | 637 | | 637 | 637 | | 637 |
| Financial Impact of Policy Proposals | | 424 | 250 | 674 | 175 | -159 | 16 | 214 | 0 | 214 |

Central Budgets

REVENUE

| Service Area | Outcome Reference | 2018/19 Budget | | | 2019/20 Budget | | | 2020/21 Budget | | |
|---|-------------------|---------------------|----------------|-------------|-----------------------------------|--------|--------|---------------------|----------------|-------------|
| | | Expenditure £000 | Income £000 | Net £000 | Budget including Policy Proposals | | | Expenditure £000 | Income £000 | Net £000 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Capital Financing | | 10,000 | | 10,000 | 12,000 | | 12,000 | 12,000 | | 12,000 |
| Past Pensions Adjustment | | 263 | | 263 | 163 | | 163 | 1,163 | | 1,163 |
| Income from Capital Receipts | | | -2,000 | -2,000 | | -1,000 | -1,000 | | -1,000 | -1,000 |
| Contingency | | 1,000 | | 1,000 | 1,000 | | 1,000 | 1,000 | | 1,000 |
| Community Budget | | 1,000 | | 1,000 | 1,000 | | 1,000 | | | 0 |
| Use of / Contribution to Earmarked Reserve | | | -982 | -982 | | -8 | -8 | | -8 | -8 |
| Total Cost of Service | | 12,263 | -2,982 | 9,281 | 14,163 | -1,008 | 13,155 | 14,163 | -1,008 | 13,155 |
| Policy Proposals included above | | | | | | | | | | |
| MRP Revision from Straight Line to Annuity Method | | -4000 | | -4,000 | 2,000 | | 2,000 | | | 0 |
| Past Service Pension Income | | -900 | | -900 | -100 | | -100 | 1,000 | | 1,000 |
| Community Budgets funded from New Homes Bonus | | 1,000 | | 1,000 | | | 0 | -1,000 | | -1,000 |
| Contingency Revenue Budget | | 1,000 | | 1,000 | | | 0 | | | 0 |
| Capital Receipts Income | | | -2,000 | -2,000 | | 1,000 | 1,000 | | | 0 |
| Use of / Contribution to Earmarked Reserve | | | -834 | -834 | | 974 | 974 | | | 0 |
| Financial Impact of Policy Proposals | | -2,900 | -2,834 | -5,734 | 1,900 | 1,974 | 3,874 | 0 | 0 | 0 |

12. Reserves Strategy

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| | |
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Executive Summary

12.1 Cheshire East Council is maintaining adequate reserves for two main purposes:

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

12.2 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.

12.3 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.

12.4 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.

12.5 Cheshire East Council's Reserve Strategy was last approved at Council on 23rd February 2017.

12.6 The quarterly review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2018/21 is being reported to Cabinet and Council in February 2018.

12.7 This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

12.8 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.

J Willis

Jan Willis CPFA MBA

Interim Executive Director of Corporate Services
(Section 151 Officer)

Note: The strategy follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances. Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Section 151 Officer are set out in **Annex A**.

1. Introduction

Types of Reserves

- 12.9 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)

- 12.10 This represents the non-ringfenced balance of Council funds. There are two main purposes of general reserves: firstly to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

- 12.11 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.

12.12 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)

- 12.13 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

- 12.14 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.

- 12.15 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.
- 12.16 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.
- 12.17 **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
- 12.18 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.
- 12.19 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

12.20 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

12.21 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

12.22 The Finance Procedure Rules set the parameters for the use of general reserves.

12.23 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.

12.24 In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

12.25 The 2017/18 Budget anticipated that the Council would hold general reserves of £10.3m which was confirmed at final outturn.

12.26 At 1st April 2018, it is anticipated that the Council will hold general reserves of £10.2, as calculated in **Table 2**.

| Table 2 | |
|---|-------------|
| Estimated Balance | |
| 1 st April 2018 | |
| £m | |
| Amount of General Fund Balance available for new expenditure | 10.3 |
| (Source: 2016/17 Statement of Accounts) | |
| The impact of performance against the 2017/18 Revenue Budget | -0.1 |
| (Source: 2017/18 Three Quarter Year Review of Performance) | |
| | 10.2 |

Estimated Movement in Reserves (2017/18 onwards)

12.27 **Table 3** (overleaf) summarises the current estimated movements in general reserves from 2017 to 2020.

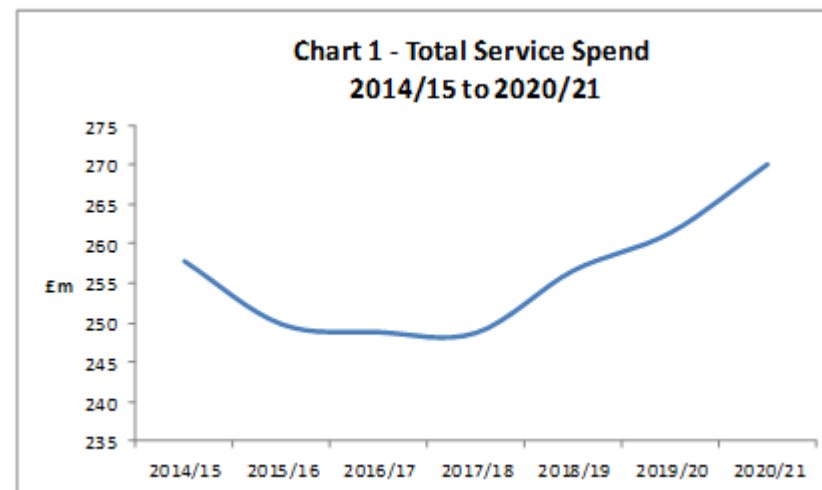
12.28 This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.

12.29 In addition the level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

| Table 3 – The level of reserves will be maintained in the medium term | 2017/18 £m | 2018/19 £m | 2020/21 £m | 2021/22 £m |
|--|---------------|---------------|---------------|---------------|
| Estimated Balance @ 1 st April | 10.3 | 10.2 | 10.2 | 10.2 |
| Estimated Impact of Spending | -0.1 | 0.0 | 0.0 | 0.0 |
| Planned Contribution to Earmarked Reserves | 0.0 | 0.0 | 0.0 | 0.0 |
| Forecast General Reserves @ 31st March | 10.2 | 10.2 | 10.2 | 10.2 |
| Risk Assessed Minimum Level – February 2018 | 10.0 | 10.0 | 10.0 | 10.0 |

Source: Cheshire East Finance

12.30 **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.

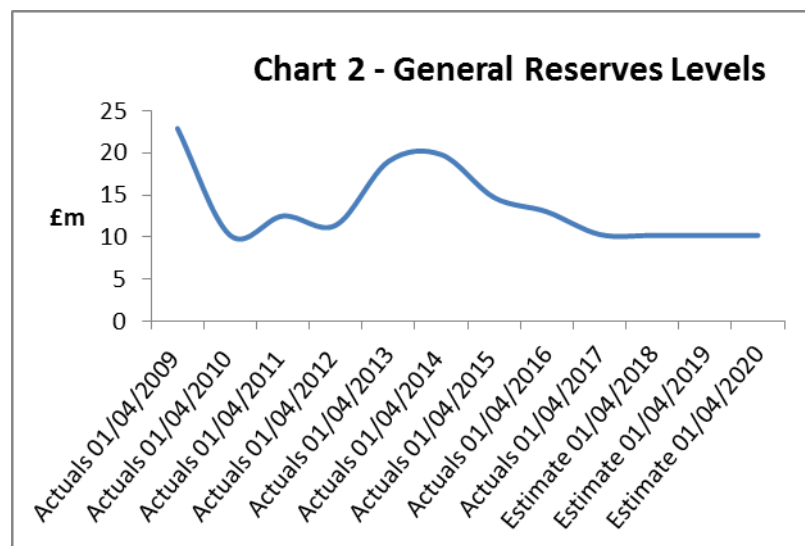


Source: Cheshire East Finance

12.31 Forecast reductions in net expenditure over the medium term reflect how the Council is reacting to reductions in Government funding. At the same time the Council minimised the impact on local residents by not raising Council Tax for five years up to 2015/16. This approach has required up front investment in change management to sustain the financial resilience of the Council. For example, early intervention in social care requires up front costs, and reducing staffing numbers usually requires expenditure on severance payments. The Council will also be investing in information technology to increase productivity.

12.32 Strategically the Council has therefore utilised short-term funding to support investment and change and not to build up reserves balances.

- 12.33 **Chart 2** reflects how Cheshire East Reserves are used to support large scale investment, and are being stabilised over the medium term.



Source: Cheshire East Finance

- 12.34 The level at which reserves are set for 2018/19, 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

- 12.35 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.

- 12.36 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.
- 12.37 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.
- 12.38 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.
- 12.39 New medium term risks are emerging as the Council is undertaking significant change to embed its commissioning approach and there is still significant uncertainty about the long term effect of changes to funding from business rates. However, the level of risk in the Medium Term Financial Strategy has reduced following improvements in reporting and achievement of budget targets.
- 12.40 The updated Risk Assessment for 2018/19 provides for the Minimum Level to remain at £10.0m. This still remains a relatively prudent overall target for reserves at 3.8% 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.
- There is a significant pensions deficit which may need to be managed outside of the current medium term estimates, additional budget has been provided for in the Medium Term Financial Strategy, to reflect increasing contribution rates following the triennial valuation.

12.41 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 0.6%).

12.42 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 | Sub-Total | Risk Assessment |
| Health & Safety | Major loss of service | Increased cost to reduce further risk of breach / Robust risk assessments | £125,000 | £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 | | |
| Fire / Structural damage | Major loss of service | Premises not operational / Robust disaster recovery plan | £431,000 | £400,000 |
| | Epidemic | High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans | | |
| | Severe Weather | Additional staffing, transport and materials costs / robust emergency plans | | |
| | Insurance claims create rising premiums or cost to insurance reserves | Budget growth to cover premiums or self insurance costs / Good claims management | | |
| Budget Pressures | Opening Balances vary from current predictions | Impact on opening balances / apply prudent assumptions to opening balances | £2,253,000 | £2,200,000 |
| | Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs. | Impact of 2017/18 projected outturn / robust remedial plans and monitoring of progress | | |
| | Higher than anticipated inflation arising in year | In-Year emerging issues / Robust plans and monitoring of progress | | |
| | Potential decrease in Council Tax and Business Rates collection rate | Increased inflation on contracts and services / contract management and robust remedial plans | | |
| | | Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures | | |

| 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 | Sub-Total | Risk Assessment |
| 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 | £3,077,000 | £3,100,000 |
| | Data corruption and need to improve security | ICT service days to repair, loss of service / robust security policies and firewalls | | |
| 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 | | |
| Strategic Reserve | | Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes | £4,233,000 | £4,200,000 |
| OVERALL RISKS | | | £10,119,000 | £10,000,000 |
| % of Net Revenue Budget | | | | 3.8% |

Source: Cheshire East Finance

- 12.43 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 £10.0m.
- 12.44 It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2018/19 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

- 12.45 A duty of the Section 151 Officer is to comment on the adequacy of financial reserves (see **Annex A**).
- 12.46 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

12.47 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.

12.48 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.

12.49 **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

12.50 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

12.51 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.

12.52 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.

12.53 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.

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

12.55 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.

Opening Balances

12.56 At 1st April 2018, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £32.5m. It is estimated that balances will reduce by £4.6m by the end of 2018/19. **Table 6** (overleaf) shows the position on each earmarked reserve.

| Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19 | | | | |
|--|---|------------------------------|------------------------------------|---|
| Service Description | Estimated Available Balance at 1 April 2018 | Forecast Movement in 2018/19 | Estimated Balance at 31 March 2019 | Reason / Use |
| | £000 | £000 | £000 | |
| People | | | | |
| Adults, Public Health and Communities | | | | |
| 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 | 40 | 352 | 392 | 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 | 238 | -190 | 48 | Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment. |
| Fixed Penalty Notice Enforcement (Kingdom) | 150 | 0 | 150 | Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues . |
| Transitional Funding - community cohesion | 70 | -70 | 0 | Community Cohesion Strategy and Action Plan |
| Children's Services | | | | |
| Domestic Abuse Partnership | 139 | -70 | 69 | To sustain preventative services to vulnerable people as a result of partnership funding. |
| Early Intervention and Prevention Investment | 423 | -174 | 249 | To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17. |
| Parenting Journey | 30 | -30 | 0 | The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments. |
| Transitional Funding-Developing the 'Cheshire East Way' | 25 | -25 | 0 | Delivering better outcomes for children and young people. |
| Transitional Funding-Increase in Establishment | 21 | -21 | 0 | Child Protection Social Workers |
| Transitional Funding-Independent Travel Training | 75 | -75 | 0 | Independent Travel Training |

| Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19 | | | | |
|--|---|------------------------------|------------------------------------|--|
| Service Description | Estimated Available Balance at 1 April 2018 | Forecast Movement in 2018/19 | Estimated Balance at 31 March 2019 | Reason / Use |
| | £000 | £000 | £000 | |
| Place | | | | |
| Investment (Sustainability) | 386 | -386 | 0 | To support investment that can increase longer term financial independence and stability of the Council. |
| Planning and Sustainable Development | | | | |
| Air Quality | 40 | -40 | 0 | Provide funding for a temporary Air Quality Officer post for two years. |
| Transitional Funding- air quality | 39 | -39 | 0 | Air Quality Management |
| Infrastructure and Highways | | | | |
| Highways Procurement | 132 | -132 | 0 | To finance the development of the next Highway Service Contract. |
| Winter Weather | 230 | 0 | 230 | To provide for future adverse winter weather expenditure. |
| Growth and Regeneration | | | | |
| Royal Arcade Crewe | 300 | -300 | 0 | To provide for future costs relating to the Royal Arcade including repairs and maintenance. |
| Legal Proceedings on land and property matters | 0 | | 0 | To enable legal proceedings on land and property matters. |
| Skills & Growth | 202 | -202 | 0 | To achieve skills and employment priorities and outcomes. |
| Transitional Funding-Low Carbon Heat Growth Programme | 51 | -20 | 31 | Low Carbon Heat Growth Programme |
| Homelessness & Housing Options | 0 | 0 | 0 | To prevent homelessness and mitigate against the risk of increased temporary accommodation costs. |
| Rural & Cultural Economy | | | | |
| Tatton Park | 13 | 0 | 13 | Ring-fenced surplus on Tatton Park trading account. |

| Table 6: Earmarked Reserves that are statutory or essential have been retained for 2018/19 | | | | |
|--|---|------------------------------|------------------------------------|---|
| Service Description | Estimated Available Balance at 1 April 2018 | Forecast Movement in 2018/19 | Estimated Balance at 31 March 2019 | Reason / Use |
| | £000 | £000 | £000 | |
| Corporate | | | | |
| Legal Services | | | | |
| Insurance (Cheshire East & Cheshire County Funds) | 4,153 | -85 | 4,068 | To settle insurance claims and manage excess costs. |
| Democratic Services | | | | |
| Elections | 166 | 43 | 209 | To provide funds for Election costs every 4 years. |
| Finance and Performance | | | | |
| Collection Fund Management | 7,767 | 1,000 | 8,767 | 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 | 10,750 | -867 | 9,883 | To provide for financing of capital schemes, other projects and initiatives. |
| Enabling Transformation | 322 | -322 | 0 | Funding for costs associated with service transformation; particularly in relation to staffing related expenditure. |
| Transitional Funding-External Funding Officer | 61 | -60 | 1 | External Funding Officer |
| Cross Service | | | | |
| Trading Reserve | 1,099 | 0 | 1,099 | The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives. |
| Service Manager carry forward | 1,111 | -778 | 333 | Allocations for Cost of Investment or grant funded expenditure. |
| Revenue Grants - Dedicated Schools Grant | 364 | -1,500 | -1,136 | Unspent specific use grant carried forward into 2017/18. |
| Revenue Grants - Other | 1,855 | -788 | 1,067 | Unspent specific use grant carried forward into 2017/18. |
| Total | 32,477 | -4,631 | 27,847 | |

Source: Cheshire East Council

4. Capital Reserves

- 12.57 Capital receipts received in-year are fully applied to finance the capital programme and therefore no capital receipts reserves are held by the Council.
- 12.58 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

- 12.59 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.
- 12.60 This recognises local issues and allows the Section 151 Officer to comment favourably on the adequacy of reserves.
- 12.61 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

- 12.62 General Fund Reserves – Risk Assessment Working Papers 2017.
- CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).

Annex A to Reserves Strategy

Protocols and Controls

The Existing Legislative / Regulatory Framework

- 12.63 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.
- 12.64 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.
- 12.65 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.
- 12.66 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

- 12.67 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.
- 12.68 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

- 12.69 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

- 12.70 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.
- 12.71 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:

- 12.72 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.
- 12.73 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.

13. Abbreviations

13.1 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 |
| CLG | Communities and Local Government |
| 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 |

| Term | Meaning |
|-------|---|
| FQR | First Quarter Review of Performance. |
| 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 under the Chief Operating Officer. |
| 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 |
| 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 – a grant that forms part of the Business Rate Retention Scheme. |

| 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 |

14. Forecasts (February 2017)

- 14.1 Forecasts presented to the Council in February 2017 reported a potential balanced budget in the medium term. Proposals in the Pre-Budget Consultation focused on ensuring that increased growth projections were fully reflected.

| | Budget Book 2016/17 (revised at TQR) £m | Estimated Net Budget 2017/18 £m | Estimated Net Budget 2018/19 £m | Estimated Net Budget 2019/20 £m |
|--|--|--|--|--|
| Outcome 1 - Our Local Communities are strong and supportive | 25.6 | 25.0 | 25.3 | 25.7 |
| Outcome 2 - Cheshire East has a strong and resilient economy | 32.2 | 30.0 | 28.1 | 28.1 |
| Outcome 3 - People have the life skills and education they need in order to thrive | 35.3 | 33.8 | 32.5 | 32.7 |
| Outcome 4 - Cheshire East is a green and sustainable place | 29.1 | 29.8 | 30.0 | 29.1 |
| Outcome 5 - People live well and for longer | 91.7 | 96.5 | 96.4 | 95.8 |
| Outcome 6 - Efficiency | 34.9 | 33.6 | 32.8 | 32.8 |
| Total Outcomes | 248.8 | 248.7 | 245.1 | 244.2 |
| Corporate Contributions and Adjustments | 1.1 | 1.2 | 1.2 | 1.2 |
| Capital Financing | 14.0 | 14.0 | 14.0 | 14.0 |
| Use of / Contribution to Earmarked Reserve | 2.8 | -0.1 | -0.1 | -0.1 |
| TOTAL: | 266.7 | 263.8 | 260.2 | 259.3 |
| <i>CENTRAL BUDGETS</i> | | | | |
| Business Rate Retention Scheme | -39.7 | -41.0 | -42.7 | -41.8 |
| Revenue Support Grant | -26.3 | -13.4 | -5.4 | 0.0 |
| Specific Grants | -18.8 | -16.9 | -9.8 | -9.4 |
| Council Tax | -179.4 | -191.1 | -202.3 | -208.1 |
| Sourced from Collection Fund | -2.5 | -1.4 | 0.0 | 0.0 |
| TOTAL: Central Budgets | -266.7 | -263.8 | -260.2 | -259.3 |
| Funding Position | 0.0 | 0.0 | 0.0 | 0.0 |

15. Feedback

15.1 We want you to be involved in decision making in Cheshire East...

To register to be involved in consultations undertaken by Cheshire East Council, you can do so by joining the Digital Influence Panel.

Please use CTRL and Click on the light bulb to join.

15.2 If you would like to view the results of previous consultations undertaken by Cheshire East Council, please click [here](#).

