

# Cabinet Agenda

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**Date:** Monday, 5th September, 2011  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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

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

1. **Apologies for Absence**

2. **Declarations of Interest**

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

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

In accordance with Procedure Rules Nos.11 and 35 a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the Committee.

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

In order for an informed answer to be given, where a member of the public wishes to ask a question of a Cabinet Member three clear working days notice must be given and the question must be submitted in writing at the time of notification. It is not required to give notice of the intention to make use of public speaking provision but, as a matter of courtesy, a period of 24 hours notice is encouraged.

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Please contact Cherry Foreman on 01270 686463  
E-Mail: [cherry.foreman@cheshireeast.gov.uk](mailto:cherry.foreman@cheshireeast.gov.uk) with any apologies or requests for further information or to give notice of a question to be asked by a member of the public

4. **Minutes of Previous meeting** (Pages 1 - 8)

To approve as a correct record the minutes of the meeting held on 1 August 2011.

5. **Key Decision 10/11-62 Transfer and Devolution to Town and Parish Councils**  
(Pages 9 - 26)

To consider a report on the progress of negotiations with participating local councils regarding the transfer of assets and services.

6. **Key Decision 11/12-3 Cheshire and Warrington Local Investment Plan 2**  
(Pages 27 - 64)

To approve the Housing Local Investment Plan 2.

7. **Key Decision 11/12-10 Improvements in the Delivery of Adult Social Care Services - Building Based Services** (Pages 65 - 74)

To consider the provision of day service, short break and respite services in adult social care.

8. **First Quarter Review of Performance** (Pages 75 - 128)

To consider the financial position and service performance, and to approve supplementary revenue estimates and capital virement requests.

9. **Risk Management Policy Review** (Pages 129 - 144)

To approve the updated Risk Management Policy which is reviewed annually.

10. **Business Generation Centres** (Pages 145 - 174)

To receive the final report of the Scrutiny Review of the Council's Business Generation Centres.

11. **Notice of Motion - Memorial to Royal Engineers, Alvaston Hall, Crewe**  
(Pages 175 - 178)

To consider a response to the Notice of Motion submitted to Council on the erection of a memorial in recognition of six Royal Engineers killed by a bomb in 1940.

12. **Notice of Motion - Residential Care Market** (Pages 179 - 184)

To consider a response to the Notice of Motion submitted to Council on residential care in Cheshire East, and on its funding.

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

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

The Committee may decide that the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

14. **Managing Workforce Change - Severance Provision** (Pages 185 - 194)

To consider the report of the head of Human Resources and Organisational Development.

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**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Cabinet**  
held on Monday, 1st August, 2011 at Committee Suite 1,2 & 3, Westfields,  
Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor W Fitzgerald (Chairman)  
Councillor R Domleo (Vice-Chairman)

Councillors Rachel Bailey, D Brown, H Gaddum, J Macrae, P Mason and  
R Menlove

Councillors in attendance:

Rhoda Bailey, D Brickhill, L Brown, J Clowes, P Findlow, D Flude, L Gilbert, P  
Groves, O Hunter, D Hough, A Kolker, A Moran, L Smetham, D Stockton, G  
Walton and S Wilkinson.

Officers in attendance:

Chief Executive; Borough Solicitor; Director of Finance and Business  
Services; Director of Adults, Community Health and Wellbeing Services; Head  
of HR and Organisational Development; Head of Corporate Improvement;  
Strategic Director, Places.

**28 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**29 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**30 PUBLIC SPEAKING TIME/OPEN SESSION**

There were no questions from members of the public.

**31 MINUTES OF PREVIOUS MEETING****RESOLVED**

That the minutes of the meeting held on 7 July 2011 be approved as a  
correct record.

**32 KEY DECISION 90: HOME IMPROVEMENT AGENCY REVIEW**

Consideration was given to an overview of the role of home improvement  
agencies, a summary of the review and its recommendations, and an  
overview of a procurement exercise carried out.

**RESOLVED**

1. That the existing in-house Home Improvement Agency service to cover the whole Borough be developed further.
2. That it be noted that the changes to the delivery of the Home Improvement Agency services will trigger the automatic application of the TUPE regulations which will effect a transfer of a number of staff employed by the existing service providers to the Authority.

**33 KEY DECISION 5: THINK LOCAL ACT PERSONAL - A NATIONAL STRATEGY FOR LOCAL IMPLEMENTATION**

Consideration was given to Think Local Act Personal - A National Strategy for Local Implementation.

Putting People First was issued in November 2007 and articulated the shared ambition to put people first, through a radical reform of public services, enabling people to live their own lives as they wished, confident that services were of high quality, were safe and promoted their own individual needs for independence, well-being and dignity.

Putting People First established the collaboration between central and local government, the sector's professional leadership, providers and the regulator. It set out the shared aims and values which guided the transformation of adult social care, and recognised that the sector had to work across agendas, with users and carers, to transform people's experience of local support and services.

Cheshire East Council had pursued the key approaches in Putting People First and had been a leader in developing personalisation and preventative approaches to the delivery of effective social care in the community.

Twenty-four leading national organisations, including the Association of Directors of Adult Social Services (ADASS), umbrella bodies that represented a large number of providers from the private, independent, voluntary and community sectors, had endorsed the document.

**RESOLVED**

1. That the issue of TLAP be noted and CEC support for the approach contained within it be affirmed.
2. That support for a personalised approach to the delivery of publicly funded care, in line with the Council's Corporate Objective 1-*To give the people of Cheshire East more choice and control around services and resources* be reaffirmed, and the Personalisation Principles in Appendix 2 of the report be noted.

3. That it be recognized that the creation of an affordable social care system is dependent upon the development of preventative services delivered locally, most often by organizations from all sectors as well as the Council itself.
4. That it be noted that most people accessing care in its area are not funded by the Council and that there is a requirement for the Director of Adults, Community, Health and Wellbeing to identify a strategy to provide advice, information and support to the wider public including self funders and their carers, to maximize independence and minimize reliance of Council funded-care.
5. That the development of an on-line citizen portal or information gateway, with a resource directory, recognizing the investment required to maintain this initiative, with the initial capital investment funded as part of the Department of Health funded Common Assessment Framework pathfinder project and the ongoing maintenance funded within existing Adults revenue budgets, be noted and supported.

**34 KEY DECISION 7: CREWE GREEN LINK ROAD PROJECT - DEPARTMENT OF TRANSPORT FUNDING BID**

Consideration was given to progress made in securing Department for Transport Funding (DfT) for Crewe Green Link Road South (CGLRS).

**RESOLVED**

1. That the submission to the Department of Transport be agreed and that the final details of the bid be delegated to the Strategic Director Places in consultation with the Borough Solicitor, Borough Treasurer and relevant Portfolio Holders.
2. That the current expected content and funding profile of the submission to Department of Transport including the financial implications for Cheshire East, as detailed in Section 7 of the report be noted.
3. That the overall timescales and key dates for the project and the requirement for the Council to contractually commit to the Scheme and funding agreements only at the next stage of Department of Transport approval be noted. This was anticipated to be in September 2013.

**35 KEY DECISION 8: RELIGIOUS EDUCATION SYLLABUS FOR CHESHIRE EAST**

Consideration was given to a report on the Religious Education Agreed Syllabus for Cheshire East Council. This was a statutory requirement. The previous syllabus had been agreed by Cheshire County Council, in

2005 and had been reviewed and redrafted by a working party. The revised syllabus was agreed at the Religious Education Agreed Syllabus conference held on 25 May 2011, by the SACRE members.

At the meeting an amendment was made to the recommendation of the decision requested whereby the words 'and implement' were inserted after the words 'to agree'.

**RESOLVED**

That approval be given for Authorised Officers to take all necessary actions to agree and implement the Religious Education Agreed Syllabus for Cheshire East Council.

**36 KEY DECISION 9: PUBLIC TRANSPORT SUPPORT CRITERIA**

Consideration was given to a report outlining public transport support criteria which would guide future investment in local bus, rail and community transport services financially supported by the Council.

**RESOLVED**

1. That the revised public transport support criteria in Appendix 1 of the report be agreed;
2. That the implementation of the revised support criteria and withdrawal of support for "low priority" services as identified in Appendix 2 of the report, in line with the timetable outlined in Appendix 3 of the report be agreed;
3. That the comments from the Environment Scrutiny Committee be noted.

**37 KEY DECISION 11: CUSTOMER SERVICES STRATEGY**

Consideration was given to a report on the Customer Services Strategy. The purpose of the strategy was to outline the broad principles that would drive the development of an efficient and customer focused operating model across all Council services. These principles may reinforce decisions already taken and implemented, or they could influence service redesign and be implemented through a series of related projects.

In considering the face to face element of the strategy, a review and lessons learned from the phase 1 transfer of customer service points to libraries had been undertaken. The strategy recommended providing customer access through all remaining libraries in Cheshire East. This would increase the number of communities with local customer access and deliver a net annual saving of £240k.

At the meeting an amendment was made to the recommendation of the decision requested whereby an additional recommendation was inserted using the following words from paragraph 10.5 of the report:-



*‘Customer access in Nantwich, Poynton and Sandbach could transfer from the existing arrangements to the libraries subject to further local consultation’.*

**RESOLVED**

1. That endorsement be given to the new Customer Services Strategy and the recommendation to extend face to face customer access across all Cheshire East libraries be supported.
2. That customer access in Nantwich, Poynton and Sandbach could transfer from the existing arrangements to the libraries subject to further local consultation, be noted.

**38 2010/11 FINAL OUTTURN PERFORMANCE REPORT**

Consideration was given to the Council’s financial and non-financial performance at the final outturn stage of 2010/11.

**RESOLVED**

1. That the following financial issues, contained in Annex 1 of the report be noted and commented on as appropriate:
  - the final revenue and capital outturn positions for the Council;
  - the impact on the Council’s general reserves position as detailed in Section 2 of the report;
  - the Council’s in-year collection rates for Council Tax and Business Rates, detailed in Section 7 of the report;
  - the Council’s invoiced debt position as shown in Section 8 of the report;
  - progress on delivering the 2010-11 capital programme, detailed in Section 9 and Appendix 1 of the report;
  - Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Appendix 3a of the report;
  - Delegated Decisions approved by Directors in consultation with the relevant Portfolio Holder and the Portfolio Holder for Resources for Supplementary Capital Estimates and virement requests over £100,000 and up to and including £500,000 as shown in Appendix 3b of the report.
2. That the following service performance issues, contained in Annex 2 of the report, be noted and commented on as appropriate:
  - the successes achieved during 2010/11, and consider the issues raised in relation to under performance against targets and how these will be addressed.

3. That the following be approved:

- (i) a budget carry forward into 2011-12 of £160,000 for parish and council elections within Democratic Services, as previously identified at the three quarter year review (Section 3 of the report);
- (ii) the allocation of the £200,000 policy changes contingency earmarked for ICT to meet legacy authority leasing costs (Section 3 of the report);
- (iii) the revised in-year capital budget for 2010-11 as set out in Section 9 of the report, including:
  - Supplementary Capital Estimates and virement requests over £500,000 and up to and including £1.0m, as shown in Appendix 3b of the report.
  - Reductions in approved capital budgets, as shown in Appendix 3c of the report.

4. That Council be recommended to approve an SCE request in excess of £1m for Alderley Edge By Pass, as detailed in Appendix 3b of the report.

### **39 TREASURY MANAGEMENT ANNUAL REPORT**

Consideration was given to the performance of the Council's treasury management operation, including details of the activities for 2012-2011, for Cheshire East Borough Council.

#### **RESOLVED**

That the Treasury Management Annual Report for 2010-2011, as detailed in Appendix A of the report be received.

### **40 BUSINESS PLANNING PROCESS 2012-2015**

Consideration was given to the Council's Business Planning Process for 2012/2013 onwards. The Council had reviewed and revised the current process to integrate financial and corporate planning. This would enable a clear link to be made between what the Council wanted to achieve and the allocation of limited resources.

The outcome of the process would be the production of a Business Plan, in February 2012, to set the Council's ambitions, Budget and Council Tax.

**RESOLVED**

That the Business Planning Process to develop a Business Plan for 2012/2015 be agreed.

**41 ANNOUNCEMENT BY THE LEADER OF THE COUNCIL**

Councillor Fitzgerald announced that he would be appointing Councillor M Jones as Resources Portfolio Holder, from September 2011 and Councillor P Groves would undertake the role of Cabinet Support Member to the Resources Portfolio Holder.

**42 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

That the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A) 4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

**43 KEY DECISION 14: TATTON PARK BUSINESS DEVELOPMENT PHASE 1**

Consideration was given to the Tatton Park Business Development Phase 1.

**RESOLVED**

1. That Officers be permitted to, in consultation with the Portfolio Holder to complete negotiations on:
  - a) Heads of Terms for a Land lease of the attraction site (shown in attached plan, at Appendix 2 of the report) to a single venture company – a company with appropriate site rental conditions and turnover rent derived from visitor number levels.
  - b) Heads of Terms on a Loan to the single venture company including appropriate security measures and step-in rights

The above would be subject to the terms and conditions as outlined in paragraph 2.1 of the report.

2. That Officers be permitted to negotiate and complete the legal documents necessary or desirable to effect the Lease and Loan, protecting the Councils position as landlord and its position as lender on terms as approved by the Borough Solicitor and Borough Treasurer and

to obtain external legal and consultancy advice and support as required by them.

3. That Officers be permitted to commission the general infrastructure capital project and to release the Loan, in accordance with the terms of the Loan agreement.
4. That the Capital Programme from the current figure for Tatton Development be revised, in accordance with paragraph 2.4 of the report.

#### 44 **MANAGING WORKFORCE CHANGE**

Consideration was given to the report of the Head of Human Resources and Organisational Development.

#### **RESOLVED**

That the decision of the Chief Executive to release the employees whose roles are listed as 1 to 15 in Appendix A of the report under the arrangements agreed in relation to voluntary severance provisions for employees in the Council be supported.

*(Following discussion of this item, Councillor Fitzgerald announced that this Cabinet meeting would be the last one to be attended by the Head of Corporate Improvement, Ceri Harrison and the Director - Adults, Community, Health and Wellbeing, Phil Lloyd. On behalf of the Cabinet, he thanked both Officers for their hard work and wished them every success in the future).*

The meeting commenced at 2.00 pm and concluded at 4.51 pm

Signed.....  
W Fitzgerald (Chairman)

## CHESHIRE EAST COUNCIL

### REPORT TO: CABINET

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<b>Date of Meeting:</b>	5 <sup>th</sup> September 2011
<b>Report of:</b>	Vivienne Quayle – Head of Policy and Performance
<b>Subject/Title:</b>	Local Service Delivery – Transfer and Devolution to Town and Parish Councils
<b>Portfolio Holder:</b>	Cllr Rachel Bailey Cllr David Brown Cllr Jamie McCrae

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#### 1.0 Report Summary

- 1.1 Cheshire East Council (CEC) is committed to delivering services tailored to its individual communities. In July 2010 the cabinet approved that further work and discussion would take place to progress the transfer of the following assets and services to Town and Parish Councils where that made sense to both parties.

Civic Halls

Community Halls

Allotments

Public Conveniences

Markets

Other services (hanging baskets, Christmas lights & Trees, Britain in bloom street furniture including benches and planters)

Possible “other assets” on a case by case basis (see Appendix B)

- 1.2 There were a number of other types of assets originally included for discussion and these are not being proposed for transfer at this stage. These are play areas, footpaths, parks, ponds and ditches.
- 1.3 During the last year CEC has been in negotiations with participating local councils about the potential transfers and on the implications for both parties. In consultation with all Town and Parish Councils it was established that the eight Town councils and eighteen of the larger parishes were ready to discuss potential transfers of assets or services. Working closely with Towns and Parishes is an on-going way of working not a one-off project and it should be emphasised that all parishes are welcome to discuss ideas for service delivery or transfer of assets as they arise. This report contains proposals to transfer assets where discussions around the implications are at an advanced stage. This does not preclude other activities being progressed nor new ideas coming forward.

- 1.4 A clear distinction is made between those services that are non statutory (transferred functions) and those that are statutory (devolved functions).
- 1.5 It is important that the special circumstances in the un-parished areas of Crewe and Macclesfield and the newly parished Wilmslow are considered. This is included in Section 10.8 – 10.10 of the report.
- 1.6 The report sets out the current proposals on the transfer of assets and services to be transferred starting from April 2012. It is recognised that a smooth transfer is desirable to all parties and it is therefore proposed that whilst April 2012 is the aspirational date for completion, that it might be some way into the financial year before the actual transfer takes place for more complex assets where this is agreed by both parties.
- 1.7 The report also covers the financial implications, risks, staffing issues and legal implications. In principle assets will be transferred at a nominal value or long term lease with responsibility for the on- going running costs (or surplus) being covered by the Town or Parish Council.
- 1.8 The extent of the transfers and functions means that the background information involved is necessarily detailed and complex. It is important though to continually focus on the overall benefit and driver for this initiative which is about local people choosing what services they pay for, each locality running services in the way that makes sense to that locality and ultimately continuing to build strong communities across Cheshire East with all forms of government working together, reducing duplication and working in partnership to make a difference in Cheshire East.

## **2.0 Decision Requested**

- 2.1 Cabinet are asked to give delegated authority to the Strategic Director (Places and Organisational Capacity), Section 151 officer and the Monitoring Officer to finalise agreed legal and financial terms for a package of transfers (or leases) of the assets and functions contained in Appendix A with a view to transfer taking place by April 2012 or as soon as possible following that date where that is agreed by both parties.

The legal terms will include those points listed in section 10.12. Both parties will be expected to complete negotiations in a reasonable timeframe. It is anticipated that Civic Halls and Community Centres would be by freehold transfer for disposal at a nominal value and that, in negotiation, both parties will agree on either a transfer or a lease arrangement for the Markets and Public Conveniences with allotments likely to be transferred by way of a long lease.

- 2.2 Cabinet are asked to note the contents of Appendix B. At this stage these assets are not approved for transfer but will be reviewed on a case by case basis as part of the overall package to transfer. Such decisions to be delegated to the relevant portfolio holder (s). An initial analysis of these assets indicates that a number of them will not be suitable for transfer.
- 2.3 Cabinet are asked to approve the transfer of “other services” as listed in section 10.4 of the report.
- 2.4 Cabinet are asked to note the potential overall financial implications of the implementation of this policy and also note that there will be a potential impact on precept levels and Cheshire East’s budget.
- 2.5 Cabinet are asked to note the new delivery model for Town Centre Management (10.7)
- 2.6 Cabinet are asked to note the position in the un-parished areas of Crewe and Macclesfield and the newly parished Wilmslow as detailed in section 10.8 – 10.10.
- 2.7 Cabinet are asked to note the position on additional support costs in property and legal services funded from the Ear Marked Reserve.
- 2.8 Cabinet are asked to note that the terms of transfer and implications will be discussed with both the District Valuer and the External Auditor to ensure their relevant feedback is reflected in the agreements.
- 2.9 Cabinet are asked to formally recognise and thank the joint Officer/member working group for their work which has been instrumental in achieving the progress to date.

In line with recommendations within this report and the fact that the negotiations are at an advanced stage it is felt that the group should no longer continue in its current form and therefore be dissolved.

### **3.0 Reasons for Recommendations**

- 3.1 This is an ambitious programme of service and asset transfer designed to maximise the local focus of service delivery and to give each Town and Parish Council an increasingly important role in deciding what should be delivered in its locality and how this is best delivered. Further transfer and devolution will continue and be part of the way Services consider options for delivery moving forward.

**4.0 Wards Affected**

4.1 All

**5.0 Local Ward Members**

5.1 All

**6.0 Policy Implications including – Carbon Reduction  
- Health**

6.1 This initiative aligns with the first priority of the Sustainable Community Strategy “nurturing strong communities” and is part of Cheshire East’s stated drive to ensure that working locally is at the heart of what we do.

6.2 National policy is designed to decentralise government and give communities power to make a difference in their area. This initiative clearly aligns with this national drive.

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

7.1 The financial implications are detailed, complex and uncertain as they are dependent on results of negotiations with Town and Parish Councils and the changing costs and implications over time.

7.2 The financial implication from an asset value perspective is that the assets being proposed for transfer amount to approximately £6m in total with a further £5m worth of assets being requested by Town and Parishes outside the categories of service delivery listed at section 1.1

The proposal is to transfer the Civic and Community Halls for a nominal value (£1) and either transfer for nominal value or agree a long term lease for other asset categories. This is subject to further discussion with the District Valuer and external auditors. Appropriate formal valuations will be necessary.

7.3 The overall on-going revenue implication of this initiative is a saving of up to £450k per annum. The savings assumptions have already been factored into the medium term financial plans of the authority given the in principle support for this project in July 2010. There will be additional support services cost savings arising out of the transfers once complete which can not be quantified until negotiations with Towns and Parishes are finalised.

7.4 In 2009/10 an ear marked reserve of £625k was set aside to support the localism agenda of Cheshire East. Consideration should be given to allocating a proportion of this to support the transfer of assets to



Town and Parish Councils who are involved in the first phase of transfers.

The balance thereafter will then remain to support future transfer or devolution of services

- 7.5 It should be noted that transferring the package of services proposed will result in some Town Councils requiring an increase in their level of precept. However, part of the benefit of this initiative is that the Town Councils can focus on energising the services in their area, in consultation with local people, and can join up these services with their existing initiatives and either generate more income or tailor the services more effectively to bring an overall reduction in cost.

- 7.6 A great deal of work and discussion has taken place within Town Councils and with Cheshire East to understand the cost drivers and also look for ways of reducing the impact on local taxation. Clearly this is a matter for each individual Town or Parish Council and many have undertaken their own consultation to establish whether residents would be prepared to pay for the services that are being proposed to transfer.

- 7.7 In a number of cases the inclusion of the Market function as part of the overall package of assets to transfer will help to mitigate some of the costs associated with other transferred assets

Any debts associated with the function at the point of transfer will need to be discussed with the relevant parties and agreement reached as to how best to recover them.

Equally some Councils have asked for additional assets to transfer to help mitigate the financial effects. Initial analysis suggests that these will not all be appropriate for transfer. These are included at Appendix B and recommendation 2.2.

- 7.8 It should be noted that the impact of harmonisation of staff terms and conditions across Cheshire East may increase the cost of running some of the facilities being proposed for transfer. This relates to Civic and Community Halls where the current shift arrangements are not subject to enhancements whereas the new proposals may increase staffing costs at these venues. There are also potential residual costs for any staff where transfer under TUPE is not relevant but their post is no longer necessary as a result of the transfers.

- 7.9 A need for up to £200k was originally identified in the report to Cabinet in July 2010 for additional project management and legal resources to support this initiative. To date, the programme has been managed within existing resources. At this crucial stage and throughout the project additional resource will be required in property and legal services to ensure the appropriate controls and assistance are put in

place to allow a smooth transfer. This will be funded from the ear marked reserve.

- 7.10 The issue of the condition of the asset on transfer has been raised by all the Town Councils taking part in this initiative. There may be some negotiation on the condition of assets at transfer that could result in a capital cost to the council; A position will need to be reached that is acceptable to both parties.

**8.0 Legal Implications (Authorised by the Director of Finance and Business Services)**

- 8.1 It is imperative that we get the legal process for transfer right. The legal basis for the transfer comes from our general well being powers. Details of Terms of transfer are contained in Section 10.12 of the report.

- 8.2 The Council can dispose of any land for less than the best consideration that can be obtained in reliance on the Local Government Act 1972 general disposal consent (England) 2003 if:

(a) it considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects of the whole or any part of its area, or all or any persons resident or present in its area:

- a. The promotion or improvement of economic well-being;
- b. The promotion or improvement of social well-being;
- c. The promotion or improvement of environmental well-being;

(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2m; and all other conditions and requirements of the Consent are satisfied.

(c) All other conditions and requirements of the consent are satisfied

- 8.3 As more fully reported to cabinet on 19<sup>th</sup> July 2010:

(a) In transferring assets the Council must behave prudently to fulfil its fiduciary duty

(c) The Monitoring Officer will require to be satisfied that the councils to which services are wished to be devolved have the ability to assume the obligations on the Council's behalf lawfully and effectively. Publications such as "The Guidance note: service delegations to parish and town councils" written for the Commission of Rural Communities and National Association of Local Councils, will help all the parties to understand the benefits

and challenges of transfer along with their respective responsibilities going forward.

- 8.4 The Council will also need to comply with any new requirements in the Localism Bill once it becomes an Act, and in particular new provisions dealing with Assets of Community Value (also known as the Community Right to Buy). Under the current proposals Councils will be required to maintain a list of Assets of Community Value ie land and buildings considered to be of Local Community benefit. Local organisations will be able to nominate assets for inclusion in the list and any future disposals will need to follow a process designed to give the opportunity for Community groups to acquire the asset to safeguard its long term availability for community use.
- 8.5 It will be necessary to advertise the potential disposal of any open space within assets desired to be transferred.
- 8.6 If the council does retain the freehold of any land, then it will remain responsible for the condition of the land/buildings on it under the relevant statutes such as the Defective Premises act 1992.

## **9.0 Risk Management**

- 9.1 There are a number of significant risks arising from this project. The main risk is that a smooth transfer cannot be achieved and the service to the public is adversely affected. This can be mitigated by ensuring that appropriate support is put in place between the two parties, using short shadow periods where relevant; strong head of terms agreements in place at transfer; detailed negotiations and openness between both parties; detailed planning by individual Town and Parish Councils; on-going support from Cheshire East on key support functions that are unfamiliar to Towns and Parishes. It will not be possible to offer legal support services, however, as there is a potential conflict of interest. Other services could be offered on a chargeable basis.
- 9.2 There is a risk that Cheshire East will not have the capacity to support this project to the level required given the extensive detailed work involved in the next 6 months. This can be mitigated by extra resource from the Ear Marked reserve. (see 7.9).
- 9.3 There is a risk that individual Town and Parish councils do not have the capability and/or capacity to deliver the new functions and that this affects service delivery or safety. Cheshire East Council is supporting Town and Parishes to ensure that transfer is successful and this is a matter for each individual Council. However, many Councils have taken advice from external parties, examined examples of successful

transfers in other Towns and have been working for some time on their business plans in relation to the transfers to mitigate this risk.

- 9.4 A further risk is that the financial savings are not achieved in the short or longer term. This can be mitigated by ensuring that the support services costs in Cheshire East, post transfer are included in efficiency reviews and the business planning process. Once the services are transferred the Towns and Parishes have an opportunity to make further efficiencies and it will be for each Council to put arrangements in place. This is well understood by the Towns and Parishes.
- 9.5 There are HR risks in terms of the staff transferring and appropriate arrangements being put in place. These are being managed by the project manager and the HR team.
- 9.6 There are other risks around failure to fully capture all the detailed implications e.g. Cheshire East services remaining in transferred venues, Cheshire East's reduction in venues and possible additional costs arising, short term effect on the balance sheet and writing down the asset value. These are being raised as they arise and dealt with appropriately. Cross functional working within the authority is strong on this project and, the detailed heads of terms will cover significant areas.

## **10.0 Background and Options**

### **Overview and Benefits**

- 10.1 This initiative is part of a range of activities designed to strengthen local communities. It recognises that Towns and Parishes are the tier of government closest to the community and that Cheshire East respects and values the important role that local Councils already play in the Community.
- 10.2 There are a number of different aspects to this general philosophy:
- Firstly, there are those services where Cheshire East is minded to no longer fund and where the service is capable of being delivered by local Councils.
  - Secondly, there are those individual situations recognising the hugely diverse nature of Cheshire East where on a case by case basis it makes sense for local Councils to deliver services or hold assets.
  - Thirdly, there are some local services which Cheshire East has statutory responsibility to deliver but would be happy to see delivered by local Councils.
  - Fourthly, there will be circumstances linked to any of the first three items where Cheshire East no longer proposes to deliver a service or function and the local Council is unable or unwilling

to deliver it. This provides opportunity for other community options to be considered as a potential solution. All of this strongly links to the localism ideology of central government and Cheshire East's commitment to implement a local way of working.

- 10.3 This report is concerned with a group of services falling into the first category above, possible services/assets within the second and briefly commenting on the current devolution pilot relevant to the third point above.

### **Transferred Services**

- 10.4 The Services being proposed for transfer are:

Civic Halls  
Community Halls  
Allotments  
Public Conveniences  
Markets  
Other services (hanging baskets, Christmas lights & Trees,, Britain in bloom street furniture including benches and planters)

The asset related services are listed by Local Council in Appendix A. There are also a number of other assets/services listed in Appendix B where local Councils have asked for transfer. Initial analysis of the assets in Appendix B suggest that a number of them will not be suitable for transfer.

The services in the list above and at Appendix A will be transferred to the local councils who will have full responsibility for the asset and service delivery. Relevant financial implications will be reflected in each council's precept . Local Councils have considered the implications and have indicated that they are in a position to formally negotiate the transfer. Their decisions are in principle and subject to final legal agreement.

- 10.5 Public Conveniences. In the majority of cases public conveniences can transfer to Towns and Parish Councils. Through legacy contracts, a range of automatic toilets with expensive buy-out terms are in place. These will need to be considered as part of a separate review.
- 10.6 Parks and Play Areas. A number of councils have expressed an interest in taking on the ownership and maintenance of parks and play areas. This is closely linked to devolving grounds and park maintenance services and it is felt more appropriate to include this in

discussions on devolution. This timescale allows a phased approach which would seem sensible in any event.

#### 10.7 Town Centre Management

The town centre management across Cheshire East provides a valuable service to local towns through supporting events, engaging with retailers and providing a co-ordination point into the Council for local town and parish councils. It is anticipated that, in time, the function is transferred to local areas and parishes/town councils pick up both the activity and provide the funding through local precepts.

The new delivery model is to focus town centre management on our two principle towns, Macclesfield and Crewe to support the Macclesfield Economic Masterplan and All Change for Crewe initiatives. Operational from 1<sup>st</sup> April 2012, one of the two posts will be dedicated to each town to deliver specific programmes of events and activities linked to the local strategies. Support for Christmas events and Christmas lights will follow the model outlined above. 2011 will be the final year for providing dedicated support for Christmas lights and activities in all town centres apart from Crewe and Macclesfield.

The current model does not take account of the fact that some town councils already provide dedicated town centre management not funded through Cheshire East Council. There is a strategic case for dedicating scarce Cheshire East resources on our two largest town centres. The remaining towns and local areas will in some areas continue to deliver their own town centre management functions such as Congleton and Middlewich. In those areas where Cheshire East support is currently provided such as Poynton and Wilmslow, discussions will commence to build up local provision prior to 1<sup>st</sup> April 2012 and where necessary fund through local means.

The delivery model outlined above could also continue to deliver town centre management functions across the remaining towns and parishes if local areas wish to commission the Council to provide the service and fund through local means. Negotiations will commence in the Autumn to determine the level of interest in this option so the Council can align resources appropriately by 1<sup>st</sup> April 2012.

#### **Un-parished and Newly Parished Areas**

- 10.8 The relevant assets and services including in this initiative in Crewe and Macclesfield (un-parished) and Wilmslow (newly parished) are not currently included in the proposed transfer as the un-parished areas have no power to run these services or obtain assets through the Charter Trustees. In Wilmslow, the Town Council is too new to take on these functions by April 2012.

10.9 In order to present a similar opportunity and approach in the un-parished areas, the Council has set up Local Delivery Committees who will recommend the local service levels for this suite of services and review the financial implications. An option is to raise a special expenses" levy through CEC to ensure that local people pay for the level of local services they receive. The committees have recently been constituted and will be able to meet during the Autumn in line with the business planning process to enable decisions to be taken. The introduction of a special expense levy is unlikely to be necessary based on the current financial analysis. Once the figures have been discussed the cabinet may wish to set a de-minimus level so that a tax is not levied if the revenue to be generated is marginal.

10.10 One of the new Parish Councils, Wilmslow Town Council, formed in May 2011 has assets in its area that are relevant to this transfer. Clearly they have not had time to consider the opportunity afforded through this policy in the short time of their existence so it is proposed that negotiations are carried out with this council and transfers implemented where appropriate in April 2013. It is expected, however that the new parishes are treated consistently in April 2012 with regard to the more minor services e.g. Christmas lights, street furniture, hanging baskets.

### **Devolution of statutory services**

10.11 This report describes and requests decisions on transfer of assets and services. For some months a devolution pilot has been in place in the Congleton Town Council area. Early indications are that this pilot has led to successful ways of working and more local input into the service delivery in the locality. Decisions will soon be required on formally taking devolution forward, and consideration will need to be given to different types of delegation schemes, their set-up and the implications for the local councils and how the delegation is managed and monitored.

Devolution will be subject to a separate cabinet report.

### **Property Transfer - Legal Terms**

10.12 Every transfer will be effected by a legal agreement. These will be drawn up by the Borough Solicitor in conjunction with the Assets team. The following are the general principles/terms:

- There is a presumption that the transfer of assets will protect community use of the assets

- There is a further presumption that no car parking will transfer unless it is essential to the on going operation of the facility
- The transfer will take place for a nominal value (£1) and the Town or Parish Council will be wholly responsible for the service and the asset save insofar as the Council chooses to take back leases of accommodation within the asset or enter into joint use arrangements or has residual legal responsibilities under contracts or legislative provisions.
- The agreement will secure an overage mechanism for the Council if there is a future planning permission which enhances the value of an asset or the Town or Parish Council sells the asset within a period of up to 25 years.
- Where Cheshire East services will remain in a transferred asset e.g. (libraries) it will only be responsible for general outgoings and repair and maintenance of the premises it occupies and may pay a service charge; no rental or occupancy charge will be due. Appropriate access and operational arrangements will be agreed.

#### **HR Issues – Staff Transfer and TUPE**

10.13 The general principle of transfer will be that TUPE applies and that staff will transfer to the relevant Town or Parish Council. Provision TUPE lists have been provided to the local Councils and staff affected are aware of the proposals. Formal processes will need to be put in place to ensure a fair and smooth transfer. There are likely to be some individual instances where the transfer is subject to negotiation e.g. where a member of staff spans several relevant transferring assets but not a significant proportion at one particular asset. There may be residual costs arising where TUPE does not apply but a post is no longer required as a result of transfer. HR advice, good practice and negotiation will be used to resolve such issues.

#### **Options for Assets and Services not transferred to Local Councils**

10.14 Where local councils decide not to take over the services proposed for transfer within this initiative, the future of such facilities needs to be determined. This will depend on the nature of the asset and the reason it has not been transferred. In some cases, this is because the facility is not well used and does not constitute value for money in which case it makes sense to cease it. In others it may be that the function is seen as important by the community but that a different delivery model will be required e.g. through the establishment of a social enterprise models where a number of local organisations would resource and run facilities. This is now under consideration and will form part of the usual budget and policy setting processes within the council. There should be



few assets and functions in this position as Town and parish councils have, in the main, indicated a desire to take them over.

### ***Transitional Funding***

- 10.15 An ear marked reserve of £625k was set outside at the inception of Cheshire East to support local working. Part of this fund will be made available to those Towns and Parishes councils taking on major transfers based on the number, scale and complexity of the packages of assets and functions they are taking on. Such allocations will be discussed on the basis that they can only be claimed based on evidence that the expenditure is specifically supporting the transition, and that the Councils can demonstrate that their own reserves cannot be applied to support the transfers.
- 10.16 It is also recommended that the remaining CEC fund is kept under review as further services and functions are considered for devolution and / or transfer. An additional allocation is also proposed for the two Parish Councils (Holmes Chapel and Prestbury) participating in minor transfers of public conveniences, based on the fact they have very little funding to refurbish facilities and would be unable to undertake them without this support which would part fund the total cost of renovation.

### **11.0 Next Steps**

- 11.1 There has been a tremendous amount of energy and commitment by the Town and Parish Councils into this initiative which is to be welcomed and supported. Clearly this is a challenging task for both Cheshire East and individual Towns and Parishes.  
The CEC Town and Parish Working Group which includes senior representatives across the Borough and two Cheshire East Councillors (who are also Town Councillors) has been instrumental in achieving huge progress and their contribution should be formally recognised.

Inline with recommendations within this report and due to the fact that the negotiations are at an advanced stage is felt that the group should no longer continue in its current form and therefore be dissolved

- 11.2 There is vast potential to work with this critical layer of local government and develop their role as a key provider of local services in partnership with other third parties, as part of the Council's commitment to transforming services and ensuring they are delivered at the right level and in the most effective way. This goes beyond the running of local venues and may include the wider provision of preventive services and community wellbeing.
- 11.3 A number of Town and parish councils have already registered an interest in the delivery of further services in future years either independently or through the development of a Community Trust or Social Enterprise. These should be considered post implementation of this first phase of this project.

- 11.4 Once the decisions requested by cabinet are clear, a fully detailed project plan will be drawn up to ensure that the phasing of transfers and the necessary steps to transfer are explicit. Local councils need sufficient information to set a realistic budget for 2012/13 and raise the necessary precept and key milestone dates will form part of the plan.

## **12.0 Access to Information**

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

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List of assets to transfer by individual areas					
Town / Parish Council	Town and Civic Halls	Community Halls	Markets	Public Conveniences	Allotments
Audlem Toliets				Cheshire Street (Already Transferred)	
Alsager	Alsager Civic Hall, Lawton Rd, Alsager		Alsager Outdoor Market (located on carpark at rear of Civic Hall)	Crewe Road, Alsager	Cedar Avenue
					Coronation Avenue
					Talke Road
					Lawton Road
Middlewich	Middlewich Civic hall		Outdoor	leadsmithy street	Booth Lane
				Southway	
				France Hayhurst Pavilion	
Sandbach	Sandbach Town Hall, Highstreet,		Indoor Market, retail units and Market store	Town centre, Sandbach	
			Outdoor Market		
Knutsford	Civic Hall, Toft Rd (Transfer is subject to a separate exercise to find an operator)	St Johns Wood	Indoor market	Bexton Rd	Warren Avenue
				King Street	Mereheath Lane
				Northwich Road	Sparrow Lane
Bollington					Harrop Rd
	Civic Hall				
Nantwich	Nantwich Civic Hall, Market Street, Nantwich	The Gables, Beam Street, (There are specific issues with this Asset that will need further negotiation)	Nantwich indoor and Outdoor Markets, Market street,	Barony Park toilets, Barony Road, (currently Closed)	Welshman's Lane
				Snow hill, Snow Hill carpark,	Brookfields, Brookfield Lane
				Nantwich Market, Market Street,	Brookfields 1, Brookfield lane
Poynton					Coppice Road
Disley		Disley Community Centre			
Holmes Chapel				London Rd	
Prestbury				The Village Rd	
Willaston					Crewe Road
Wistaston					Wistaston Green
Adlington					Meadowside
Shavington					Gresty Lane
Alderly Edge					Ashbrook Road
					Beech Close
					Chorley Hall Lane
					Heyes Lane
Congleton	Linked to Devoultion Pathfinder- asset due to transfer as part of the project				

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Town and Parish Councils-Other Assets Including Land		
	For Review and Possible Portfolio Holder Decision	Requested but not Proposed to Transfer
Alsager	Alsager Office, Lawton Rd	
Middlewich	Victoria Buildings, Middlewich street	
	Brine Pump	
	Land of Rutland Drive	
	Fountain Fields- Bowling Green & Pavillion	
	Playing Fields, Wych House lane	
Sandbach	Disused (fenced off) playground, junction of Princess Drive	Scotch Common (Car Park)
	Wilkinson House London Road Elworth	Small Common (Car Park) <b>This needs further consideration as the TC have commented that this could jeopardis the transfer of the Town Hall complex</b>
	Closed Highway end of Milbrook way	
	Land South of and adj to Sandbach Station (currently container Storage	Sandbach enterprise Centre
Knutsford	Town Council Offices, Toft Road	
Bollington	Town Hall	
Nantwich	Brookfield Hall, (Portacabin occupied by town Council) Brookfield lane, Nantwich	
Poynton with Worth	Land between London Road / Dickens Lane / and Poynton Brook	Vernon infants School
	London Rd North Depot	
	Anson Road Depot	
	Garages off Barnby Road	
	Scout Hut off Coppice Road	
	Land behind Petre Bank Cottages on Middlewood Road	
Disley	Ballcourt ( Multi use games area) Station Approach	

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# **CHESHIRE EAST COUNCIL**

## **REPORT TO: CABINET**

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**Date of Meeting:** 5<sup>th</sup> September 2011  
**Report of:** Strategic Director - Places  
**Subject/Title:** Cheshire and Warrington Local Investment Plan 2  
**Portfolio Holder:** Councillor Jamie Macrae, Portfolio Holder for Prosperity

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### **1.0 Report Summary**

- 1.1 In 2010, there was a requirement by the Homes and Communities Agency for Local Authorities, in consultation with Registered Providers, to develop a Local Investment Plan (LIP) for their sub-region. Whilst revision of the LIP is optional not mandatory, the Cheshire and Warrington Sub Regional Leadership Board has taken the strategic decision to develop a second LIP which builds on the original document, responding to the radical changes in the policy and financial environment for housing which have emerged over the last twelve months. It demonstrates through an innovative sub regional framework and associated actions how housing can contribute to the economic growth across the sub region as well as meeting other housing priorities.

### **2.0 Decision Requested**

- 2.1 This report asks Members to approve the Housing Local Investment Plan 2.

### **3.0 Wards Affected**

- 3.1 All wards

### **4.0 Local Ward Members**

- 4.1 All Local Ward Members

### **5.0 Policy Implications including – Carbon Reduction - Health**

- 5.1 The Local Investment Plan will inform the developing local Housing Strategy for Cheshire East.
- 5.2 The Cheshire East Economic Strategy has been a key document which has informed the development of the Local Investment Plan.

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

- 6.1 The Local Investment Plan sets out the specific priorities for housing investment over the period 2011/12 – 2013/14. Priorities within the plan for the three local authorities support our housing ambition to provide a range of housing solutions to support economic growth, provide decent homes, affordable housing and the regeneration of some of our neighbourhoods.
- 6.2 There have been no assumptions made within the LIP on the level of finance required by each authority. A report to the Cheshire and Warrington Sub Regional Leadership Board recommended that that Local Authority Leaders and Chief Executives agree how best to bring appropriate resources to bear to replace the significant loss of Government subsidy for affordable housing, through measures such as donating or deferring land value, reinvesting a proportion of the New Homes Bonus where available, accepting an appropriate level of re-let conversions from social rent to affordable rent, and/or reinvesting Right to Buy and Disposal receipts. This recommendation was agreed.
- 6.3 The framework outlines opportunities for bringing forward new mechanisms to increase the provision of housing including the option of developing a number of new innovative sub regional approaches. These are concepts which are currently in development and further reports will be brought forward once the detail is known, including implementation costs.

**7.0 Legal Implications (Authorised by the Borough Solicitor)**

- 7.1 The Homes and Communities Agency (“HCA”) was formed under the Housing and Regeneration Act 2008. Broadly, its objects were defined as the improvement of the supply and quality of housing, securing the regeneration or development of land or infrastructure, supporting the creation, regeneration or development of communities or their continued well-being, and contributing to the achievement of sustainable development and good design, all in relation to England and the needs of people living in England.
- 7.2 Central Government announced its intention in October 2010 to reform the Homes and Communities Agency for Local Authorities, the national housing and regeneration agency for England. Nonetheless it retains for the time being its status, objects and powers.
- 7.3 In 2009, the HCA had introduced a process known as the “Single Conversation” as a new method of transforming the way in which housing and regeneration are delivered, including housing, infrastructure, regeneration and community activities. A guidance document was produced outlining the development of Local Investment Plans as part of the “Single Conversation”. The Local Investment Plan was intended as a method of dealing with issues such as targeting of funding.
- 7.4 The HCA has subsequently commented on its website: “We anticipate that some of the Local Investment Plans will be revised and update to ensure that they remain fit for purpose. It is a matter for local authorities whether and when to update local



investment plans and any further engagement with the HCA in the local investment planning process will be at the request of local authorities.

- 7.5 Therefore, whilst there is no legal requirement to revise the original LIP, merely a discretion, the development of an updated version accords with the decision of Cheshire and Warrington Sub Regional Leadership Board and also accords with the current guidance from the HCA.

## **8.0 Risk Management**

- 8.1 The Local Investment Plan has been developed on a sub regional basis in order to attract investment to the sub region and increase housing supply. Failure to present a coherent offer to investment partners could lead to investment going elsewhere in the region or sub region.

## **9.0 Background and Options**

- 9.1 The second Local Investment Plan has, as before, been developed by the three Local Authorities and the Homes and Communities Agency, in consultation with the Cheshire and Warrington Housing Alliance, the LEP and other stakeholders. The document sets out the Plan's objectives and the new framework for housing intervention.
- 9.2 The development of this LIP has been achieved during a period of unprecedented change in the national and international economy, and equally substantial financial and public policy changes at the sub-regional and local level. This document reflects these changes and sets out how we intend to develop new innovative ways of working, financing and delivering housing supply, which will support economic growth.
- 9.3 Research has been drawn together which demonstrates that there is a clear relationship between the growth of the economy and the need for an expanded and a more diverse housing supply. This is compounded by the ageing population, which requires a new enhanced housing supply to encourage an inflow of younger, economically active workers into the sub region.
- 9.4 The LIP highlights the need to link economic and housing policy in order for public and private sectors to work together to support growth and meet needs. These linkages will also provide a mechanism to involve major employers in identifying the housing blockages to economic growth and to provide solutions involving local authorities, housing agencies and the HCA.
- 9.5 As stated within the LIP, Cheshire and Warrington provides significant investment opportunities, which are outlined within in the sub-regional growth strategy. The LIP clearly links into this ambition, focusing on the key urban settlements identified for growth. These include Chester, Weaver Valley, Ellesmere Port and Neston, Crewe Macclesfield and Warrington.
- 9.6 The Local Investment Plan details the interventions which will enable us to:-
- increase the provision of all forms of housing including the provision of affordable housing to support the economy.

- Make the most effective use of land in public ownership – to support housing delivery and regeneration work, and to deliver sustainable communities.
- Enable development in key locations – This comprises investment in master planning, infrastructure and site pre-development works, focussed on each of the priority locations.
- Meet the needs of a changing demographic base.

9.7 Whilst the key focus of the LIP is supporting economic growth, it also recognises that we have areas of need and deprivation which require intervention. A number of other key housing priorities have also been identified to ensure we continue to meet the needs of our communities and these are as follows:

- Improving existing housing - delivering decent homes across all sectors.
- Improving and regenerating the private rented sector.
- Meet the needs of all sections of the community – focusing on the needs of our growing numbers of older people, homelessness, Gypsies and Travellers and providing student accommodation.
- Bringing empty homes back into use

9.8 Over the last eighteen months, sub-regional governance has been strengthened through the development of the Leadership Board and the LEP. The alignment of housing with economic growth potential will be delivered through strengthened collaborative working. As a result of this, a range of options are being explored, which will create solutions to help us to address the shortfall in housing supply.

9.9 The LIP will evolve over a period of time and the Plan outlines a number of actions, which will drive the development and delivery of a new way of working over the duration of the planning period 2011-2015. We are therefore seeking adoption of this strategic approach in order to support the ongoing development of collaborative work across the sub region.

## **10.0 Access to Information**

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

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# **Local Investment Plan for Housing**

## **2011-2015**

### **Cheshire and Warrington**



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**August 2011**

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## Preface

This Local Investment Plan (LIP) has been produced at a time of significant economic and social change. The Coalition Government is seeking to promote a rebalancing of the national economy both spatially and by sector, with an emphasis on promoting sustainable economic growth and employment in the North of England. These ambitions for growth are shared by the Cheshire and Warrington sub-region, where projected economic change coexists with social and demographic trends, which will reshape housing demand over the next two decades. In addition to the huge potential to secure investment and growth within the sub-region, there are a number of areas of need and deprivation which will require public sector support to fulfil their long-term potential. Delivering a strong local growth agenda and reshaping the provision of housing in Cheshire and Warrington is a long-term task, made even more challenging by the constraints on public expenditure necessitated by the national fiscal crisis. The LIP responds to these challenges through the development of a sub-regional framework and an associated set of actions, which seeks to develop new models of delivery and finance which can stretch the available public sector finance and assets and harness private finance to produce accessible homes, sustainable development and vibrant communities.

The economic rationale for a continued focus on housing quality and supply in the sub-region is very powerful. Over the past two decades, the Cheshire and Warrington sub-region has been one of the most attractive places to invest in the north of England and is currently one of the top ten performing economies in the UK. Employment levels are generally well above the regional and national averages and the levels of GVA produced by the local economy are more similar to the south of England than the north. The exception to this is the South of the Greater Manchester area which adjoins the Cheshire and Warrington sub-region, producing an agglomeration of vibrant economic forces on a scale whose only equivalent in the north of England is the Leeds/North Yorkshire area. Looking forward, there is a significant opportunity for housing policy to support the continued growth of the local economy and contribute to regeneration process underway in areas such as Crewe, Chester, Ellesmere Port and Warrington where ambitious and deliverable programmes of investment are being developed.

The economic vibrancy of the sub-region is not fully supported by the housing offer. Evidence highlighted in this document shows how the ageing population, high structure of house prices and inadequate new housing supply could combine to produce significant barriers to the retention or attraction of the younger and skilled labour needed to service the growing economy. Increasing the quality and quantity of housing supply is therefore one of the key building blocks for a sub-region which has an ambitious growth strategy. The sub-regional economy has the capacity to kick-start not only the local business environment, but to generate employment development across the region and beyond. By 2030, Cheshire and Warrington has the potential to produce an annual GVA of some £30 billion per year,

increase its population by 100,000 or more (to a total population of around 1 million) and increase employment levels by at least 22,000.

The sustained economic growth that Cheshire and Warrington can demonstrably generate will have to be supported by a range of different types of physical infrastructure, such as roads and rail access, affordable housing, new schools and associated community facilities. The aim of the sub-regional partnership is not just to develop a more prosperous locality but to also locate that prosperity within cohesive communities. The sub-region is characterised by diversity between rural and urban areas and between neighbourhoods, which are segmented by income, some of which are in the most disadvantaged 10% in England. This LIP responds to diversity in a number of ways. Proposals are developed to increase housing supply to support the economy, support more vulnerable neighbourhoods through the Place Shaping agenda and to meet the needs of a changing demographic base, while ensuring that the most vulnerable individuals receive appropriate care and support.

In 2010, the Local Authorities and the Homes and Communities Agency (HCA), in consultation with Registered Providers, developed the first LIP for the sub-region, which set out our vision to deliver housing growth to meet the economic aspirations of the newly formed Local Enterprise Partnership (LEP) and detailed our specific investment priorities for affordable homes in the short-term.

This second LIP builds on the spatial and thematic priorities outlined in the original document, while responding to the radical changes in the policy and financial environment for housing which have emerged over the last twelve months. Our priority continues to be the need to stimulate a growth in supply but in order to facilitate this growth, it is necessary to provide a new framework which will utilise innovative delivery and financial models to achieve our objectives. This document does not therefore restate the existing spending programmes which are currently being implemented across the sub-region, rather, it focuses on the development activities which public and private sector partners will need to engage with to build a completely different approach to securing finance to improve the quality and quantity of housing given the new localism agenda. During the 2011-2012 a distinctive housing offer will emerge to support economic growth and improve the well-being of residents in Cheshire and Warrington, which builds on the new freedoms and flexibilities provided by the new policy framework for public sector agencies.

The LIP has, as before, been developed by the three Local Authorities and the HCA, in consultation with the Cheshire and Warrington Housing Alliance, the LEP and other stakeholders. A LIP Framework document was produced in March 2011 to assist Registered Providers and the HCA in bidding for the 2011-15 Affordable Housing Programme. This document was used by Registered Providers and the HCA, which followed its strategic and spatial direction for new affordable homes across the sub-region when devising the programme for 2011-2015. The spirit of partnership evident in developing this programme has also been present in the development of the priorities highlighted in section five of this

document. Proposals to increase public and private sector investment in housing will be developed alongside new methods of delivery and collaboration between housing providers and agencies, delivering economic development and planning.

The next sections of this document set out the Plan objectives and the new framework for housing intervention, which is being developed at the sub-regional level. This is followed by summaries of the baseline housing position and the dynamics of change, which the plan seeks to respond to and influence. The final sections develop the set of actions, which will drive the development and delivery of a new way of working over the duration of the planning period 2011-2015.



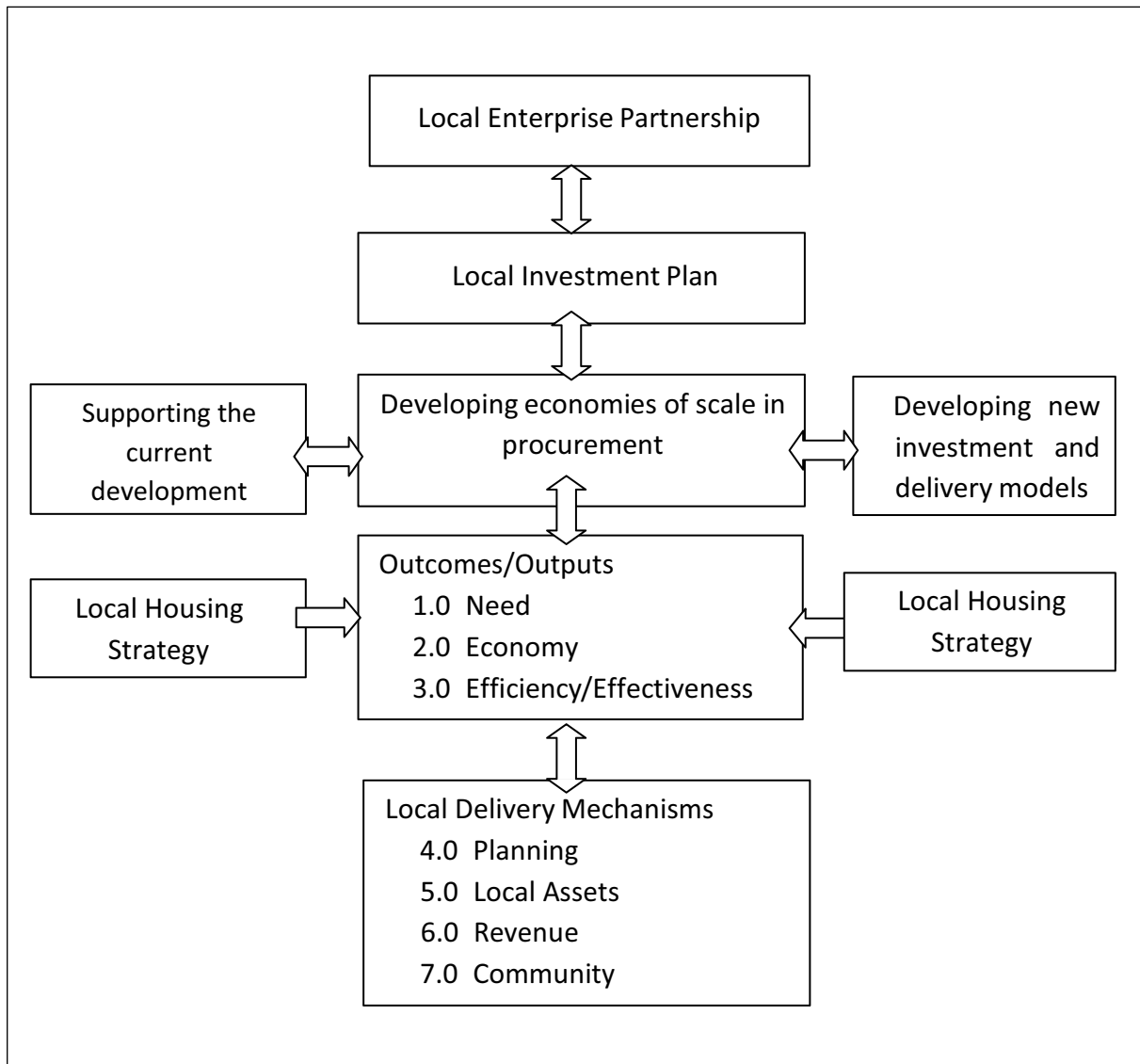
## **1 Aims and Objectives**

1.1 The local investment planning process develops a new way of working, both locally and sub-regionally, which reflects the new financial and policy environment that has been emerging since the economic recession of 2008-09 and the subsequent fiscal crisis which is being addressed over the course of this Parliament. The LIP also reflects the changes in thinking within Government and the Civil Service following the Sub-National Review of Economic Development and Regeneration, published in 2007. The product of these debates has been to refocus scarce public sector resources upon programmes that reinforce economic growth and address need through developing mechanisms, which link employment growth with private and public sector investment. Housing policy is being reorientated to support economic development which, as an activity, is also being reorganised at a sub-regional level through the creation of LEPs. The Cheshire and Warrington LEP will seek to foster and further develop agglomeration effects in successful employment sectors, which the Treasury and the Department for Business, Innovation and Skills (BIS) see as essential to rebalance the national economy in coming years.

1.2 The LIP represents a new policy innovation, linking strategic thinking with policy development and more entrepreneurial approaches to investment, across a geography which reflects housing and labour market areas. This is an ambitious approach which requires governance and partnership arrangements based on joint objectives, a clear strategic vision and a mature approach to risk sharing and resource distribution. In Cheshire and Warrington, the LIP will be operationalised through an interactive top-down and bottom-up approach, which will reflect the complex social and economic geography of the sub-region. This process is shown in Figure 1.1 and is explained in more detail below.

### **The relationship between the LIP and the LEP**

1.3 In Cheshire and Warrington, research has demonstrated that there is a clear relationship between the growth of the economy and the need for an expanded and more diverse housing supply. This need is compounded by the ageing population, which requires a new enhanced housing supply to encourage an inflow of younger, economically active workers into the sub-region. Nationally, the links between housing policy and economic policy have not been well developed and the creation of the LIP and LEP, operating under the same area boundaries, brings the opportunity for policy integration and for public and private sectors to work together to support growth and meet needs. These linkages will also provide a mechanism to involve major employers in identifying the housing blockages to economic growth and to provide solutions involving local authorities, housing agencies and the HCA.

**Figure 1.1 The LIP Framework****The Housing Rationale for the LIP**

1.4 Although the link between housing and the economy forms an important rationale for investing in sub-regional working, there are also a number of key strategic and operational issues which can be addressed through this new method of working:

*Supporting the current housing development model* - The decade prior to the financial crisis of 2007 was characterised by sharp house price increases but increasing inelasticity in housing supply. Despite increasing values, the supply of new dwellings was lower than in the previous decade. The market imperfections which led to this situation have been compounded by the legacy of the 2007 financial crash, with restrictions on mortgages and an increased aversion to risk by institutions and developers. A key task for the LIP will be to develop approaches and interventions which address market imperfections in order to increase housing

supply and access to accommodation for residents. Interventions can address imperfections in knowledge which may be deterring investors; transport improvements which will bring forward supply; measures which unlock land supply; subsidy for economically marginal developments; new opportunities for affordable renting; and financial assistance for first-time buyers.

*Developing Economies of Scale in Procurement* - Given the drive to reduce public sector expenditure nationally and to achieve greater efficiency, cooperation at the LIP level, through shared procurement, can provide economies of scale leading to a greater level of outputs from a given level of inputs. Examples of this could include the commissioning of affordable housing, research and intelligence, development costs for large joint ventures and shared services.

*Developing new models to secure housing supply* - Recognising that the current model of producing both affordable and market housing has failed to deliver the necessary quantity of supply in recent years, the LIP provides a framework to develop new approaches, for example, through the encouragement of institutional finance to develop market renting and exploring new public/private sector partnerships to develop land and property.

## **Outcomes and outputs**

1.5 The outcomes and outputs derived from the LIP will need to be delivered over time from the development of a joint business planning exercise, which is informed by each of the Local Authorities' local housing and planning objectives, as well as the requirement to support the LEP at the sub-regional level to achieve economic growth. A LIP does not replace a local housing strategy, instead it provides a mechanism to enhance local and sub-regional outputs and outcomes. Therefore, each Local Authority will need to apportion local resources and assets to local issues, as well as to sub-regional projects and programmes, which deliver enhanced local benefits and address housing need.

## **Developing the new approach**

1.6 This new approach to housing investment and policy development marks a seismic change in the way in which business is done. Given this radical shift, it is appropriate to develop the way forward incrementally, potentially over the duration of the Comprehensive Spending Review (CSR) which finishes in March 2015. The sub-region is already working with the HCA and local Registered Providers to develop a new four year programme of affordable housing construction using the new affordable rent model. Discussions are ongoing with local Registered Providers to develop a Cheshire and Warrington Consortium to deliver the programme. A new programme of activity and a delivery plan are being designed to support this new framework.

1.7 This LIP has been informed by a series of research projects which have explored housing market change in Cheshire and Warrington and the relationship between housing and local economic and employment growth<sup>1</sup>. The context within which the local housing market operates and the dynamics of change which this plan responds to, are set out in the next section.

1.8 The first LIP, produced in 2010, provided the foundations for sub-regional working and development and, in the intervening period, substantial progress has been made in taking the housing agenda forward. The governance framework for the LIP has continued to evolve and whilst each Local Authority has its own Executive/Cabinet decision making body, the Local Authorities are committed to working closely at a sub-regional level. This is undertaken through a Sub-Regional Management Team of the Local Authority Chief Executives and a Sub-Regional Leadership Board. The Leadership Board includes the Leaders of each of the Councils and membership includes representation from other key public sector organisations, including Cheshire Police, Cheshire Fire Authority, the Health Service and the Cheshire and Warrington LEP.

1.9 In addition to strengthening governance arrangements and developing a framework to bid for and deliver affordable housing, the sub-region is also designing a programme of collaborative work to develop innovative new ways of funding and delivering housing supply. These new approaches and policy tools are highlighted at the end of this document and illustrate how fast housing investment and policy frameworks are evolving to meet the new environment which has emerged following the General Election in 2010.

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<sup>1</sup> *'Changing Places: Housing and the new Local Economic Partnership in Cheshire West and Chester, Cheshire East and Warrington'*. Nevin Leather Associates, August 2010.

*'Housing market change and the public policy framework: Issues and challenges in 2010. Update following the Comprehensive Spending Review'*. Nevin Leather Associates, November 2010.

## 2 Cheshire and Warrington in Context

### The sub-region

2.1 Cheshire and Warrington form a successful, growing and attractive sub-region with a GVA of around £20 billion per annum and one of the highest levels of GVA per capita in the North of England. Cheshire and Warrington's position, adjacent to and between the two main conurbations in the North West, with strong links to North Wales and adjacent areas in the West Midlands such as the North Staffordshire conurbation, is one of the keys to its success (Figure 2.1). With a combined population of 887,000 (565,000 people of working age and 486,000 jobs based in the sub-region), it plays a vital part in the economy of the North West both in its own right, as a source of employment to people in surrounding areas (75% of economically active people both live and work in the sub-region), and as a provider of quality housing and highly qualified and skilled labour to the two adjacent conurbations of Greater Manchester and Liverpool. The sub-region is well connected to neighbouring areas as well as to the rest of the UK and abroad by the motorway and major road network, the West Coast Main Line and easy access to two international airports on its boundary.

2.2 Another key factor is the attractive and diverse environment that attracts people and businesses and which strong planning policies seek to protect. As well as the historic City of Chester with its unique tourism, retail offer and strong financial services sector, the sub-region contains the rapidly growing towns of Warrington and Crewe, the manufacturing centre of Ellesmere Port, the market towns of the Weaver Vale and a network of attractive and diverse rural towns and villages. Three large unitary authorities provide strong civic leadership and high quality public services to support the private sector.

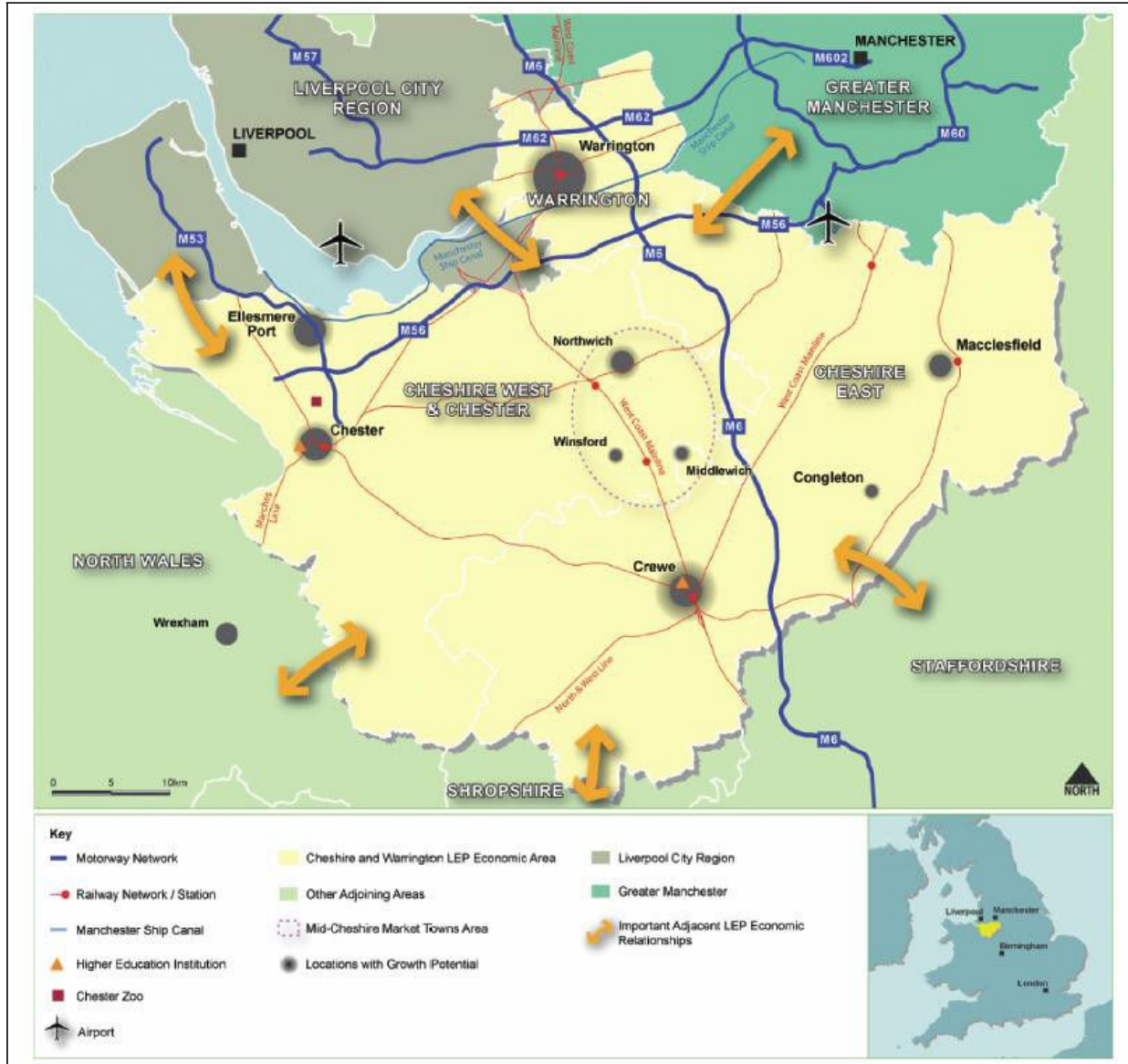
2.3 The continuing growth and prosperity of the sub-region is crucial to the North West and to parts of Wales and the Midlands. The LEP has ambitious plans over the next two decades to increase GVA to £30 billion, create 22,000 new jobs and attract 100,000 people to the sub-region by providing for 70,000 new homes.

2.4 The region's past success contributes to its current problems and makes housing one of the key areas where action is required to support and protect future growth. The attractive and varied environment, strong indigenous economic growth and the pressure of demand from people working in surrounding areas have combined to keep house prices high, creating a shortage of affordable housing to retain young people and to provide for those moving in to take up jobs. The steady ageing of the existing population is compounding the shortfall.

2.5 Despite its overall economic success, Cheshire and Warrington is a diverse area with some disparities in economic productivity, levels of connectivity and levels of wealth and deprivation. As well as supporting overall economic growth, there are also challenges in

ensuring that the benefits of this growth are spread widely to secure the regeneration of those parts of the sub-region where significant needs remain.

**Figure 2.1 The Cheshire and Warrington sub-region in context**



Source: Cheshire and Warrington LEP prospectus

## Economy

2.6 The Cheshire and Warrington sub-region has a strong diverse economic base. It has higher rates of economic activity, employment and self-employment than the North West or Great Britain as a whole. There are much higher proportions of managers and professionals in the workforce than at regional or national level and more people have NVQ qualifications, especially at the higher levels. There are fewer people on out-of-work benefits at all age levels and fewer long-term benefit recipients. There is a very strong concentration of people working in finance, IT and other business services (over 25% of all employment) and the

distribution, hotel and restaurant sectors are over-represented, along with tourism. The sub-region's strengths in advanced manufacturing are focused strongly in the former Ellesmere Port area. There is a significantly lower level of employment in public administration and health than either the regional or national average, making the sub-region less vulnerable to current reductions in public spending than many others in the North. The majority of employment growth in the sub-region since 1995 has been in private sector employment, unlike the North West as a whole, where public sector jobs growth has been more significant.

### **Demography, migration and travel to work**

2.7 Cheshire and Warrington have experienced significant population growth in the last three decades, reflecting both the strong economy and attractiveness to people commuting to Greater Manchester and Merseyside. The North West returned to growth after 2001 but the sub-regional rate remains ahead of the region in population growth terms.

2.8 There are major differences in growth rates within the sub-region (Figure 2.2), with Warrington having a much higher growth rate than Cheshire as a result of planned employment and housing provision. In Cheshire East, the former boroughs of Crewe and Nantwich and Congleton have driven growth rather than Macclesfield, where planning constraints are tight. In Cheshire West and Chester, Vale Royal has been the main area to experience population growth. Much of the population growth associated with Chester's economic success has occurred in North Wales, again because of tight planning constraints and the strong migration and commuting links between North Wales and Chester. Hence the main area of population (but not employment) growth in recent years has been in the central part of the sub-region rather than on its eastern or western sides.

2.9 For the sub-region as a whole, migration has accounted for the majority of growth since 1991, reflecting the strong economy. The sub-region is not strongly self-contained in migration terms and given its size and position relative to the Manchester and Liverpool City Region cores, it would be surprising if it were. Increases in the numbers of people in their thirties and in middle-aged and older age groups, are mainly responsible for the increases in population in Cheshire and Warrington, with many moving from Merseyside and Greater Manchester.

2.10 Chester and Warrington, as the most substantial economic centres in the sub-region, are the least self-contained areas, especially Chester. More than four out of five people living in Vale Royal, Congleton and the former borough of Crewe and Nantwich work within the sub-region, whereas in Macclesfield and Chester less than 60% do so. This confirms the links between Chester and North Wales and between Ellesmere Port and Chester. Understanding the processes of migration and commuting and their impact on the sub-region is essential to understanding housing market change.

**Figure 2.2 Population change in the sub-region 2001-2008**

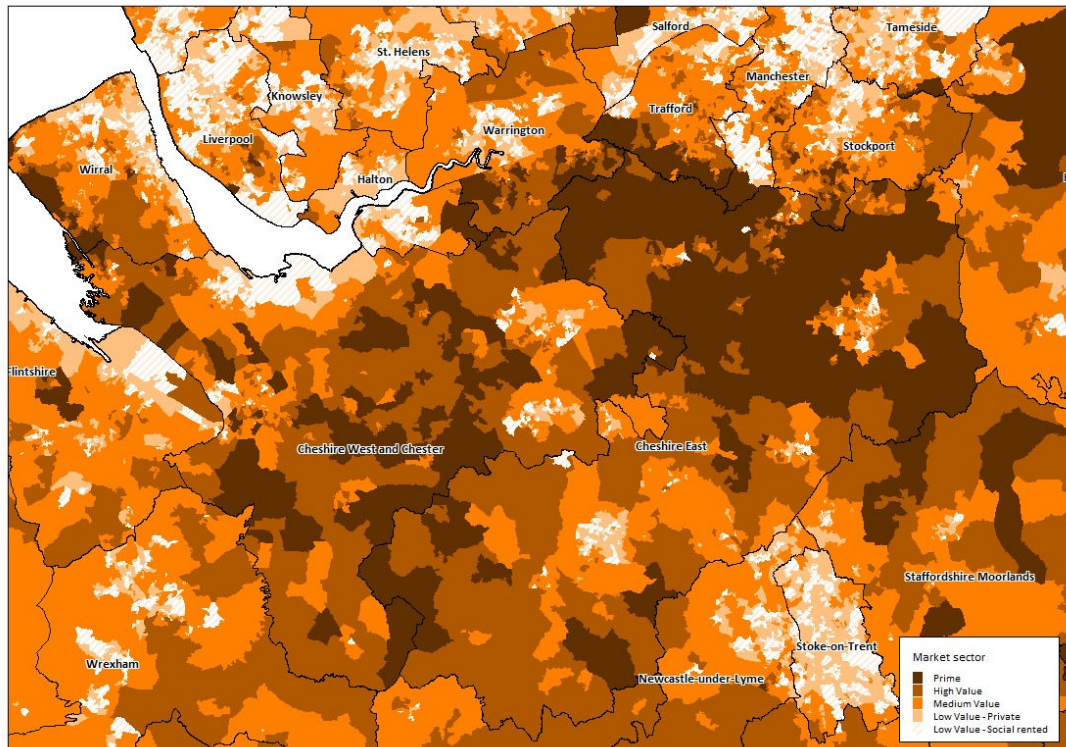
Source: Office for National Statistics (ONS)

## Housing

2.11 Housing markets in the sub-region have been affected, like other areas, by the crisis in world financial markets and its impact on credit, subsequently followed by the deep economic recession in the UK and the measures taken by government to deal with these problems. Overall, house prices in the sub-region are relatively high (Figure 2.3), especially in comparison to the M62 corridor area to the north. Remarkably, the sub-region contains almost 50% of the North West's prime market, high value, housing stock.

2.12 However the distribution of these dwellings is uneven, with the highest value areas mainly in the east, serving the south of the Manchester City Region. A second area in the west performs the same function for the Liverpool City Region and the employment centres of Chester and Ellesmere Port. Low value sectors make up about one third of dwellings in the sub-region, a much lower proportion than for the region as a whole. Low value dwellings are concentrated in Warrington, Ellesmere Port, Northwich, Middlewich, Winsford and Crewe but also in small parts of Chester and Macclesfield. Within the low value areas in the sub-region, low turnover/high social renting areas account for slightly more than half of all lower value dwellings in the sub-region. As a result, the supply of lower value market property in the sub-region is, in reality, much lower than suggested by aggregate dwelling numbers.

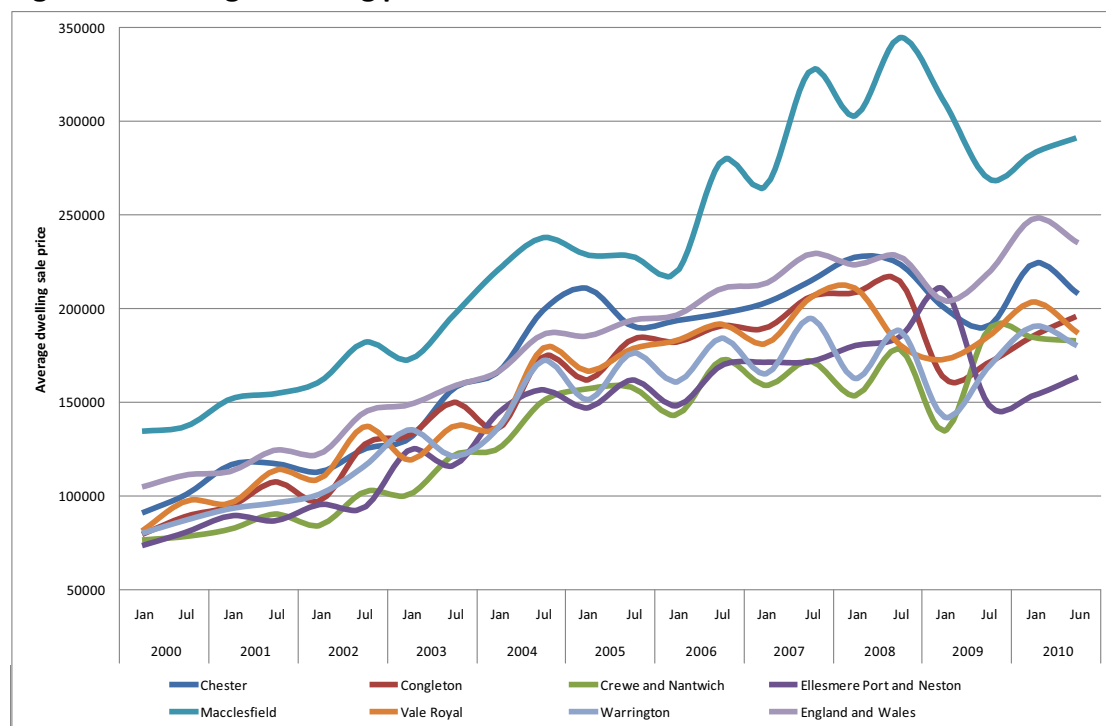


**Figure 2.3 Market sectors in the Cheshire and Warrington sub-region**

Source: HM Land Registry data 1996-2006

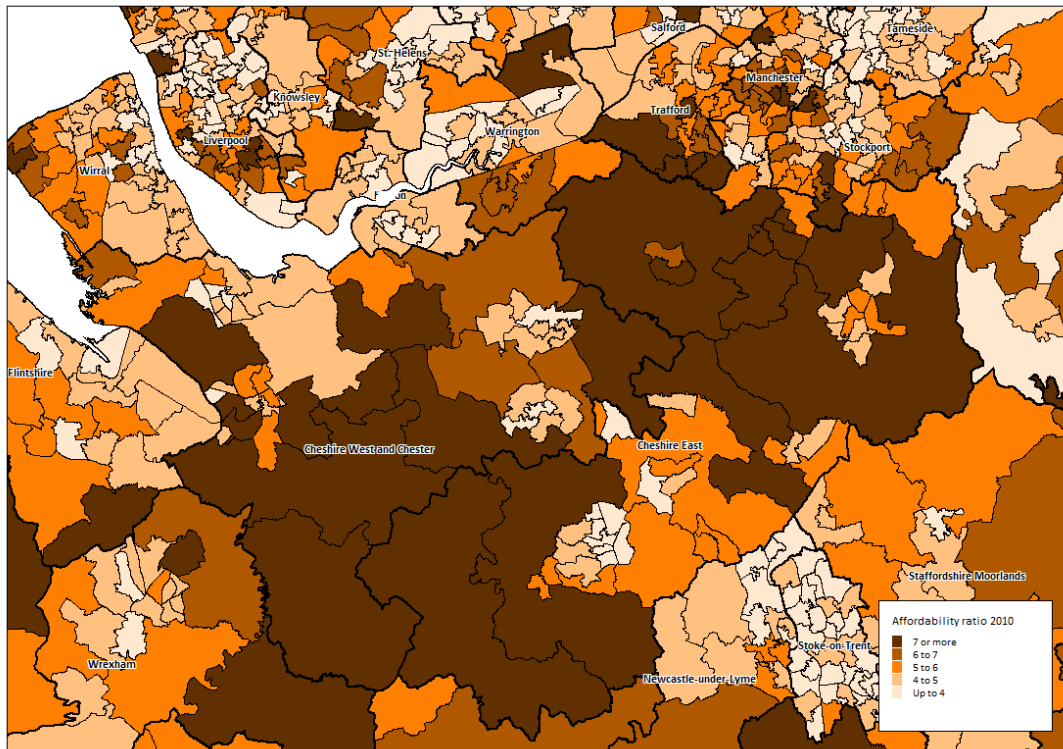
2.13 The credit crunch and the economic recession produced a fall in prices from 2007-2008, a subsequent partial recovery and then a long period of market weakness from 2009-2011, with prices remaining fairly static (Figure 2.4). However, the fall in transaction levels in the housing market has been more significant than the fall in house prices, with transactions running at around 50% of long-term trend levels. The severe slowdown in the market has had impacts on the house building industry, those sectors of the economy associated with new housing and house moving (such as the furnishing sector) and the private rented sector, which has enjoyed a boost in supply from 'involuntary' landlords unable to sell and a boost in demand from those unable to obtain a mortgage.

**Figure 2.4 Average dwelling price 2000-2010**



Source: HM Land Registry

2.14 Given the generally high house prices in the sub-region, it is not surprising that affordability is a major problem. Figure 2.5 shows patterns of affordability as measured by the ratio of prices to incomes, which provides a good general indicator of the difficulties that new households are likely to experience in entering home ownership. The pattern is similar to that for house prices, with the affordability ratio consistently in the highest band (average price over seven times average income) across much of the area.

**Figure 2.5 Affordability**

Sources: HM Land Registry, ONS Modelled income estimates

2.15 The sub-region has a relatively low proportion of first-time buyers because of the high level of average prices and the shortage of supply of good quality/attractive lower value properties. However, a high proportion of first-time buyers in the sub-region borrow more than 90% of the purchase price and in Macclesfield and the rural areas, they take out relatively high loans in relation to incomes. This means that a large pool of recent buyers in the sub-region are at risk of mortgage difficulties or negative equity if interest rates rise, economic circumstances worsen or prices fall further.

2.16 Given the severe affordability problems outlined in previous paragraphs, social rented housing is a valuable resource in the sub-region but one which is not evenly distributed. In Ellesmere Port and North Warrington there are still high proportions of social rented housing but elsewhere, the level of supply is limited. The housing register data shows a high and rising level of demand.

2.17 The North West region has been one of the most badly affected by the cutback in the supply of new housing as a result of the recession and the credit crunch and this reduction has affected the Cheshire and Warrington sub-region. Net housing supply figures were above average annual household growth rate from 2004-2006 but since then, have been well below the projected average. This is a matter for major concern given the importance of household growth in supporting economic growth.

### **3 Changing Places: understanding the dynamics of change in Cheshire and Warrington**

#### **The economy**

3.1 Over the past two decades, the Cheshire and Warrington sub-region has been one of the most economically successful parts of the UK. A prosperous economy based on a highly skilled population, a range of high-productivity and technologically advanced businesses in key sectors, strong links to regional, national and international markets, an attractive natural environment and high quality of services and amenities, have made the sub-region a place where people want to live.

3.2 The vision of the Cheshire and Warrington LEP, established in 2010, is 'to make Cheshire and Warrington quite simply the best place to do business in the UK. We will provide the ideal environment for businesses to grow: access to the right skills; supportive and efficient public services; effective infrastructure and utilities; and a beautiful part of the country for people to enjoy.'<sup>2</sup>

3.3 However, the strengths of the sub-region are countered by some problems which the LEP and other policies seek to address. In the early 2000s, there were signs of a slowing of economic growth and employment in some parts of the sub-region, as a result of over-dependence on slow-growing or declining industry sectors. Responding to this will require a focus on the expansion of sectors with real growth potential, such as digital and creative industries, business and professional services, leisure and tourism, biomedical manufacturing and services, advanced manufacturing and energy and environmental technologies.

#### **Demographic change and housing supply**

3.4 Past population and household growth is reflected in the current demographic and household projections for the sub-region (Table 3.1), which show overall growth rates in excess of those for the region and exceptionally high rates in Warrington and the former Crewe and Nantwich and Vale Royal areas. These are essentially trend-based projections and the sub-region's aspirations are more ambitious. The LEP prospectus has aspirations to create 22,000 additional jobs by 2030 and to generate population growth of 100,000, with housing for 70,000 additional households.

3.5 As we have already shown, there is a shortfall in overall house building rates compared to the requirements generated by the sub-regional economy. Building rates were too low in parts of Cheshire even before the more general fall in supply brought about by

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<sup>2</sup> See *Cheshire and Warrington means business: A Prospectus for a Cheshire and Warrington Local Enterprise Partnership*, September 2010 available at [http://www.cwea.org.uk/sites/cwea.org.uk/files/1958FD\\_CWEP\\_Prospectus\\_Final\\_3\\_Sep\\_10.pdf](http://www.cwea.org.uk/sites/cwea.org.uk/files/1958FD_CWEP_Prospectus_Final_3_Sep_10.pdf).

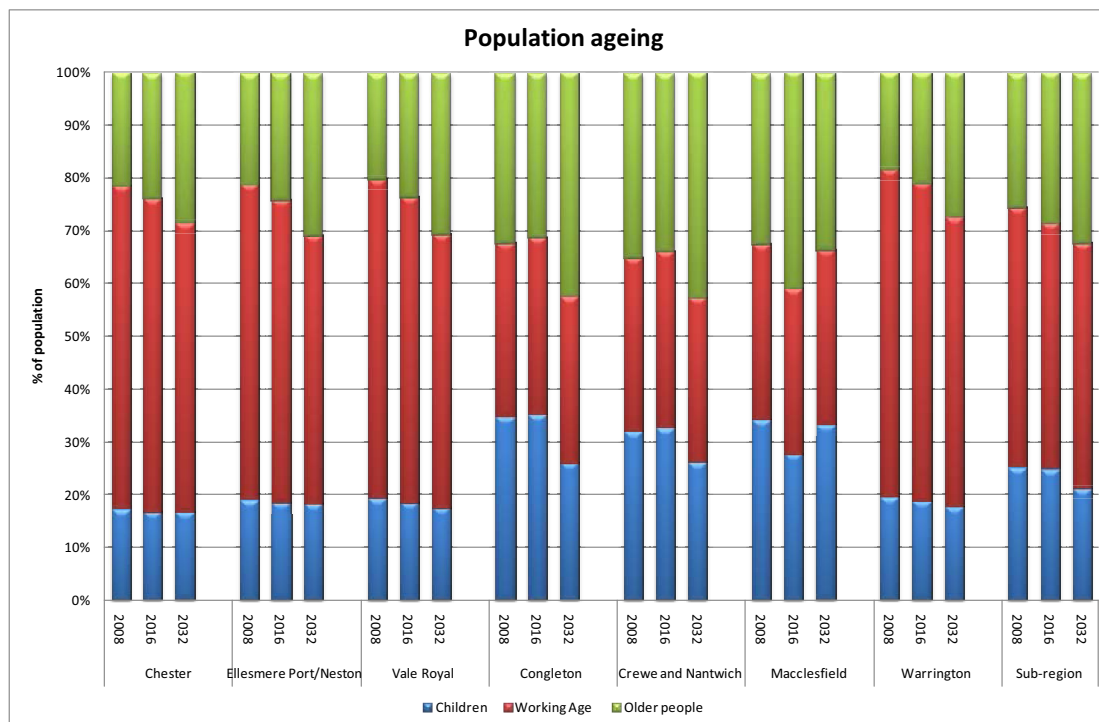
the credit crunch and the subsequent weakness in housing markets across the country. When these national problems are addressed and confidence returns, it will be essential to ensure that planning policies are in place to ensure that the sub-region can respond quickly and fully to demand in a sustainable manner.

**Table 3.1 Projected population and household change in Cheshire and Warrington**

	2009	2030	Change 2009-2030	
		Number		Percentage
Population	887,100	962,800	75,300	8.5
Households	377,000	441,000	64,000	16.9
Population aged 65 or more	158,100	248,000	89,900	56.9
Working age population	565,500	549,200	-16,300	-2.9

Source: ONS 2008-based sub national population projections, CLG 2008-based household projections

3.6 There is a further potential shortfall in labour supply brought about by the ageing of the existing population and a reduction in the working age population (Figure 3.1), which means that more housing will be required simply to stand still in labour supply terms. Tackling this will require the retention of more young people and the attraction of additional in-migrants of working age. Given the growing importance of the University of Chester, the wide range of employment opportunities in the sub-region, the attractive environment and the wide range of additional employment opportunities nearby, high house prices and the shortage of affordable housing are the main issues which need to be addressed to tackle the problem of population ageing. A clear priority in the sub-region is therefore **to increase housing supply where it is needed to support economic growth.**

**Figure 3.1 Population ageing in Cheshire and Warrington**

Source: ONS 2008-based sub-national population projections

### Housing affordability

3.7 The shortfall in supply has contributed to severe affordability problems in the sub-region. Although average incomes are higher than those in the core of the conurbations, the sub-region has the largest concentration of high house prices in the North of England and a limited supply of affordable property to buy or rent. Much of the affordable supply is concentrated in Warrington, Ellesmere Port and Crewe. Macclesfield and Chester have very small proportions of low value dwellings. Affordability problems are experienced by many working households as well as those without earners. The lower quartile house price in Cheshire at the end of 2010 was £122,500. To obtain and sustain a mortgage to buy at this threshold, a first-time buyer household would need a deposit of £32,000 and an income of £34,400 per annum, under typical current lender requirements. Only 43% of households in the sub-region (including existing established households) had an income at or above this level in 2010. For newly forming households, only 33% had a sufficient income and for those on housing waiting lists, only 9% could afford the lower quartile price, even assuming that these households could put forward a £32,000 deposit.

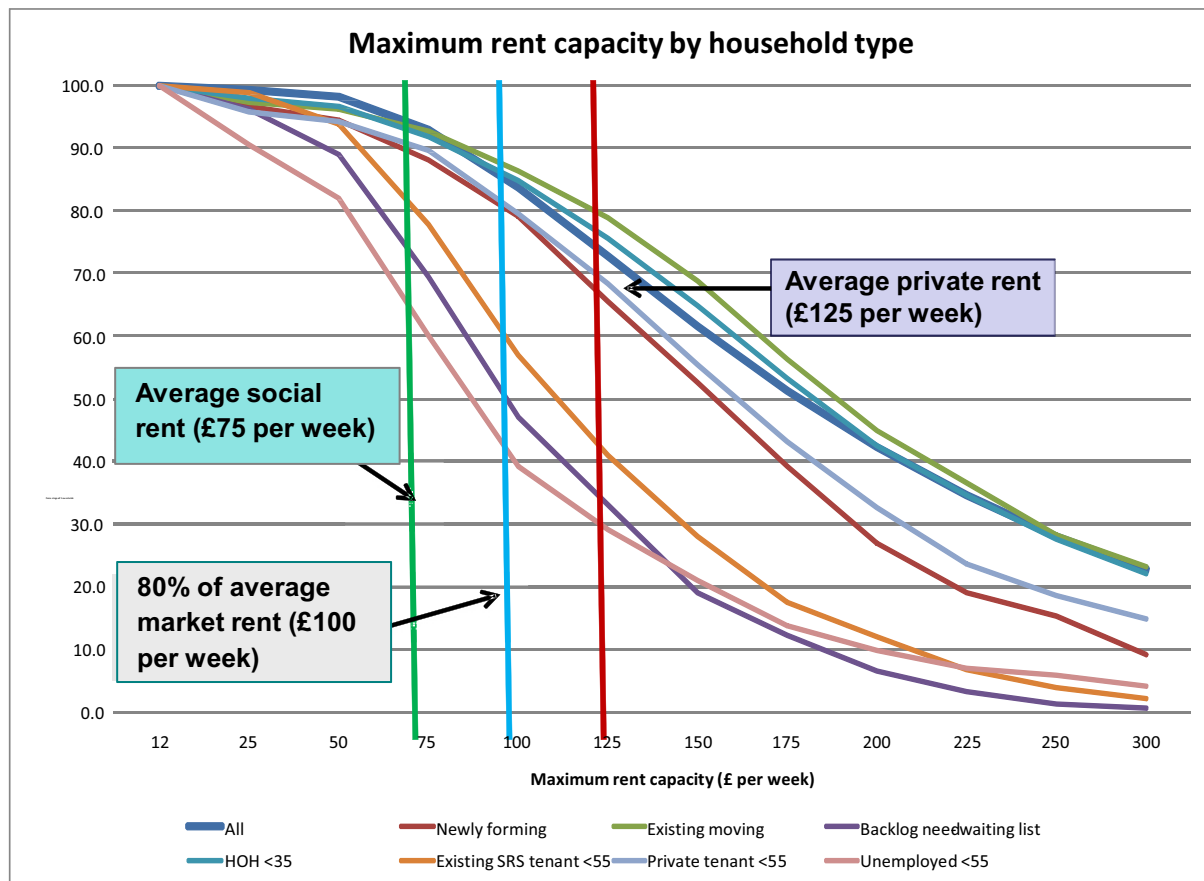
3.8 This demonstrates the seriousness of affordability problems in the sub-region and the extent to which they penetrate well up the household income scale. The problems are compounded in many parts of the sub-region by a relatively limited supply of social rented housing. The private rented sector is increasingly playing a part in providing housing for some of those who cannot afford to buy and this role will grow in importance in the future. Rent levels are typically much higher in the private rented sector than in social rented

housing but around a third of households in the private rented sector in the sub-region, receive assistance with rents through local housing allowance.

3.9 There are major problems to be overcome. Firstly, most new or additional private rented housing supply comes from the existing housing stock and does not add to overall housing supply. New landlords are often in competition with first-time buyers. Secondly, private investors reliant on loan finance to add to their portfolios, are currently under similar constraints to those facing first-time buyers because of the shortage or inaccessibility of credit. Nationally, increased attention is being given to the development of models to allow a range of institutions to invest in the provision of housing to rent as this would create additional supply on a significant scale and, if arrangements were effective, ensure professional management standards and create a major contribution to affordable housing supply. The development of a new high quality and well managed private rented housing supply on a large scale is regarded as a priority across the sub-region.

3.10 Most landlords have relatively small portfolios and the private rented sector is thus in the hands of a large number of individuals or small companies. To secure higher standards of management and maintenance and to maximise the contribution of the private rented sector, there is a need to provide practical support to landlords through measures such as the expansion of the existing Cheshire Landlord Accreditation Scheme, landlord forums and other mechanisms. The role of the private rented sector in supporting economic growth by providing accessible and affordable housing for those moving into the area, is also important and the provision of help and support to small landlords will further this role.

3.11 The evidence on house purchase and rental costs also suggests that there is a significant requirement in Cheshire and Warrington for affordable supply by Registered Providers, at rent levels above those currently charged for mainstream social rented housing but below levels at which it becomes more attractive to potential tenants to buy. Figure 3.2 shows the proportion of all households and a range of other household types able to meet three threshold rent levels, while spending less than 25% of net household income towards housing costs. These rent levels are the average social rent, the average private rent and a rent level set at 80% of the average market rent. Just under 90% of households could afford 80% of the average private rent in the sub-region (approximately £100 per week). The proportions of people in households with a head aged under 35, in newly forming households (of all ages) and in existing households moving in the last year, were relatively high (70% or more), suggesting considerable potential amongst this group for rents at this level. At the other end of the spectrum, only 40% of unemployed people aged under 55 could afford a rent at this level, even with the assistance of local housing allowance and only about 50% of people in households containing a person on a register for social rented housing, could afford the 80% threshold rent.

**Figure 3.2 Cheshire and Warrington: maximum rent capacity by household type**

Sources: Survey of English Housing, CLG Live Tables, Cheshire West and Chester Council

3.12 This suggests that that in future the effective demand for the new affordable housing product is likely to change, with a greater proportion of lettings being taken by those who are working and can afford to pay a higher rent.

### The needs of particular groups

3.13 A range of specific groups with priority needs remain a priority across the sub-region. Figure 3.1 demonstrates the projected growth in the numbers of older people in the sub-region over the next 25 years. Table 3.2 shows this increase in more detail. Between 2009 and 2030, the number of people aged 65 or more will increase by almost 90,000, to make up 26% of the sub-region's population (compared to 18% in 2009). More significantly, in terms of housing and care needs, the number of people aged 80 or more will grow by 46,000. People in this age group will make up almost 10% of the population by 2030. The proportion of older people will be slightly lower in Warrington than in Cheshire but the gap will narrow over time.



**Table 3.2 Ageing of the Cheshire and Warrington population**

Age group	Increase 2009-2030 (000s)	Percentage of population	
		2009	2030
65-79	43.7	13.0	16.5
80 and over	46.1	4.8	9.2
65 and over	89.8	17.8	25.7

Source: ONS 2008-based sub-national population projections

3.14 The needs of the rapidly growing number of older people are an investment priority in terms of both housing and care requirements. These needs are increasingly complex. Increasing numbers of the frailest older people live in the owner occupied sector and seek solutions to their needs within that sector. If they are to remain living independently, many will require adaptations to their existing homes as well as care services, or will seek to remain in the private sector if they move to more suitable accommodation. Some will have low incomes or experience a decline in incomes and savings as they grow older, increasing their vulnerability and dependence on public sector support or social housing. The increase in the number of over 80s will also result in a rise in the number of people with dementia whose support needs are much greater and who may require Extra Care housing or other specialised care.

3.15 Aspirations amongst older people have risen steadily in parallel with good practice and so specialised housing provision for older people often requires remodelling or replacement, as well the provision of additional housing to cope with increased demand. The Local Authorities across the sub-region are seeking to ensure that their own provision meets the anticipated growth in care needs. The loss of funding for PFI-funded Extra Care provision has highlighted a gap which other solutions will be needed to fill.

3.16 Home Information and Improvement Agency services providing a wide range of advice and support services to older and disabled people will remain an important feature of housing services for older people, as will Improvement and Disabled Facilities Grants.

3.17 LIP1 identified the importance of the Supporting People programme in the sub-region and the intention of the Local Authorities to continue to refine and focus services on those in greatest need in the context of a diminishing budget. There are variations in requirements and priorities across the sub-region, which are being addressed by the individual Local Authorities through their local strategic and policy responses.

3.18 There is a shortage of sites for Gypsy and Traveller groups across the sub-region, with a requirement for both extra transit pitches and an additional 107 permanent pitches. Some new provision is in the pipeline but further sites and funding sources are required to meet the identified needs. This issue will be further considered through the development of the Local Development Frameworks (LDFs) by the three statutory planning authorities.

3.19 The sub-region continues to have issues with non-decency within the private sector stock, with significant concentrations of disrepair in the urban centres of Ellesmere Port, Macclesfield and Warrington. The Local Authorities are focused upon retaining the capacity to respond to this problem and will be seeking to maintain an investment stream over the planning period through the use of a variety of funding sources and approaches. New local approaches to funding private sector housing renewal will need to be developed as the national programmes for financial support for this issue were discontinued following the CSR 2010.

## 4 Need and Opportunity: forging the links

4.1 The Cheshire and Warrington housing market provides significant investment opportunities for developers, employers, individuals and potentially financial institutions such as pension companies. Demand for housing is strong, the wider environment and public services are generally good and there are well developed growth nodes for economic development which, in many cases, coincide with urban centres that can accommodate new housing supply and include neighbourhoods that are in need of urban renewal, support and enhanced management.

4.2 These areas of need and opportunity will receive a coordinated response which will focus on meeting housing need through the deployment of the new affordable housing programme and the Supporting People programme; improving the management of the private rented sector; job creation; addressing non-decency in private housing and returning empty properties to housing use; and generating much needed housing supply. These priority spatial areas are identified below.

### Spatial priorities

4.3 The first LIP, produced in 2010, set out a series of spatial priorities for investment based on meeting housing demands and needs in the most sustainable fashion. This approach focused on ensuring that new housing is located close to areas of employment growth, in locations where there is infrastructure capacity or the potential to supplement it and where development will support existing communities and contribute, where possible, to regeneration programmes and measures to tackle disadvantage. This approach also maximises the opportunity to re-use brownfield land wherever possible.

4.4 Based on these principles, the primary focus for investment will be in or around the following existing key urban settlements:

**Warrington** – Warrington has the capacity for significant expansion as a business and commercial centre through regeneration of its central area, phased urban extensions at Omega and growth in other important sites. Its central location in the emerging Atlantic Gateway and its key positioning on both the strategic road and rail networks, provides the basis for it to play an important role in the region's strategic hierarchy as a regional driver of economic growth.

**Crewe** – 'All Change for Crewe' is a comprehensive strategic vision for Crewe, which sets out an agenda for the town to significantly increase its economic productivity alongside population growth and investment infrastructure. Crewe is well positioned to deliver this vision in terms of strategic connections, major development sites and a relatively strong existing business base, which include major international brands

such as Bentley. To facilitate this, there is an ambition to achieve a 25% growth rate in GVA and significant population growth.

**Ellesmere Port** - Ellesmere Port has the potential to serve as a residential and employment growth point, with the re-use of the significant stock of brownfield land released by the decline of previous industrial uses.

**Chester** – Chester plays a key role at the heart of the sub-regional economy with the Deeside Hub as the base for a range of knowledge economy businesses, an important centre for the tourism industry, a high quality office location and a key retail and service centre. Key projects, including the Business Quarter, will take growth forward in the context of the One City Plan and the LDF. Chester's economic success has created a buoyant housing market which extends well beyond its boundaries into surrounding settlements, including adjacent areas in North Wales.

House prices are relatively high and there are severe problems of affordability which have intensified during the 2000s.

**North East Cheshire** – Macclesfield and North East Cheshire are the focus of the some of the sub-region's most productive businesses, drawing on a close relationship with the economy of Greater Manchester. Targeted growth and collaboration with key employers will enable the area to maintain its role as an important economic driver.

**Weaver Valley Towns** - The 'Weaver Towns' of Northwich, Winsford and Middlewich have the potential for economic and quality housing growth and, with improved public transport accessibility, there are deliverable opportunities for substantial development in these towns, linked to the West Cheshire Growth Point Programme.

**Rural Areas** - The market towns and villages of Cheshire's substantial rural areas are an important component of economic growth and provide service centres for the rural and agricultural communities, as well as supporting food and drink industries. There is a commitment to address key issues within these communities which currently mitigate against rural sustainability, illustrated, for example, by the adoption of Rural Regeneration and Rural Housing Strategies in Cheshire West and Chester, and the Sustainable Towns agenda being led by Cheshire East Council.

4.5 A number of other key policy priorities are largely geographically focused upon the urban centres outlined above and these are as follows:

#### **Improving existing housing**

4.6 Good progress has been made with achieving the decent homes standard in social rented housing across the sub-region, with future priorities being the enhancement of standards to meet tenant aspirations and the improvement of standards of energy

efficiency. The main exceptions to this picture were in the council-owned stock in Ellesmere Port and in the former Arms Length Management Organisation (ALMO) stock in Warrington. Measures are in place to address these issues over the short and medium-term.

### **Private sector housing**

4.7 There is a significant problem of poor housing conditions and poor energy efficiency standards in the private sector in the sub-region, often concentrated in areas of older housing, low value housing, high levels of private renting and with associated problems of low incomes, worklessness and deprivation amongst residents. The Cheshire and Warrington Housing Alliance is developing proposals that will make the best use of the existing private and social housing stock, through the minimisation of vacancies and under-occupation.

4.8 House condition surveys show that problems of poor condition are most serious in the private rented sector. The sector is playing an increasingly important role in meeting housing needs, as well as in providing readily accessible housing for those moving to the area for employment or to study. The sector is growing rapidly. The three Councils are actively collaborating on measures to work with landlords in order to secure better management and maximise investment in improving property conditions and energy efficiency standards, through Landlord Forums and an Accreditation Scheme which operates across the sub-region. The Councils also use powers of enforcement where this is needed.

4.9 Private sector housing issues are currently tackled through programmes of financial assistance, including equity loans, grant aid and Disabled Facilities Grants. There are a range of energy efficiency programmes. These programmes will be seriously affected by the loss of housing capital allocations, although the Councils will seek to provide funding from their own resources where this is possible. It is likely that future policies will involve tighter targeting of the limited public sector funds available and an increasing reliance on measures to encourage owners to use their own resources effectively, including drawing on the potential for using the equity in their homes to finance repairs and improvements.

### **Empty Homes**

4.10 The Coalition Government has identified the need to return vacant homes into occupation as a priority. The level of vacant homes in the sub-region remains below average, but there is still considerable potential to improve the use made of the housing stock. The Local Authorities have each adopted policies to address this issue and recognise the contribution that existing empty stock can make to addressing supply side shortages in the short-term. Examples of interventions include:

Advice and guidance to property owners

Financial assistance through Empty Homes and Conversion Grants and Loans

A matching service between empty homes and strategic housing partners/accredited landlords

The use of suitable enforcement tools including Enforced Sale procedures and Compulsory Purchase Orders (CPOs).

### **Older People**

4.11 A key feature of the local housing market is the ageing of a significant number of households. This progressive change in demography will have a substantial impact on housing need over the coming two decades and it is therefore important to gradually increase the supply of accommodation for the elderly. This addition to housing supply is being facilitated by the implementation of affordable housing policies and Section 106 Agreements, an example of which can be seen in the development of 30 new bungalows to Life Time Homes Standards, facilitated by the Local Authority in Warrington. In Chester, an Extra Care housing development will add a further 131 apartments for elderly residents by 2013.

### **Gypsies and Travellers**

4.12 All three of the Local Authorities are planning to bring forward sites to accommodate Gypsies and Travellers during the planning period. This issue will be further considered through the development of the LDFs by the three statutory planning authorities.

### **Students**

4.13 The sub-region recognises issues surrounding the provision of student accommodation and there is particular pressure from recent increases in student numbers in Chester, arising from the successful expansion of the University. As with most universities, there is considerably more demand for accommodation from students than university-owned supply. This puts pressure on the private rented sector, especially in communities adjacent to the campus.

4.14 The economic benefits of a vibrant higher education sector are extremely important, both in terms of the direct impact on the economy of university-related employment and spending and, in the longer-term, through the benefits which a university brings in terms of a qualified labour force, especially if a high proportion of graduates stay in the area. Manchester Metropolitan University (MMU) has invested heavily in Crewe over the last couple of years and is currently strong partners in delivering the 'All Change for Crewe' vision. A study of student housing in Chester will be completed in 2011 and we will continue to work with the universities and colleges in Chester, Warrington and the MMU in Crewe to explore how we can most successfully meet housing and community needs. Supply and demand for student accommodation will be monitored and measures will be developed to improve the quality of accommodation and management in the private rented sector.

## 5 Developing the LIP: initiatives, programmes and work programme

### The immediate focus of the work programme 2011-12

5.1 The LIP will evolve over time and there are a number of initiatives which are currently moving from the development to delivery phase during 2011-12. These initiatives will be the focus of most intensive staff input over the next twelve months and will produce increases in housing supply, the quality of place and the environment over the 2011-15 planning period. There is a particular focus on improving support to the new affordable housing programme and delivering a step change in supply. These significant areas of intervention and activity are set out below:

*Affordable Homes Programme* - The detail of the scale and location of the new build programme for affordable rent will emerge during the summer of 2011, while the framework for delivering and monitoring investment will be determined in the autumn. Discussions with Registered Providers have been held with a view to creating a Cheshire and Warrington Consortium which will implement the new build programme.

*New Methods of Delivery* - The partnership is exploring the potential to bring forward an increasing volume of new housing supply through a sub-regional housing delivery vehicle, which can recycle development profit and work with developers and land holders to identify and address blockages and local market failure. The feasibility of this approach will be tested in 2011-12 and if shown to be viable would be deployed to increase supply housing in the second half of the planning period. This proposal is part of a wider review of delivery capacity which is also exploring the potential for Community Housing Trusts to deliver different forms of renting and low cost home ownership. The development of the Cheshire and Warrington Consortium also adds to local delivery capacity.

*Place Shaping* - The sub-region contains a number of areas which have a relatively poor quality environment and concentrations of deprivation. These areas have also demonstrated a potential for economic and household growth and a programme of place shaping is underway, which is harnessing this growth and addressing disadvantage. Areas where there is concerted intervention include:

**Chester Renaissance** - This project seeks to develop the city into a modern and vibrant centre, which makes the most of its unique heritage and cultural identity whilst protecting and enhancing its historic legacy.

**Weaver Valley** - Centred on the towns of Northwich, Winsford and Middlewich, the aim of this project is to improve housing supply and neighbourhood

management while enhancing economic growth, for example, through the development of a regionally significant leisure offer.

**Ellesmere Port** - This area is now subject to the development of a regeneration framework to stimulate economic growth, to improve the public realm and to unlock the potential to accommodate an additional 10,000 homes. There is a longer-term priority to open up the waterfront as part of the Atlantic Gateway proposals, which will provide major future housing capacity for the North West region.

**Warrington** - All place shaping interventions look to focus growth on Central Warrington and strengthen the surrounding existing neighbourhoods. In the longer-term this focus will help in unlocking and capitalising on the town's Waterfront. This involves working with the urban regeneration partnership, Warrington and Co, to bring forward key development sites that will underpin the town's pivotal location within the Atlantic Gateway as well as working with housing partners to create strong, balanced and sustainable communities. As part of these initiatives the Local Authority is working with the new stock transfer housing association, Golden Gates Housing Trust, to improve neighbourhoods, which will benefit from £105 million of investment over the next five years.

**All Change for Crewe** - The 'All Change for Crewe' strategy is a multifaceted programme of intervention to stimulate the knowledge economy, improve connectivity, transport and the town's image, while investing in the regeneration of the most disadvantaged areas. The aim is to increase GVA output by 25% by 2030 and to align this increase with growth in housing, jobs and productivity, while focusing on key economic regeneration projects that include the town centre redevelopment; investment in major infrastructure, such as Crewe Green Link Road; major employment sites at Basford; the redevelopment of Crewe Station, leading to station-led commercial development; and a focus on the future of the town centre, including expanding the retail and leisure offer.

**Macclesfield** - Following the production of an Economic Masterplan for the town centre and the South Macclesfield Development Area in 2010, an economic forum has been established that will take forward the delivery of change. Key projects include developing proposals with a development partner on a revised town centre scheme and developing a delivery strategy for South Macclesfield Development Area.



## Issues subject to ongoing development post 2011

5.2 There are a number of areas where preliminary work to develop new approaches to stimulating housing supply is underway but where there is also recognition that further refinement of new policies and programmes will be necessary over the period 2011-13. The aim is to complete this work so that a suite of new initiatives to stimulate housing supply and improve the environment are in place for the second half of the planning period of this LIP. The major policy which will be the focus of the work plan during 2012-13 is:

*The development of new financial models* - Given the house price structure, high demand and prime values, the Cheshire and Warrington sub-region is a low risk investment environment with characteristics which are seldom found in the North of England. Thus, the area should be attractive to financial institutions and pension companies interested in long-term investment in private rented property. This approach to developing an alternative investment model will be explored with the HCA.

5.3 Looking forward, the Localism Bill will also provide opportunities to develop new approaches to finance such as Tax Increment Finance schemes. There would be some discretion to how these schemes could be packaged, which may be applicable to a sub-regional arrangement where risk is being shared. An early example of a financial incentive designed to stimulate housing supply is:

*The New Homes Bonus* - A joint approach to the deployment of this innovation is being scoped by the partnership and there is a recognition that there may be benefits to offering investors a uniform offer within the broader housing market area, especially if that offer is competitive when compared to neighbouring localities which may compete for footloose housing and employment investment.

5.4 The link between housing supply and local economic development is a key feature of this document. 2011 will see a closer integration developing between the housing partnership, which will operationalise the LIP, and the agencies working with the LEP. During 2012 a new feature of housing policy will be:

*Support for the LEP* - There are proposals to engage with major employers to gauge how housing services and provision impact upon investment decisions. Additionally, some discussion is needed to pinpoint how housing provision and associated infrastructure investment is supporting investment in key employment sites. This ongoing policy discussion will provide a clearer understanding of how to position housing investment to maximise its contribution to economic growth.

5.5 There is already an ongoing dialogue with the HCA about making better use of public sector land:

*The Public Land Initiative (PLI)* - The PLI has the potential to be deployed across the three Local Authority areas post 2011. The Local Authorities and HCA are investigating the potential of utilising public sector land across the sub-region in order to make a larger contribution to new housing supply in the second half of the planning period. This builds upon work already underway to identify public sector land for affordable housing and housing growth, including the PLI project and the potential to utilise HCA and Regional Development Agency assets across the sub-region.

5.6 Low carbon and renewable energy technology will be a major area of development activity over the planning period. Work has already started on project design and delivery in 2011 and this will accelerate in later years of the Plan. Current initiatives include:

During 2011-12, the three Local Authorities, in partnership with Registered Providers, will explore the potential of the Green Deal to improve housing conditions at scale, while significantly reducing the carbon footprint of the residential portfolio.

*The Conservation and Acceptance of Renewable Energy (CARE)* - In 2010, the sub-region successfully secured over £7 million from the European Regional Development Fund (ERDF) to support a programme of energy-efficiency and renewable energy measures, primarily targeted at social housing. The CARE project is Cheshire and Warrington's partnership approach to installing renewable energy/low carbon technology in hard-to-treat and, in some cases, rurally isolated homes, in order to improve energy efficiency and generate renewable energy.

The development of a business case in Warrington for a £3.1 million investment on solar panels on 600 properties, in partnership with the Golden Gates Housing Trust. If this programme is judged to be successful, the programme will be extended to a further 3500 dwellings.

Support through planning policy in Cheshire East for the introduction of technologies to ensure that all energy demand will be generated by low carbon sources by 2030 and that net CO<sub>2</sub> emissions from buildings will be zero.

Cheshire West and Chester Council is focusing on targeting financial incentives through loans and grants to householders in order to encourage the take up of energy efficient improvements to dwellings, on both an individual and neighbourhood targeted basis.

5.7 *Joint procurement opportunities* - These opportunities include research and development costs, the costs associated with procuring and delivering the sub-regional

Affordable Housing Programme, marketing to investors, land reclamation and recycling grant and receipts.

5.8 *The HCA 'ask'* - The HCA is evolving into an enabling agency which has skills and expertise that it can deploy to assist with the delivery of the objectives of this LIP. The programme of activity associated with this Investment Plan will widen and deepen during 2012 and the 'ask' of the HCA will become more specific, focusing on requests to remove blockages to delivery, as well as providing technical support to explore new approaches to financing housing supply.

5.9 *Timely delivery of LDFs* - The timely delivery of the LDFs will provide a major support to this LIP for housing and will assist in overcoming perceptions that all development plans seek to prevent development, rather than to facilitate growth within a sustainable framework. During 2011-12, a seminar will be held with Housing and Planning officers and the LEP to assess how the delivery of planning strategy and policy can increase the speed of development within the sub-region, taking into account Central Government's commitment to introduce a presumption in favour of sustainable development.

5.10 *A review of the extent of public sector land holdings which can be utilised to stimulate housing supply* - Given the expenditure constraints at a national level and the new focus on using locally generated resources to support housing investment, it is clear that public sector land holdings could play a crucial role in affordable housing delivery. An audit of supply, and the identification of the potential to recycle receipts and value to achieve a higher level of development, will be conducted in 2011-12.

5.11 *Deepening the partnership with Registered Providers* - During the development of this LIP, a number of Registered Providers have highlighted the contribution they can make in respect of the management of neighbourhoods and the private rented sector, as well increasing the volume of social housing through improved partnership working. New ways of utilising the expertise and strength of Registered Providers, to improve the outcomes from Housing Policy, will be developed over the time frame of this LIP.

## 6 Conclusion

6.1 The development of this LIP has been achieved during a period of unprecedented change in the national and international economy, and, equally, substantial financial and public policy changes at the sub-regional and local level. This document reflects these changes and sets out how we intend to develop new ways of working and new ways of financing and delivering housing supply. Over the last eighteen months, sub-regional governance has been strengthened through the development of the Leadership Board and the Senior Management Team. Additionally, the alignment of housing and economic growth potential will be delivered through the deepening of collaborative working with the Board of the LEP. Increasingly, this collaborative working will be seen to deliver results on the ground, utilising economies of scale in procurement, developing new partnerships between the public and private sector agencies and creating assets using the resources, which will be available following the implementation of the Localism Bill.

6.2 We believe that the Cheshire and Warrington sub-region offers a unique opportunity for investors in housing and economic development in the North West of England. The area has a vibrant and growing economy, a strong housing market and an environment which contains historic urban centres, attractive market towns and locations which have capacity for new business parks and major inward investment. This LIP recognises the importance of securing a step change in housing supply to support future economic and employment growth and the delivery plan, which flows from this document, will prioritise this issue going forward.

6.3 While recognising the importance of securing an inflow of young and skilled workers, this document also places significant emphasis on preserving and improving the quality of life for existing communities and residents. Both are essential and interdependent. The Place Shaping agenda, in both urban and rural areas, will remain an important focus of public policy over the planning period of 2011-2015 as the sub-region implements a sustainable development programme. The aspirations of the sub-region cannot however be delivered without an increasing role for the private sector in financing and developing housing solutions. This document sets out the framework and direction of travel, which will ensure that public policy supports the private sector and helps to provide the opportunities which will make our economic and housing ambitions achievable.

## CHESHIRE EAST COUNCIL

### REPORT TO: CABINET

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<b>Date of Meeting:</b>	5 September 2011
<b>Report of:</b>	Lorraine Butcher, Strategic Director Children, Families and Adults
<b>Subject/Title:</b>	Improvements in the delivery of Adult Social Care Services – Building Based Services
<b>Portfolio Holder:</b>	Cllr Roland Domleo

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#### 1.0 Report Summary

- 1.1 This report recommends a policy of improving day and short break/respite services in Adult social care and optimising the Council's building stock in order to improve the quality of service delivery for customers. This includes both broadening the variety and choice of services and also improving the conditions and facilities of the remaining building stock. It emphasises that service users will continue to have their needs met and therefore the Council will continue to meet its statutory duty.
- 1.2 The proposals build upon earlier work around the integration of health and social care services following the paper on 'Jointness between the Council and the Primary Care Trust' approved by Cabinet on 14 July 2009. Such co-location and integration will have implications for the future building stock and will therefore be taken into account in future proposals to Cabinet. It also follows the recent launch of the first SMART (Skilled Multi Agency Response Team) in Congleton comprising adult social care teams working alongside health professionals (community matrons and district nurses).
- 1.3 This review does not mean any loss of services. The proposals reflect both changing patterns of demand for traditional services, changes in what people want to be delivered from these services and changes in how people choose to spend their Personal Budgets
- 1.4 The proposals are consistent with the long-term vision for Adult Social Care (subject to further Cabinet approval where necessary) of providing services based around the following locations/facilities:
  - Four Local Independent Living Teams integrated with Health(SMART)
  - Two Independent Living Centres (North/South)
  - Two Dementia Care Centres (North/South)
  - Four high-dependency care centres sensitively supporting older people, people living with dementia or complex learning or physical disability
  - A central specialist respite facility based at Mountview for people with complex learning disabilities
  - Four Lifestyle Centres

## **2.0 Decision Requested**

- 2.1 Cabinet notes the impact of Personalisation and in particular the changing demand for specialist traditional social care provision. There is also a requirement for the Local Authority to stimulate the independent and third sector market for a greater range of alternative service provision. A consequence of these factors is a proposal to transfer day services and short breaks from Bexton Court, Peatfields, Dean Row, the Stanley Centre and Queens Drive to other local facilities. This proposal is balanced by investment in order to enhance the facilities and services at Redesmere, Hollins View and Mountview together with the Leisure Centres in Wilmslow and Macclesfield (details in appendix A). Similar minor investment has already taken place at Mayfields.
- 2.2 The proposals support the introduction of 'Lifestyle' type activities designed to broaden choice and integration for individuals whilst pursuing the corporate goal of enhancing the health & wellbeing of the population as a whole
- 2.3 Cabinet recognises that this is the first stage of examining Borough-wide day service and short break / respite provision. It requests that follow up work is undertaken to assess the business case for further stages.
- 2.4 Cabinet authorises officers to seek the views of relevant individuals to the proposed changes. The outcome of this will be reported to Cabinet in December 2011. This paper would also include final proposals for any service transfer and would incorporate a staged approach for delivering services for those with more complex needs.
- 2.5 Cabinet endorses the minor capital investment programme to a range of health and wellbeing buildings as set out in 7.3.

## **3.0 Reasons for Recommendation**

- 3.1 These recommendations are designed to achieve the following:
  - 3.1.1 To ensure that users of services, their carers and other interested parties have a say in the development of policy and service design.
  - 3.1.2 To ensure that day services are provided in a 'personalised' way. This is as required by the Council's own policies and the direction given by central government. This was reaffirmed when Cabinet endorsed the national strategy for personalisation and prevention called 'Think Local Act Personal' on 1 August 2011.
  - 3.1.3 To enable action towards agreed Budget savings targets to commence as quickly as possible after Cabinet decision in December following the dialogue period. It is anticipated that this would better demonstrate efficient use of council resources (see budget savings agreed in the 2011/12 budget and those contained within the existing Medium Term Financial Strategy of the Council).

- 3.1.4 To further enable the integration between health, wellbeing and social care as required by national policy and local priorities.
- 3.1.5 To improve the variety and quality of services which are available to customers.
- 3.1.6 To underline the Council's commitment to enhancing services and to ensure that its statutory duty will continue to be met.

#### **4.0 Wards Affected**

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

#### **5.0 Local Ward Members**

- 5.1 All

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

- 6.1 Net Carbon Reduction – proposals that make more intensive use of buildings have the potential to reduce overall energy consumption, especially energy delivered by carbon producing energy sources.
- 6.2 Health – these proposals are consistent with developing the role of the Council in supporting and improving the health of its population.

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

- 7.1 These proposals are consistent with the pressing need to meet challenging financial targets contained within the 2011/12 budget, and continued into the following financial year(s) (£1 million in both 2011/12 and 2012/13, plus additional savings related to the Lifestyle concept).
- 7.2 Financial efficiency targets are already incorporated within the Budget for 2011/12, and any delay in delivery against these targets will have significant financial implications. The Council invests around £8.5 million a year in building-based social care services, and at present these are operating at only 65% of capacity vs. a target of 85%, which represents a significant efficiency improvement opportunity of around £1.7 million a year. It is therefore imperative that the Council completes all necessary processes as soon as possible, and takes the decisions that deliver against the relevant lines in the budget.
- 7.3 Cabinet endorses enhancements to be made to buildings, in particular Health and Wellbeing facilities. These works have the advantage that they make these services more accessible. Further details and a map can be found in Appendices A and B and it should be noted that funding has been included in the existing capital programme to cover the cost of these works. A summary of current building occupancy levels is shown at Appendix C.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 There is no specific duty to consult in respect of changes suggested by this report. However, under the Local Government Act 1999, there is a general duty on public bodies in the following terms:

*“(1) Where a best value authority considers it appropriate for representatives of local persons (or of local persons of a particular description) to be involved in the exercise of any of its functions by being—*

- (a) provided with information about the exercise of the function,*
- (b) consulted about the exercise of the function, or*
- (c) involved in another way,*

*it must take such steps as it considers appropriate to secure that such representatives are involved in the exercise of the function in that way.”*

It is, therefore, appropriate that, as suggested at paragraph 2.4 of this report, the views of relevant individuals and/or groups on the proposed changes are sought and taken into account by Cabinet before making any final decision.

- 8.2 The exercise to be undertaken may not be a formal consultation with a prescribed format, however proper standards of consultation should still be adhered to. Case law states that consultation must contain four elements:
- a. It must be at a time when proposals are still at a formative stage
  - b. It must give sufficient reasons for any proposal to permit of intelligent consideration and response
  - c. Adequate time must be given for any consideration and response
  - d. The result of the consultation must be conscientiously taken into account in finalising any proposals

- 8.3 Under the Equalities Act 2010, an Equality Impact Assessment must be completed before reaching any final decision to substantially vary any service provision.

## **9.0 Risk Management**

- 9.1 The processes suggested in this report are important to assist the achievement of the budget for adult social care. This is the highest risk budget within the Council so timely implementation of action would assist greatly in achieving budget savings.
- 9.2 There is an equal risk to the Council from the failure to deliver statutory levels of care to those with critical or substantial care needs. All changes will therefore have to be considered against the possible impact on this statutory duty.



## **10.0 Background**

- 10.1 Customer demand has changed over time for day services. One of the key factors in this has been personalisation. This has allowed service users to opt to purchase services from the independent sector via a direct payment rather than receiving them from the Council. As such, it gives them the opportunity for greater choice and control.
- 10.2 The Council has recognised that it must respond to rising expectations of service quality. Following the Cabinet Paper in January 2011 on Lifestyle Centres, pilots have taken place for interested service users with lower levels of need at Wilmslow and Macclesfield Leisure Centre. These pilots have offered service users greater choice and variety in services, offering the potential for real enhancement in quality of life. They therefore offer a genuinely empowering alternative to existing day services for some service users.
- 10.3 A consequence of these two factors has been that a number of Council day services are experiencing significant under capacity. This means these services are disproportionately expensive in relation to the number of customers they assist.
- 10.4 A first stage to addressing these concerns is the proposed transfer of services from Peatfields, Deans Row, the Stanley Centre and Queens Drive to the enhanced facilities described in section 7.3. This will generate financial efficiency savings and the potential for capital receipts subject to the future use of buildings. There is also a need to invest in the remaining building stock since some facilities are below standard and will allow the lifestyle approach needs future development.
- 10.5 Initial capital funds would be used to allow small scale enhancements of Health and Wellbeing and Adult Social Care buildings. Larger scale building works could also be proposed depending on the outcome of the dialogue with service users. These are required to ensure that services can operate to higher standards.
- 10.6 The building enhancements continue the improvement programme which has already delivered the developments listed below.
- In 2010:
- A 12 bedded new specialist dementia unit built at Lincoln House in Crewe and refurbishment of the existing building to enable transfer of service from Santune House at Shavington and the closure of the latter without any reduction in the service
  - Transfer of service previously provided at Jubilee House in Crewe to the Hilary Centre in Crewe enabling the closure of the former without any reduction in service
  - Provision of alternative specialist provision at Mountview and other centres to prevent any reduction in service following the temporary closure of Bexton Court in Knutsford
- In 2011
- Enabling users of 291 Nantwich Road in Crewe to access alternative more inclusive services in the Oakley centre and Hilary Centre without a reduction in service. 291 Nantwich Road has since been declared surplus to requirements

- Enabling current service users of Dean Row and Peatfields to access a wide range of activities at their local leisure centre and in the community, providing opportunities not available within the day centres
- Nearing completion- a 3 bedded, high-dependency respite facility for younger adults at Mountview

10.7 Cabinet approved a change in the way service users receive transport to day services on 14 March 2011. It is recognised that the Council would have a continuing responsibility to ensure suitable options were available for any service user transferred as a result of this buildings optimisation with eligible transport needs.

## **11.0 Access to Information**

The report on integration with the NHS can be found at

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005505/\\$CabinetpaperJointnessbetweentheCouncilandthePrimaryCareTrust14709.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005505/$CabinetpaperJointnessbetweentheCouncilandthePrimaryCareTrust14709.docA.ps.pdf)

The report on Personalisation can be found at

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005505/\\$CabinetpaperJointnessbetweentheCouncilandthePrimaryCareTrust14709.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00002479/AI00005505/$CabinetpaperJointnessbetweentheCouncilandthePrimaryCareTrust14709.docA.ps.pdf)

The report on Lifestyle can be found at

[http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00003103/AI00011485/\\$LifestyleCabinetreportv8241210.docA.ps.pdf](http://moderngov.cheshireeast.gov.uk/ecminutes/Published/C00000241/M00003103/AI00011485/$LifestyleCabinetreportv8241210.docA.ps.pdf)

The report endorsing 'Think Local Act Personal' can be found at

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=241&MIId=3630&Ver=4>

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

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## APPENDIX A – DETAILS OF BUILDING ENHANCEMENTS

BUILDING	DETAILS	APPROXIMATE COST*
Wilmslow Leisure Centre	Room conversion and provision of Changing Places toilets	£40K
Macclesfield Leisure Centre	Room conversion and provision of Changing Places toilets	£40K
Hollins View	Enhanced building security to provide a safer environment for people with dementia	£50K
Mountview	Enhanced building security and modifications to provide age-appropriate respite care for younger adults with complex needs	£25K
Redesmere	Minor refurbishment	£5K

\* Service estimate

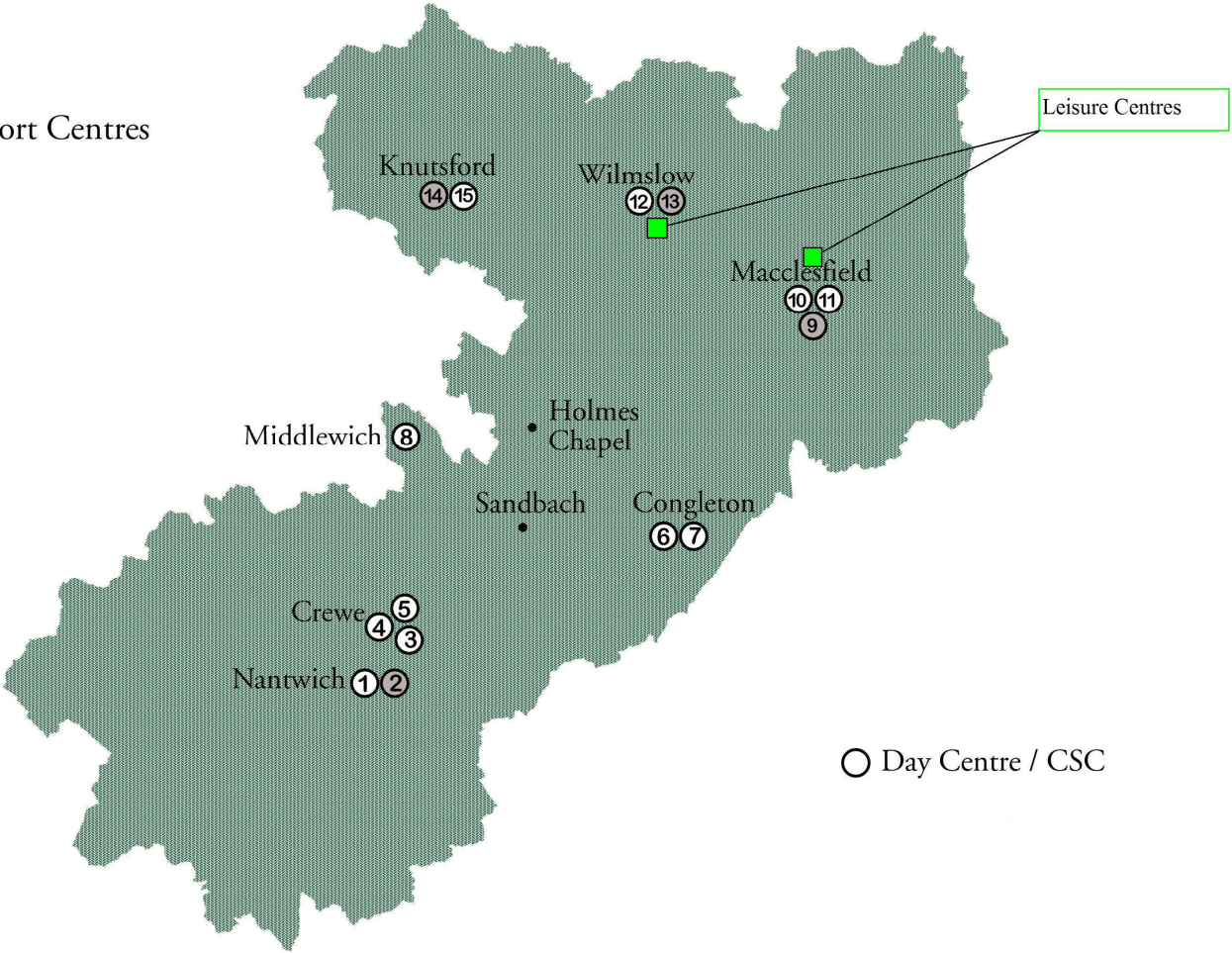
APPENDIX B – LOCATION MAP

Review of Day Services - Cheshire East

Day Services/  
Community Support Centres

- 1 - Cheyne Hall
- 2 - Queens Drive
- 3 - Hilary Centre
- 4 - Lincoln House
- 5 - Macon House
- 6 - Mountview
- 7 - Carter House
- 8 - Salinae Centre
- 9 - Peatfields
- 10 - Mayfields
- 11 - Hollins View
- 12 - Redesmere
- 13 - Dean Row
- 14 - Bexton Court
- 15 - Stanley Centre

- Service Transfer
- Investment



## APPENDIX C

SUMMARY	
Target Occupancy	85%
Current Occupancy	65%
Efficiency Opportunity	20%
<b>Cost</b>	<b>£1,700,420</b>

Area	Building	Town	Service	Activity Unit	Occupancy	
					Target	2011/12
Knutsford, Wilmslow and Poynton	Redesmere	Handforth	Day Service	Day	85%	45%
	Dean Row	Wilmslow	Day Service	Day	85%	59%
	Stanley Centre	Knutsford	Day Service	Day	85%	58%
	Bexton Court	Knutsford	Community Support Centre	Day	85%	n/a
				Bed	85%	n/a
Macclesfield	Mayfield	Macclesfield	Day Service	Day	85%	61%
	Peatfields	Macclesfield	Day Service	Day	85%	71%
	Hollins View	Macclesfield	Community Support Centre	Day	85%	25%
				Bed	85%	85%
	Warwick Mews	Macclesfield	Respite / Short Breaks	Bed	85%	77%
Congleton	Carter House	Congleton	Day Service	Day	85%	70%
	Salinae	Middlewich	Day Service	Day	85%	64%
	Mount View	Congleton	Community Support Centre	Day	85%	55%
				Bed	85%	71%
Crewe & Nantwich	Hilary Centre	Crewe	Day Service	Day	85%	80%
	Cheyne Hall	Nantwich	Day Service	Day	85%	87%
	Macon House	Crewe	Day Service	Day	85%	80%
	Lincoln House	Crewe	Community Support Centre	Day	85%	55%
				Bed	85%	80%
	Queens Drive	Nantwich	Respite / Short Breaks	Bed	85%	57%
<b>TOTAL</b>			<b>Day Service</b>	<b>Day</b>	<b>85%</b>	<b>65%</b>
			<b>Respite / Short Breaks</b>	<b>Bed</b>	<b>85%</b>	<b>64%</b>

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## CHESHIRE EAST COUNCIL

### REPORT TO: CABINET

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<b>Date of Meeting:</b>	5 September 2011
<b>Report of:</b>	Director of Finance & Business Services / Head of Policy and Performance
<b>Subject/Title:</b>	2011/12 First Quarter Review of Performance
<b>Portfolio Holders:</b>	Cllr Wesley Fitzgerald / Cllr. David Brown

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#### 1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report gives summary and detailed information about its financial and non-financial performance during the first quarter of 2011/12.
- 1.2 Annex 1 provides an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.
- 1.3 Annex 2 provides projections of service financial performance for the 2011-12 financial year. It highlights the key financial pressures which the Council's services are facing, and particularly focuses upon areas of high financial risk to the Council.
- 1.4 Annex 3 provides a summary of the key performance headlines at the end of Quarter One.
- 1.5 The key points to emerge at the first quarter stage, which are explained in the report are:

#### Service Revenue Outturn

- Services are forecasting a £5.7m overspend against their budgets, after taking into account requests for fully funded supplementary revenue estimates.
- Around £3.6m of this can be mitigated by unallocated contingencies, capital financing underspend, and surplus grants.
- Services will seek to identify further remedial actions to address net £2.1m budget shortfall.

#### Reserves

- Together with the budgeted contribution to balances, and other items including surplus earmarked reserves, it is estimated that the level of general reserves at March 2012 will be approximately £18m.

Savings / Pressures

- However, within the above forecasts, services are facing significant challenges in delivering some of the planned savings, and there is a risk that a substantial number of savings proposals included within the 2011-12 budget will not be fully achieved. Additionally, there is a risk of further emerging pressures outlined in the report which have not been factored into the forecasts.

Capital Programme

- Forecast variance from budget of £18m in 2011-12 is largely explained by slippage, with costs being rephased to future years.

Debt

- Level is broadly in line with position at end of 2010-11 financial year.

Performance

- From the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the first quarter, ten measures (out of a basket of 21) were reported as performing on or above target.

**2.0 Decision Requested**

**2.1** Cabinet is requested to note and comment as appropriate on the following financial issues:

- the overall financial stability of the Council, including Grants, in-year collection rates for Council Tax and Business Rates, Treasury Management, and centrally held budgets (Annex 1);
- the impact on the Council's general reserves position as detailed in Annex 1;
- the forecast service revenue and capital outturn positions (Annex 2);
- the Council's invoiced debt position as shown in Annex 2;
- progress on delivering the 2011-12 capital programme, detailed in Annex 2 and Appendix 1;
- Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Annex 2, Appendix 2a;
- Delegated Decisions approved by Directors in consultation with the relevant Portfolio Holder and the Portfolio Holder for Resources for Supplementary Capital Estimates and virement requests over £100,000 and up to and including £500,000 as shown in Annex 2, Appendix 2b.

**2.2** Cabinet is requested to note and comment as appropriate on the following service performance issues, contained in Annex 3:

- note the successes achieved during the first quarter of 2011/12, and consider issues raised in relation to underperformance against targets and how these will be addressed.



2.3 Cabinet is requested to approve the following:

- the retention of £0.4m of earmarked reserves previously identified for return to general balances;
- a Supplementary Revenue Estimate of £3.0m to create a central contingency from additional non-ringfenced grant funding, to be the subject of bids from services (Annex 1);
- Supplementary Revenue Estimates for services of £2.2m to be met from the central grants contingency, as detailed in Annex 2;
- Capital virement requests over £500,000 and up to and including £1.0m, as shown in Annex 2, Appendix 2c.

**3.0 Reasons for Recommendations**

- 3.1 The Council is committed to high standards of achievement and continuing improvement. Performance information plays a vital role in ensuring that the Council celebrates its achievements, understands its performance in key areas and addresses issues of under performance. The Council and partners have identified a series of improvement measures to support outcomes for local people as outlined in the priorities and objectives of the Sustainable Community Strategy.
- 3.2 In accordance with good practice, Members should receive a quarterly report on the financial performance of the Council. Finance Procedure Rules set out the requirements for financial approvals by Members, and relevant recommendations are contained in this report.

**4.0 Wards Affected**

- 4.1 All

**5.0 Local Ward Members**

- 5.1 All

**6.0 Policy Implications including – Carbon Reduction, Health**

- 6.1 Performance management supports delivery of all key Council policies including climate change and health. The projected outturn position, ongoing impacts in future years, and the impact on general reserves will be fed into the assumptions underpinning the 2012-13 Financial Scenario and Budget, and Reserves Strategy.

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

- 7.1 The Council's financial resources are aligned to its priorities and used to deliver priority outcomes for local communities. Monitoring performance helps ensure that resources are used effectively and that business planning and financial decision making are made in the context of performance.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 Although the Council will no longer be required to report to Government on its performance against measures in the National Indicator Set, monitoring and reporting on performance is essential if decision-makers and the public are to be assured of adequate progress against declared plans and targets.

## **9.0 Risk Management**

- 9.1 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2011-12 budget and the level of general reserves will be factored into the 2012-13 Financial Scenario and Budget, and Reserves Strategy.
- 9.2 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East. The Policy & Performance team are working to further align the relationship between performance management and risk during 2011-12.

## **10.0 Background**

- 10.1 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. The report reflects a developing framework to embed performance management culture throughout the organisation.

## **11.0 Access to Information**

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

Name: Lisa Quinn / Vivienne Quayle  
Designation: Director of Finance & Business Services / Head of Policy and Performance  
Tel No: 01270 686628 / 01270 685859  
Email: [lisa.quinn@cheshireeast.gov.uk](mailto:lisa.quinn@cheshireeast.gov.uk) / [vivienne.quayle@cheshireeast.gov.uk](mailto:vivienne.quayle@cheshireeast.gov.uk)

**FINANCIAL STABILITY****GOVERNMENT GRANT FUNDING OF LOCAL EXPENDITURE**

1. Cheshire East receives two main types of Government grants, formula grant and specific grants. In 2011/2012 Cheshire East Council's formula grant will be £70.3m. Specific grants were budgeted to be £373.8m based on Government announcements to February 2011, split between non-ringfenced (£125.7m) and ringfenced (£248.1m). Spending in relation to ringfenced grants must be in line with the purpose for which it is provided.
2. The table below is a summary of the budgeted and updated position for all grants in 2011/2012. A full list of grants is provided at Appendix 1.

**Table 1 – Summary of Grants to date**

	<b>Original Budget 2011/12 £m</b>	<b>Final Settlement 2011/12 £m</b>	<b>Variance 2011/12 £m</b>
Formula Grant			
Revenue Support Grant	16.6	16.6	0.0
Business Rates	53.7	53.7	0.0
Specific Grants			
Ringfenced Grants	248.1	232.7	(15.4)
Non Ringfenced Grants	125.7	128.7	3.0
Total Government Grant Funding	<b>444.1</b>	<b>431.7</b>	<b>(12.4)</b>

3. Ringfenced grants have reduced by £15.4m. This is made up of a reduction of DSG £13.3m and Sixth form grant £4.1m due to a number of schools converting to Academy status. Funding for academies is passported to them through the Young Peoples' Learning Agency, and not the Authority so it does not impact on the budget position. There has also been the introduction of pupil premium grant of £2.1m for 2011/2012 to offset this reduction.
4. Non-ringfenced grants have increased by £3.0m. This includes the introduction of the New Homes Bonus grant of £0.9m, Winter Impact grant of £1.6m and various other small increases in the final settlement. Increases in non-ringfenced grants are being held corporately and services have been invited to bid for the additional funds by way of Supplementary Revenue Estimate (SRE) requests as part of the reporting process.
5. Services have requested SREs of £2.2m to be funded from additional grants received by the Council, which if approved would leave a balance of £0.8m of additional grant to be added to general reserves.

## COLLECTING LOCAL TAXES FOR LOCAL EXPENDITURE

### Council Tax

6. Budgeted income from council tax for the year is £178.7m. This figure may vary slightly during the year if exemptions are granted, the number of discounts change or payment levels vary. The following table shows the expected income to date and the actual income to date.

**Table 2 – Council Tax received compared to budget**

	Council Tax Due to end June 2011 £m	Actual Received to end June 2011 £m	Variance to end June 2011 £m
Council Tax	53.6	53.9	0.3

7. The table shows that Cheshire East are on course to collect the full amount needed; there is a variance of 0.15% above the expected collection rate to date.

### National Non Domestic Rates

8. Table 3 below shows the expected collection amount for the first quarter of 2011/2012 in Cheshire East and the total collected to date.

**Table 3 - NNDR received compared to budget**

	NNDR Due to end June 2011 £m	Actual Received to end June 2011 £m	Variance to end June 2011 £m
NNDR	39.5	40.1	0.6

9. The actual collection rate to the end of June is 0.49% above the expected position.

## CENTRAL ADJUSTMENTS

### Capital Financing Costs

10. 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 budgeted costs are partly offset by the interest the Council anticipates earning from temporary investment of its cash balances during the year.
11. In 2010/11 the Council was able to borrow from internal cash balances to fund the capital programme and therefore no external borrowing was required. Opportunity

was also taken to restructure £50m of debt which will generate savings over the next ten years of £4.47m of which £0.8m will be achieved in 2011/12. The savings on interest costs have already been reflected in the net budget for 2011/12 of £13.9m. Due to slippage in the capital programme in 2010/11 the amount required for the repayment of debt will be lower than forecast resulting in a saving in the budget of £700,000.

### **Treasury Management**

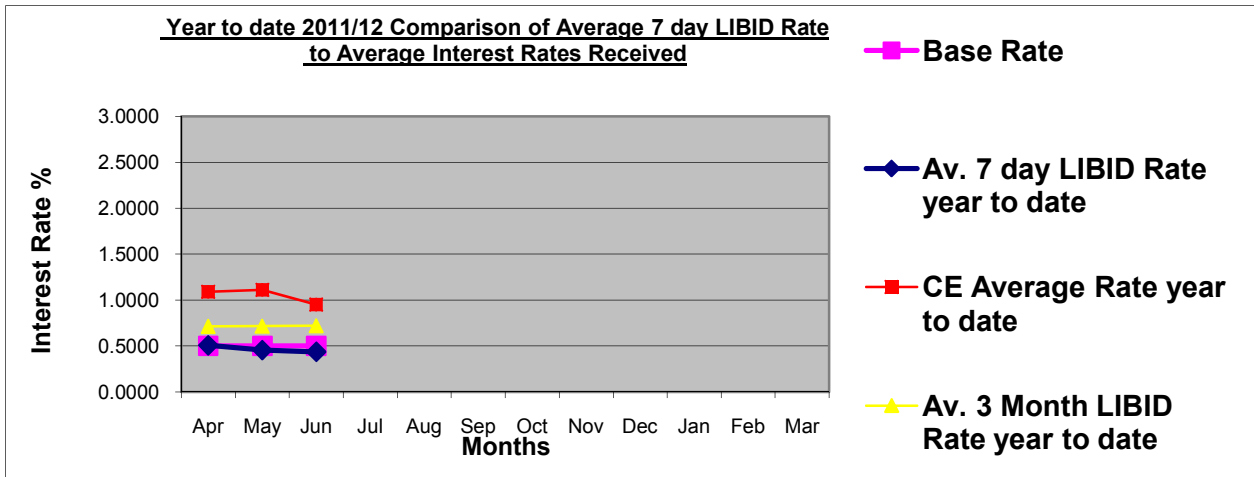
12. Investment income is currently £20,000 lower than budgeted. The original budget of £0.8m was based on falling balances available for investment and interest rates starting to rise mid way through 2011/12. Based upon the current economic forecasts, investment interest rates are not expected to increase until nearer the end of the financial year. However, opportunities are being taken to invest for longer periods for higher than budgeted returns wherever possible. Any budget shortfall on investment interest should be compensated by savings on external interest payments.

- The average lend position (the 'cash balance') including fund manager and legacy balances up to the end of the first quarter was £75.8m.
- The average interest rate received on in house investments up to the end of the first quarter was 1.12%
- The average interest rate received on the externally managed Investec fund up to the end of the first quarter was -0.82%. This represents a fall in value.

13. The Council placed £20m with Investec on 27<sup>th</sup> May 2011 for them to manage in pooled funds. There are two investment models which are exposed to different degrees of risk and volatility with £10m invested in each. During the past 12 months these funds have performed well but during June 2011 concerns over European funding issues had a negative impact on the markets resulting in a dip in the value of these funds. The expectation is that these funds will increase in value of the next few months.

14. The Council's total average interest rate up to the end of quarter 1 in 2011-12 was 0.95%. This is favourable when compared to the London Inter-bank Bid Rate for 7 days at 0.44%. The base rate remained at 0.50% for the quarter.

<b>Comparator</b>	<b>Average Rate Q1</b>
Cheshire East	0.95%
LIBID 7 Day Rate	0.44%
LIBID 3 Month Rate	0.72%
Base Rate	0.50%



15. The Council's authorised counterparty list as advised by Arlingclose Treasury Advisors which is kept under continual review is principally –

Money Market Funds – AAA rated

UK Banks & Building Societies AA rated (covered by UK Government guarantee):

Bank of Scotland Plc	Barclays Bank Plc
Clydesdale Bank (includes Yorkshire Bank)	HSBC Bank Plc
Lloyds Bank Plc	Nationwide Building Society
Royal Bank of Scotland Plc	Santander (UK) Plc
Standard Chartered Bank	

Co-operative Bank (holder of bank accounts for Cheshire East)

Foreign Banks – Named list of minimum AA rated banks

### Central contingencies

#### Pay, Prices and Pensions Inflation

16. The 2011-12 budget contains contingency provisions to meet the potential impact of general inflation on service budgets, and to meet estimated costs of increases in Employer National Insurance and Pensions contributions. It is estimated that around £2.1m of these contingencies is potentially available to mitigate service overspending.

#### Severance and relocation costs

17. Actuarial charges relating to voluntary redundancies totalling £3.9m have been allowed for in 2011/2012. It is estimated that the actuarial charges will be broadly in line with the provision.

18. The voluntary redundancy scheme is continuing into 2011/2012 but the costs are now being funded by individual services rather than from a corporate reserve so will need to be met from existing service budgets.
19. It is anticipated that the provision of £0.3m made in the budget to meet continuing relocation costs arising from LGR will be fully required.

### Management of Council Reserves

20. The Council Reserves Strategy 2011/2014 states that the Council will maintain reserves to protect against risk and support investment. In line with the Strategy, the Council intends to increase the level of reserves by £5.1m in 2011/2012.
21. Due to the better than expected outturn position for 2010/2011 the opening balance of the reserves has increased from £6.7m to £12.5m.
22. There is also a projected contribution from Earmarked reserves of £1.9m. The 2011-12 Reserves Strategy included an estimated £2.3m to be returned to general balances from earmarked reserves which were deemed not to meet statutory or essential criteria. Following the 2010-11 final outturn, services have re-assessed the status of these specific earmarked reserves, and have identified £0.4m shown in Table 4 and detailed below which they require to be retained as earmarked reserves. This would reduce the return to balances to £1.9m as included in the forecasts below.

**Table 4 - Earmarked Reserves not to be returned to Balances**

Directorate / Service	Earmarked Reserve	£000	£000
Adults	Section 117 claims		133
Places - LDF	Local Development Framework (part)		40
	} Housing Strategy (part)	26	
	} Streetscape	31	
Places - Other	} People into Jobs	57	
	} Recession Task Group	38	
	} Climate Change	<u>67</u>	219
TOTAL			392

- Section 117 claims – £133k required to meet potential claims from mental health patients who were entitled to free aftercare on their discharge, but who had been charged. There is already a shortfall in the current provision for known claims, which if not funded from this reserve will need to be met from the revenue budget.

- Local Development Framework – whilst the majority of the £292k reserve has been returned to balances, £40k is to be retained and utilised in 2011/12 for assessing deliverability of potential growth sites.
- Places Other – £219k required to meet ongoing planned policy objectives. The expenditure against these items has been incurred or is planned for 2011-12 and is not currently included in the FQR forecast out-turn, therefore if they are not funded from these reserves they will need to be met from the revenue budget.

23. The impact of the service outturn forecast is to reduce balances by £5.7m. However this can be mitigated by £3.6m of service related items contained within central adjustments above, resulting in a net service impact of £2.1m as follows:

	£m
Service Outturn	-5.7
Contingencies	2.1
Capital financing	0.7
Grants	<u>0.8</u>
Total	<u>-2.1</u>

24. The potential impact on these items on the level of General Reserves is shown in Table 5 below.

**Table 5 – Change in Reserves Position**

	£m	£m
Opening Balance at 1 April 2011		12.5
Planned Contribution to reserves	5.1	
Fleming VAT claims	0.7	
Contribution from earmarked reserves	1.9	
Other	<u>0.2</u>	7.9
Service Outturn Impacts	<u>-2.1</u>	-2.1
Forecast Closing Balance at 31 March		18.3

25. In addition to the above movements on general reserves, it should be noted that the Council has approval to capitalise up to £3m of Voluntary Redundancy costs in 2011-12, although no decision has yet been made on whether to take this up. If agreed, this would effectively spread the £3m cost over a number of years, with a resultant reduction in the impact on revenue budgets.

26. However, within the above forecasts, services are facing challenges in delivering planned savings, and there is a risk that a significant number of savings proposals included within the 2011-12 budget will not be fully achieved. Services have also identified further potential emerging pressures which have not been factored into the forecasts. At this stage of the year therefore the above forecast positions need to be treated with caution.



**Corporate Grants Register 2011/12 as at 30 June 2011****Annex 1 Appendix 1**

		<b>Original Budget 2011/12 £000</b>	<b>Final Settlement 2011/12 £000</b>	<b>Variance 2011/12 £000</b>
<b>Formula Grant</b>	<i>Note</i>			
Revenue Support Grant		16,607	16,607	0
National Non Domestic Rates		53,728	53,728	0
<b>Total Formula Grant</b>		<b>70,335</b>	<b>70,335</b>	<b>0</b>
<b>Specific Grants</b>				
<b>Ringfenced Grants</b>				
Dedicated Schools Grant	1	229,619	216,280	13,339
Pupil Premium Grant		0	2,146	-2,146
Sixth Forms Grant		18,432	14,284	4,148
<b>Total Ringfenced Grants</b>		<b>248,051</b>	<b>232,710</b>	<b>15,341</b>
<b>Non Ringfenced Grants</b>				
Early Intervention Grant		11,784	11,836	-52
Learning Disabilities & Health Reform		4,021	4,021	0
New Homes Bonus		0	870	-870
Council Tax Freeze Grant		4,427	4,467	-40
Housing Benefit and Council Tax Admin.		2,210	2,210	0
Council Tax Benefit Subsidy		20,408	20,408	0
Housing Benefit Subsidy		75,128	75,128	0
NNDR Administration Grant		562	562	0
NHS Funding	2	3,906	3,906	0
Local Service Support Grant -				
- Preventing Homelessness Grant		253	253	0
- Lead Local Flood Authorities		125	125	0
- Community Safety Fund		340	292	48
- Extended Rights to Free Transport		166	310	-144
Music Grant		378	406	-28
YOT grant		383	443	-60
Children's Workforce in Schools Modernisation Grant		85	85	0
Learner Support Funds		40	40	0
16+ Transport Partnership grant		73	73	0
Further Education Funding (16-18 Funding)		10	10	0
Adult and Community Learning		728	728	0
Train to Gain Grant		233	233	0
Supported Employment		0	30	-30
CWIEC		30	30	0
Community Transport Grant		0	139	-139
Neighbourhood Planning Front Runners		0	80	-80
Winter Impact Grant		0	1,573	-1,573
Grants claimed retrospectively		412	412	0
<b>Total Non Ringfenced Grants</b>		<b>125,702</b>	<b>128,669</b>	<b>-2,968</b>
<b>Total Specific Grants</b>		<b>373,753</b>	<b>361,379</b>	<b>12,373</b>
<b>Total Government Grant Funding</b>		<b>444,088</b>	<b>431,715</b>	<b>12,373</b>

**Notes**

1 The DSG figure includes £17.1m of funding which will go to Academies

2 Spending against NHS Funding grant is to be negotiated with NHS

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**SERVICE FINANCIAL SUMMARY****INTRODUCTION**

1. This section provides a summary of SERVICE forecast outturn positions on revenue and capital budgets at the first quarter year stage, and a summary of the debt position at 30 June. It highlights the key emerging budget pressures facing the Council, outlines potential remedial actions where possible at this stage, and summarises progress against growth and savings policy proposals contained in the 2011-12 budget.

**OVERALL REVENUE SUMMARY****Table 1 - Service Revenue Outturn Forecasts**

	FIRST QUARTER REVIEW 2011-12				
	Net Budget	Forecast Outturn	Variance from Budget	SRE's for Approval	Net Variance
	£000	£000	£000	£000	£000
Directorate	2,010	598	(1,412)		(1,412)
Safeguarding & Specialist Support	27,653	28,031	378		378
Early Intervention & Prevention	11,227	10,815	(412)	(60)	(472)
Strategy, Planning & Performance	39,450	39,871	421	(172)	249
DSG - Non Schools	(22,006)	(20,185)	1,822		1,822
Cross Cutting Savings	(408)	-	408		408
<b>CHILDREN &amp; FAMILIES</b>	<b>57,926</b>	<b>59,130</b>	<b>1,204</b>	<b>(232)</b>	<b>972</b>
Care4CE	-	1,212	1,212		1,212
Strategic Commissioning	44,433	39,855	(4,578)		(4,578)
Local Commissioning	51,246	54,179	2,933		2,933
Health & Wellbeing	10,601	11,148	547		547
Cross Cutting Savings	(493)	-	493		493
<b>ADULTS, COMMUNITY AND HEALTH &amp; WELLBEING</b>	<b>105,787</b>	<b>106,394</b>	<b>607</b>	<b>-</b>	<b>607</b>
Environmental Services	37,622	39,335	1,713	(1,573)	140
Safer & Stronger Communities	163	605	442	(125)	317
Planning & Housing	2,939	3,331	392	(147)	245
Regeneration	11,420	11,769	349	(139)	210
Cross Cutting savings	(237)	(40)	197	-	197
<b>PLACES</b>	<b>51,907</b>	<b>55,000</b>	<b>3,093</b>	<b>(1,984)</b>	<b>1,109</b>
Treasurer & Head of Assets	121,979	122,779	800		800
HR & OD	3,142	3,262	120		120
Borough Solicitor	5,699	5,782	83		83
Policy & Performance	6,869	6,866	(3)		(3)
Corporate Improvement	399	399	-		-
<b>PERFORMANCE &amp; CAPACITY</b>	<b>138,088</b>	<b>139,088</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
<b>UNALLOCATED CROSS CUTTING SAVINGS (within P&amp;C)</b>	<b>(4,548)</b>	<b>(2,548)</b>	<b>2,000</b>		<b>2,000</b>
<b>Total Service Outturn</b>	<b>349,160</b>	<b>357,064</b>	<b>7,904</b>	<b>(2,216)</b>	<b>5,688</b>

2. Table 1 above shows the projected outturn positions at a service level. Overall, services are forecasting an overspend of £7.9m before requests for supplementary revenue estimates (SREs). A significant element of the overspend (£2.0m) arises on unallocated Cross Cutting Savings.
3. Services are requesting SREs of £2.2m to be funded from additional grants received by the Council. The grant bids are summarised below in Table 2. If approved, the net service overspend forecast becomes £5.7m.

**Table 2 - Grant Funded SRE requests**

Directorate / Service	Grant	£000
<b><u>Children &amp; Families</u></b>		
Early Intervention & Prevention	Youth Justice Board	60
Strategy, Planning & Performance	Music	28
Strategy, Planning & Performance	Extended Rights to Free Transport	144
<b><u>Places</u></b>		
Environmental Services	Winter Impact Grant	1,573
Safer & Stronger	Flood & Water Management	125
Planning & Housing	Neighbourhood Planning Vanguard	80
Planning & Housing	Housing Homelessness	67
Regeneration	Community Transport	139
<b>TOTAL</b>		<b>2,216</b>

## **KEY SERVICE REVENUE ISSUES**

4. Key issues impacting on service outturn forecasts are summarised below.

### **CHILDREN & FAMILIES - £1.0m overspend (after SREs)**

5. In setting the Needs Led Budget for 2011-12, an efficiency target of £1.4m was given to service managers. This budget is held with the Director and assumed to be delivered, therefore currently showing as an underspend, and offsetting some of the budget pressures elsewhere in the service.

### **Safeguarding and Specialist Support (SSS) - £378k overspend**

6. The three staffing areas in SSS (Children in Need/Child Protection, Children's Assessment Team and 16+/Cared For Support ) are currently forecasting an overspend of £75k. This is due to the small number of agency staff still remaining. Permanent staff have been recruited; however the need to retain fully qualified Social Workers whilst the new Social Workers are trained and inducted, has meant that the agency workers will be retained until September to support the transition.
7. The placements budgets had growth of £4m in the 2011/12 budget setting process, and this was allocated to the fostering and adoption allowances and the external placements budgets. The initial review of

these budgets shows a projected overspend of £1.4m by year end, if the number of Cared for Children (CFC) remains the same for the rest of the year. The number of CFC has increased in the first quarter of the year, from 439 at 1 April to 452. The numbers of CFC tends to fluctuate throughout the year in reaction to need, and the current spike is related to two large sibling groups who came into care in May 2011.

8. Proactive intervention strategies are in place to reduce the numbers needing to be taken into care, and the creation of the new Early Intervention and Prevention service will also have an impact. In addition, a large cohort of around 30 children are currently waiting adoption orders which will move them out of high cost placements, and should see expenditure reduce accordingly. However as no timeline is available for this, these children are currently included in the projections as if the placements will remain for the full year.
9. The service received £780k growth for the policy proposal to develop residential provision within the borough. Progress has been made on the scheme, the tender document is being developed, and potential properties have been identified. Some of the growth has been used to purchase an additional 3 beds in Wilkinson House for 2011-12 whilst the scheme is implemented, leaving an underspend of £466k.

Early Intervention and Prevention - £472k underspend

10. A new Early Intervention and Prevention service has been created which encompasses Children's Centres, Family Centres, the Family Service and the First Call service, which encompasses the Family Information Service and the Common Assessment Framework (CAF). The Head of Service took up post in April 2011 and is in the process of restructuring, investing in front line staff and moving to a locality based service.
11. This new structure will come into effect in September 2011, and until then there has been a hold on vacancies and a directive to curtail additional spend as much as possible whilst the new structure is implemented. Whilst the service is forecast to underspend at the moment, once the new structure is in place any under spends are likely to be reinvested into the Targetted Youth Service.
12. The service budgeted for Youth Justice Board grant income of £443k on the assumption it was ringfenced and would come directly to Children and Families. However all grants are now budgeted for corporately so this income budget in the service will not be achieved. £60k is being requested from additional grant funding.

Strategy, Planning and Performance - £249k overspend

13. The service also budgeted for Music grant income of £406k on the assumption it was ringfenced and would come directly to Children and Families. Again, as all grants are now budgeted for corporately, this income budget in the service will not be achieved. £28k is being requested from additional grant funding.
14. Most of the other budgets in this area are expected to net nil by year end. Unspent Standards Funds has been carried forward from 2010-11

to offset additional planned expenditure in the early part of this year, recognising the funding being academic year.

15. The area of pressure here is Business Support which has been targeted with achieving £250k savings on staffing and £250k on Supplies and Services. Early indications are that the staffing savings will be achieved. However the service have centralised the Business Support function, and will need to keep spend on supplies and services under review, bearing in mind the wider Business Management Review.
16. The service is also applying for a Supplementary Revenue Estimate of £144k from the grants contingency in respect of Extended Rights to Free Transport, where the actual grant received is more than the original budget allocation.

Schools / Other School Related - £1.822m overspend

17. In setting the Needs Led Budget for 2011-12, no budget was set aside for early retirement, pension and redundancy costs relating to schools. These are enhancements paid to teachers but which cannot be charged to DSG. This currently costs £2.3m per year.
18. Centrally retained DSG was not fully spent in 2010-11, allowing budget of £538k to be carried forward and used to offset the budget pressures on schools redundancy, £280k and SEN contingency £200k. An increase in the amount of DSG allocated by the DfE for 2011-12 of £430k has added to this, creating an underspend in centrally retained DSG of £478k to offset the pensions funding gap.
19. The Individual Schools Budget (ISB) is assumed to balance as actual spend will equal budget and schools will retain in full any carry forward. The 2011-12 budgets will increase by £10m when the 2010-11 carryforward is applied to the accounts from reserves.
20. The income budgets for the Dedicated Schools Grant (DSG) and VIth Form income from the YPLA will be reduced in year in direct proportion to the expenditure budget reductions in the ISB following any adjustment relating to schools converting to Academies during the year as the budgets are calculated as no longer being due to the maintained school, i.e. the net impact should be nil.

Emerging Pressures

21. In addition to the pressures caused by the Pensions funding gap and grant income shortfall, the service are aware of other likely pressures on the budget for this year and ongoing: -
  - Impact of the Southwark judgement on care costs
  - Development of a special school in the borough, with associated project management costs
  - From 2012-13 custody and remand costs will be the responsibility of the Council although no budget is expected to come with the transfer of responsibility. This is likely to have an impact on the 16+ service.

## 2011-12 Savings Proposals

22. The Directorate has savings proposals totalling £5.6m for 2011-12. At FQR, it is forecast that £4.3m of the proposals will be fully achieved. £1.3m savings relating to Children in Care placements is potentially “at risk”, but measures as described above are in place to minimise the potential impact.

## Conclusion

23. The directorate is predicting an overspend of £1.0m, however this is assuming the service will be able to absorb some of the pressure. The service will continue to explore remedial actions to minimise the need for further calls on balances.

## **ADULTS, COMMUNITY, HEALTH & WELLBEING - £0.6m overspend**

24. Overall, the department is forecasting a residual overspend of almost £0.6m, with the Adults side of the department balanced, after proposed remedial actions.
25. The 2011-12 budget has been set at a level to ensure that inherent budget pressures from previous years had been addressed. In 2011-12, the ACHWB budget whilst benefiting from growth policy options continues to have ambitious policy savings targets in excess of £10m for this financial year alone.
26. Delays are anticipated in delivering some of the more complex policy options including: building based review savings; lifestyle centres and transport savings.

## Care4CE - £1.212m overspend

27. The majority of the overspend position in Care4CE is directly related to the delay in delivering the rationalisation of buildings (£0.827m). Work is underway to bring forward proposals to address this shortfall as soon as possible and ensure a full year effect is delivered in 2012/13.
28. A reduction in NHS income budgets due to the de-commissioning of services equates to a loss of income of £0.3m.
29. The council has two year temporary funding from the NHS which is being used to establish the re-ablement service (including Community Re-ablement and assistive technology). This service is intended to deliver savings for Cheshire East Council and NHS Partners. These reablement savings will be closely monitored during detailed quarterly financial monitoring reports to ensure this investment is working financially.
30. Whilst the intention is for existing staff to be re-deployed into re-ablement positions there will still be voluntary redundancies associated with this business model, the costs of these have been factored into the Strategic Commissioning budget (these form the majority of the total estimated VR's for the department which are estimated at £2.2m).

Individual Commissioning - £2.933m overspend

31. Due to budget pressures in previous years, considerable care cost growth budget has been allocated to the service in 2011-12 covering the first two years of operation of Cheshire East Council. This budget was allocated to reflect the growth in the number of care clients and complex care packages and **does not** account for any inflationary pressure growth (the Council are continuing to hold a zero inflation uplift position).
32. The savings linked to care costs are assumed to be delivered in year and this is reflected in the current projected outturn.
33. In 2011-12 the service have an ambitious savings target in relation to transport reductions of £0.8m. It is not anticipated that these savings will be fully delivered in year, this is due to the timeframe required to review clients packages and the ability of the transport service to reduce costs (i.e. whilst the number of clients is reducing, the costs will not reduce until certain services are stopped).
34. Whilst the budget for care will currently be balanced (once the virement from Strategic Commissioning into Individual Commissioning has been actioned), there remains a number of very high financial risks facing this budget. These include the risk of provider failure (recently estimated in one high profile case at £1.5m); higher than expected growth (growth is estimated to be running at approx. £4m p.a.) and/or pressure from providers to pay across an inflation increase (estimated at £1.6m in 2001/12) will increase the forecasted care cost position. **These high financial risks need to continue to be recognised corporately as any of these factors has the potential to have a material adverse effect on the overall financial stability of the council.**

Strategic Commissioning - £4.578m underspend

35. Whilst overall this part of the service is reporting an underspend, this is due to currently holding the 2011-12 care cost growth budget (£3.8m) and the NHS social care allocation budget (£3.9m) both of these budgets need to be allocated across the Adults service. The VR costs for the department are currently being housed here.
36. There are underlying budget pressures within Strategic Commissioning including the Cheshire East part of the Pooled budget with Health, staffing budgets for which the full development of a costed model is suggested to take account of numerous changes recently and the Emergency Duty team where some correction of staffing costs and budget realignment is needed.

Health and Wellbeing - £0.6m overspend

37. The service is experiencing a number of budget pressures, some are associated with 2011-12 policy items (Library review; Lifestyle centre income) but the service is also feeling the impact of other council service decisions including the recharge of Legionella Audits and cost of hosting Customer Access Points in libraries. An efficiency review of Libraries is already underway with the aim of identifying remedial actions in order to reduce this projected deficit.



38. The reported Health and Wellbeing overspend is also partly due to a number of pressures affecting the base budget which have recently come to light. These include utility costs for water and inflationary pressures such as an increase in fuel cost for the mobile libraries.
39. The following list summarises the Emerging Pressures for ACHWB identified to date

Emerging Pressures

- Ability to deliver full year savings linked to the rationalisation of building based services will depend on how/when buildings are closed.
- Potential high costs of judicial reviews.
- Transport policy savings will not be fully achieved in year.
- Continued pressure on the Learning Disability Pooled Budget.
- Staffing pressures are starting to emerge from within the service.
- Policy savings items still need to be allocated within the service.
- One or two high risk Policy savings need to be further evidenced and their full year effect verified e.g. care cost savings through review and Leisure income.
- There is a risk of care provider failure during this financial year.
- Library review is not delivering anticipated savings and is unlikely to deliver any savings in year unless an alternative approach is adopted (i.e. using volunteers in libraries to reduce staffing costs).
- Additional costs of hosting Customer Access Points in libraries (i.e. additional staffing requirement).
- Transfer of Legionella Audit Charges to the service.
- Additional costs in relation to the Royal visit.

2011-12 Savings Proposals:

40. The Directorate has savings proposals totalling £10.7m for 2011-12. At FQR, around £4.5m of savings have been achieved to date. The majority of other savings proposals are “at risk” of only being partly achieved, however remedial measures, including reduced care costs, as described above and in the appendix are in place to minimise the potential outturn impact.

Conclusion

41. The department continues to face a real challenge in delivering a balanced outturn for 2011/12. It should be noted that the current projection of £0.6m overspend includes the assumption that the department will fund its own Voluntary Redundancy costs which are estimated at £2.2m and also, includes £0.6m of cross cutting savings which have recently been allocated to the Department.

**PLACES - £1.1m overspend (after £2.0m SREs)**

42. The Places Directorate has a net budget for 2011-12 of £51.9m after allowing for savings proposals of £5.9m.
43. Forecasts include a number of supplementary items fully funded from grants; e.g. Highways £1.6m, Community Transport £139k; Flood defence £125k; etc, resulting in total Supplementary Revenue Expenditure (SRE) requests of £2.0m for the Directorate.
44. After SRE's, the Directorate is forecasting an adverse net variance against budget of £1.109m, comprising £380k on Voluntary Redundancy (VR) costs paid/forecast to date and £729k service budget pressures.

Emerging Pressures:

45. The key emerging pressures at FQR relate to the following:
  - VR severance costs £380k not included in the Directorate budget.
  - One off pressures associated with the split implementation of the Waste harmonisation/optimisation total £750k, offset by Environmental Services pay and non-pay savings £618k, Waste contracts savings totalling £284k and remedial actions to reduce the waste minimisation spend by £50k, giving a net saving of £202k.
  - Grounds Maintenance - 2011-12 policy savings of £112k, proving difficult to realise in full, offset by a forecast reduction in verge maintenance expenditure in the latter part of the year of £150k.
  - Amended and delayed implementation of the increases in market rents (£194k).
  - Car Parking adverse income variance of £227k is anticipated due to continuing economic recessionary pressures and a delay in the tariff increase until the end of August 2011. Pay and Display (£14K) and Car Parking Fines (£213k).
  - The 2011-12 policy change to reduce the Council's contribution to the Environment Agency (EA) in respect of the Flood Defence Levy by £131k is currently being contested by the Environment Agency (EA) and therefore may not be realisable.
  - the costs of a major Planning Enquiry (£115k).
  - Local and Rural Bus contracts (£168k), which takes account of bus service changes not being implemented in 2010-11 and only a part year effect of service reductions in 2011-12.

SRE Requests:

46. At FQR, the Directorate makes the following SRE requests totalling £1.984m in relation to service expenditure included in the forecast out-turn position, to be funded from the Grants Contingency:
  - Highways Winter Impact (£1.573m)

The Highways Service was awarded DfT Winter Impact Grant in March 2011 of £2.048m, after applying £475k in 2010-11 the remaining £1.573m is to be utilised in 2011-12 on winter related Highways maintenance repairs.

- Flood & Water Management Act (£125k)

Regulatory Services has taken on additional responsibilities under the Flood and Water Management Act that requires an SRE of £125k to match DEFRA funding in 2011-12.

- Spatial Planning Neighbourhood Planning (£80k)

Spatial Planning have successfully bid for a Neighbourhood Planning Vanguard grant of £80k and request that the monies are utilised to fund the community consultations, publicity and sustainability and transport assessments in the four towns of Alsager, Congleton, Middlewich and Sandbach, which will act as pilots in the process before it is rolled out to the other towns and larger villages in Cheshire East.

- Housing Homelessness Grant (£67k)

Housing request that £67k from the 11-12 Homelessness grant is made available to enable the Housing Options team to employ temporary resource to help provide advice and assistance due to the increased volume and complexity of cases in the Crewe area and also provide the Court Desk with an additional grant to deal with an increased use of this service.

- Community Transport Grant (£139k)

An SRE is requested for £139k to utilise the Community Transport Grant income awarded in March 2011 to kick start the development of Community Transport in the Crewe and Nantwich areas of the Borough.

#### 2011-12 Savings Proposals:

47. The Directorate has savings proposals totalling £5.9m for 2011-12. At FQR the forecast out-turn achievement against these savings is £4.8m, with £1.1m potentially "at risk". As detailed above the principle variances relate to:

Markets – delayed/reduced rent increases	£194k
Regulatory Services – delays in review of structure	£160k
Development Mgt – EA contesting reduced contribution to Flood Cttee	£131k
Transport – Delayed implementation of bus cuts	<u>£168k</u>
	£653k
Additional one-off costs re Route Optimisation/ harmonisation (net)	<u>£416k</u>
Total	<b><u>£1,069k</u></b>

48. The Directorate has already identified some remedial measures to contain the impact of these adverse variances as referred to above and these are reflected in the overall out-turn forecast. The Directorate will continue to closely monitor and manage key areas and identify scope for further remedial actions.

Conclusion:

49. At this early stage in the year the Places Directorate is forecasting net pressures of £1.109m, mainly in respect of funding VR severance costs (£380k) and service pressures (£729k) from not realising the full extent of certain savings targets in the year. The Directorate will continue to closely monitor and manage key areas and identify scope for further remedial actions.

**PERFORMANCE & CAPACITY - £1.0m overspend**

Borough Treasurer & Head of Assets - £800k overspend

50. An overspend of £800,000 is forecast within the Directorate relating to the ICT Shared Service.
51. There is also a very high risk that the full £2m saving from the Asset Challenge policy proposal will not be fully delivered in year but the assumption at the first quarter is that mitigating savings will be found to deliver the saving in full. Other pressures in the service include utility price increases, loss of income from vacant units in the investment portfolio due to market conditions, and non operational property expenditure exceeding available budget. In addition the impact of the VR cross cutting saving of £252k presents a further challenge.
52. The overspend of £800k relating to ICT Shared Services is based on a budgeted scenario and assumes a high level of delivery against the ICT capital programme and substantial delivery of savings within the shared service. Some of the overspend may be mitigated if Shared Services can reduce their cost base quickly and accelerate the delivery of savings anticipated in 2012-13 and 2013-14. Delivery of these savings and proactive monitoring of the financial position will ensure the overspend is far below the £1.1m overspend that was reported in 2010/11.
53. Within the procurement service pressures exist as a result of absorbing CBS supplies budgets, subscribing to AGMA (Association of Greater Manchester Authorities), recruitment of an interim category manager and non achievable income targets. However, it is assumed that compensating savings will be found to balance the budget in year.

HR & OD - £120k overspend

54. HR & OD is predicting an underspend of £20k before the impact of harmonisation work is taken into consideration. The £120k overspend is due to anticipated costs of £140k being incurred on pay harmonisation work and an SRE to fund this work will be considered at mid year alongside a bid for funding of one-off mitigation and protection costs..

Borough Solicitor - £83k overspend

55. A small overspend is predicted due to the impact of VR cross cutting savings and the potential recruitment of staff into Legal services.

Policy & Performance - £3k underspend

56. Policy & Performance is forecasting a broadly balanced outturn position in total at the end of the year. There is a projected overspend on Customer Services of £37k which is due to the delayed closure of the Westfields customer service point. This is offset by a forecast underspend of £40k on staffing by the Audit and Compliance teams.

Corporate Improvement – nil variance

57. Corporate Improvement is forecasting a balanced outturn position. Rationalising structures has created a permanent underspend, but this is offset in the current year by one-off severance costs.

2011-12 Savings Proposals:

58. The Directorate has savings proposals totalling £6m for 2011-12. At FQR, it is anticipated that these will be delivered or managed within the bottom line, though there is a significant risk surrounding the delivery of the £2m Asset challenge saving.

**UNALLOCATED CROSS CUTTING SAVINGS - £2.0m overspend**

**Cross Cutting savings held in BTHoA**

59. Business Management Review – Savings targets totalling £492k have been allocated to People and Places Directorates and budgets adjusted accordingly. The remaining savings target of £258k relates to the whole of P&C but is currently held within BTHoA pending agreement on a plan to deliver the required savings. A plan to deliver the savings will be agreed and therefore a net nil variance is forecast.
60. Shared Services Improvement in Services – This saving of £300k is currently held within the BTHoA service, pending a strategy to deliver the saving. The saving was originally to be met from continuing shared services outside of ICT, HR and Finance but this has not proved possible. Therefore, a forecast overspend of £300k is reported.
61. Procurement Saving. The Council wide procurement savings target of £1.4m is currently held centrally within the service pending agreement from Corporate Management Team (CMT) on the allocation of the savings target. The latest estimate from the Procurement team is that a maximum saving of £1.2m is possible in 2011-12, which means that an overspend of at least £0.2m is likely.

**Cross cutting savings held in HR/OD**

62. Pay Harmonisation. The Council wide savings target of £2.4m for 2011-12 is held centrally within the service pending final agreement and acceptance of the package of changes. The maximum level of savings which can be generated in 2011-12 from the latest package is estimated to be £0.6m, leaving a projected overspend of £1.8m in year.
63. Salary Sacrifice Scheme/Reed Contract savings. The Council wide savings target of £490k for 2011-12 is held centrally within the service

pending agreement from CMT on its allocation. Spend on agency staff has contracted markedly in 2011-12 and the assumption is that CMT will approve delivery of the saving based on this reduced level of spend. Therefore, year end variance of net nil is forecast.

64. VR Saving – the original target for new Category 3 VR savings was £600k. However, savings totalling £900k have been distributed to services across the authority leaving a positive budget of £300k retained by the service, resulting in a forecast year end underspend of £300k.

## **REVENUE BUDGET - CONCLUSION**

65. Following allocations of grant funding, the level of projected net service overspending is significant at £5.7m. Other budget pressures, including those arising in Children and Families from incorrect assumptions made at the budget setting stage, should be noted for now on the understanding that services will work to contain additional costs within their agreed budgets. Extensive remedial measures and actions will be required immediately to drive this down towards a balanced outturn position wherever possible.
66. Proposals for remedial action need to be developed across all services, and not limited to individual service forecasts, as a substantial element of the overspend relates to unallocated cross cutting savings.
67. Some limited alleviation of the impact on general reserves will be available from central budgets as outlined in Annex 1. Other central budgets and provisions will need to be reviewed to establish whether there is any further potential for offsetting savings.

## **CAPITAL PROGRAMME**

68. The final capital outturn position for 2010-11 showed expenditure of £72.643m compared to an in-year budget of £103.32m. The difference between these figures mainly represents budgets not used in 2010-11 but that would in principle be carried forward to 2011-12 as 'slippage'. A fundamental review was carried out at outturn to only allow schemes that met the Council's priorities to be carried forward and any unspent balances were deleted from the programme enabling resources to be freed up for future allocations.
69. Table 3 shows an analysis by Directorate of the in-year Approved Budget for 2011-12, and forecast expenditure for 2011-12 and the three following years to 2014-15.

**Table 3 – Capital Expenditure Forecasts**

Department	In Year Approved Budget	Forecast Expenditure			
	2011-12 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Adults, Health & Wellbeing					
New Starts	1,048	1,048	0	0	0
Committed schemes	6,658	6,658	350	0	0
	7,706	7,706	350	0	0
Children & Families					
New Starts	13,038	7,139	7,826	459	0
Committed schemes	17,305	14,207	5,588	0	0
	30,343	21,346	13,414	459	0
Places					
New Starts	19,397	13,456	7,798	970	0
Committed schemes	18,279	16,157	8,118	3,324	1,615
	37,676	29,613	15,916	4,294	1,615
Performance & Capacity					
New Starts	6,564	6,564	4,693	4,100	0
Committed schemes	12,178	10,853	2,467	1,099	0
	18,742	17,417	7,130	5,199	0
Total New Starts	40,047	28,207	20,317	5,529	0
Total Committed schemes	54,420	47,875	16,493	4,424	1,615
Total Capital Expenditure	94,467	76,082	36,810	9,953	1,615

70. The programme consists of on-going schemes started in previous years (£54.420m) and new starts (£40.047m). The new starts include a number of schemes which form part of a 'core' programme, including essential maintenance, Local Transport Plan (LTP) schemes within Environment, Devolved Formula Capital (DFC) allocations for schools, and Corporate Landlord schemes within Assets. New schemes have been approved by Members as meeting the Council's priorities.
71. The programme is funded from both direct income (grants, external contributions, linked capital receipts), and indirect income (borrowing approvals, revenue contributions, capital reserve, non-applied receipts). A funding summary is given below in Table 4.

**Table 4 – Funding Sources**

Funding Source	Forecast Expenditure			
	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Grants	31,619	14,373	1,560	0
External Contributions	2,634	74	80	0
Linked/Earmarked Capital Receipts	1,075	1,649	0	0
Supported Borrowing	7,462	395	424	0
Non-supported Borrowing	14,487	15,916	5,245	0
Revenue Contributions	807	550	395	0
Capital Reserve	17,997	3,854	2,249	1,615
Total	76,082	36,810	9,953	1,615

72. Appendix 1 shows detail of the individual schemes that make up the disclosures in Table 3 and Table 4.
73. Appendices 2a and 2b list proposals for Supplementary Capital Estimates (SCE) /Virements up to and including £500,000.
74. Appendix 2c lists proposals for Virements up to and including £1,000,000 that Cabinet is requested to approve.

### **Key Service Capital Issues**

#### **Children and Families**

75. **Residential Development Programme**

Total Approved Budget	£1.150m
Budget 2011-12	£1.150m

The requirement for residential provision for looked after children has been reviewed and three properties are to be purchased within the borough, two in the Macclesfield area and one in Congleton. It is anticipated, (dependant on the market) that a property in Congleton will be purchased before March 2012, to coincide and ensure the smooth transition of residential care following the closure of Wilkinson House. This property will include an assessment centre.

Additional funding will be required to support the property purchase prices in the designated areas to maximise the new guidance requirements, i.e., the residential provision should replicate family homes of no more than 4 bedrooms. Purchase prices in specific postcode areas have been evaluated to reflect a true reflection of the current market trends in these areas (one requiring additional space for the assessment unit). All associated costs including adaptation costs, fees, etc, have been estimated to give a gross total cost for each property.

Taking this into account it is anticipated that additional budget provision of £350,000 funded by prudential borrowing may be required. Following further clarification of costs this scheme will be considered for an



increase in budget approval as part of the Mid Year report to Cabinet in November.

### Places

#### 76. LTP Project - Crewe Green Link Road

Total Approved Budget	-	£8.739m
Prior Year Spend	-	£8.353m
Budget 2011-12	-	£0.386m

There could be a financial pressure of £100,000 as there are two outstanding land deals to be completed. Failure to progress with this project will impact on the delivery of the Basford East Regional Investment site, seriously restricting the potential of Crewe Vision and the scope to see land use allocations in the Local Development Framework. A possible solution to the funding pressure is to monitor the overall programme and seek to reallocate funding from other projects which are delayed or under spending.

#### 77. Gurnett Bridge Reconstruction

Total Approved Budget	-	£1.020m
Prior Year Spend	-	£0.630m
Budget 2011-12	-	£0.390m

Gurnett Bridge partially collapsed in December 2009 and a replacement scheme has recently been completed. The scheme costs are in the order of £950,000, carried out over the 2010-11 and 2011-12 financial years. The entire scheme has been funded from the bridges budget over the same period.

As a consequence of the above no bridge strengthening schemes were carried out in 2010-11 and at least one less will be carried out in the 2011-12 financial year. This means that the highway network is at an increased risk as more weak bridges remain on the network than planned.

#### 78. LTP Bridges Minor Works

Brunswick Hill Retaining Wall, Macclesfield and Wellington Road Retaining Wall, Bollington. Severe cracking and bulging of these walls was reported by members of the public during the spring of 2011. After investigation, it was found that these retaining walls are likely to be owned by the Highway Authority even though they do not support the highway itself.

Both of the walls are significant in size and require a considerable amount of work to repair the defects. Wellington Road Wall is currently in the process of being rebuilt because it was considered an immediate safety risk to the public and the likely cost is in the region of £150,000 to £300,000. A scheme is currently being prepared to repair Brunswick Hill Wall and the wall is being closely monitored for signs of further deterioration and this scheme is likely to cost in the region of £100,000 to £200,000.

It is considered that the issues with both of these walls should be classed as unforeseen as the Highway Authority's liability for these structures

has only recently come to light. It should be noted that other similar types of wall exist within the Borough especially in the Macclesfield area. The number of these and their condition is unknown.

Presently, the costs for both of these walls is coming from the Bridges 2011-12 budget. This puts a large strain on the bridges budget which is already trying to absorb the costs associated with Gurnett Bridge reconstruction.

79. Public Rights of Way (PROW)

Coppock House Farm and Bollinghurst Bridge. Both of these bridges carry footpaths and vehicles. Coppock House Farm bridge partially collapsed in February 2011 and a temporary vehicle bridge was installed to maintain access. Bollinghurst bridge is in a poor condition and was closed in February 2011 on safety grounds.

Ownership and maintenance liability for these bridges is being investigated and Legal Services are involved. It is thought that these bridges are privately owned (except for a PROW footbridge component). However, this cannot be guaranteed and liability may yet rest with the Authority.

If it is found that liability rests with the Authority then there would be a significant cost implication.

To replace Coppock House Farm Bridge could cost between £150,000 and £200,000. Bollinghurst Bridge could cost between £200,000 and £250,000 to replace.

80. Queens Park Restoration

Queens Park Restoration Project reconstruction of major footpath key routes required to link up main features with entrances is likely to exceed the available budget by up to £200,000. To limit any potential over spend only essential footpath work is being completed.

81. LTP Poynton Revitalisation Scheme

The scheme is under construction with a scheduled opening date of end of November 2011. Facing cost increases to deliver the originally envisaged scheme and the need to provide for some transition works may see an over spend of £300,000.

**DEBT MANAGEMENT**

82. Total Invoiced Debt at the end of June 2011 was £5.6m. After allowing for £1.3m of debt still within the payment terms, outstanding debt stood at £4.3m. The total amount of service debt outstanding over 6 months old amounts to £2.0m which is £0.4m higher than the level of older debt at 31 March. Services have created debt provisions of £1.6m to cover this debt in the event that it needs to be written off.

83. An analysis of the invoiced debt provision by directorate is provided in Table 5.

**Table 5 Invoiced Debt**

Directorate/Service	Total Outstanding Debt as at 30 <sup>th</sup> June £000	Total Debt Over 6 months old £000	Bad Debt Provision £000
Children & Families	405	340	268
Schools & Catering	20	11	15
<b>Total Children &amp; Families</b>	<b>425</b>	<b>351</b>	<b>283</b>
Care	912	302	
Non Care	840	729	
<b>Total Adults, Health &amp; Wellbeing</b>	<b>1,752</b>	<b>1,031</b>	<b>897</b>
Environmental Services	405	245	143
Safer & Stronger communities	90	59	54
Planning & Housing	93	36	40
Regeneration	111	2	4
<b>Total Places</b>	<b>699</b>	<b>342</b>	<b>241</b>
Treasurer & Head of Assets	1,460	273	198
Other	2	1	
<b>Total P&amp;C</b>	<b>1,462</b>	<b>274</b>	<b>198</b>
<b>Total Debt &amp; Provisions</b>	<b>4,338</b>	<b>1,998</b>	<b>1,619</b>

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Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	£	£	£	£	£	£	£	£
<b>Adults, Community and Health &amp; Wellbeing</b>										
<b>Ongoing Schemes - Adults</b>										
2008-09 Building Review Block	192	111	81	0	81				192	0
Common Assessment Framework	50	31	19	0	0				31	-19
CAF Phs 2 Demonstrator	2,616	1,158	1,458	11	1,477				2,635	19
Social Care IT Infrastructure	198	19	179	0	179				198	0
Mental Health Capital	104	87	17	0	17				104	0
Mental Health Provider	195	195	0	-13	0				195	0
Mayfield Centre	10	4	6	0	6				10	0
Modernising ICT Delivery	638	544	94	0	94				638	0
Enabling Model of Social Care	61	61	0	-6	0				61	0
Extra Care Housing	2,115	2,095	20		20				2,115	0
Community Services Flexible and Mobile working	650	375	275	30	275				650	0
Adults Protect into Paris	50		50		50				50	0
Mental Health Cap 10-11	104	104	0	0	0				104	0
Adults Social Care 2010-11	180	5	175	0	175				180	0
<b>Ongoing Schemes - H&amp;W</b>										
Bridges and other structures on Middlewood Way	828	820	8	5	8				828	0
Springfield Road Allotments	36	27	9	0	9				36	0
Improvements to Congleton Park	29	13	16	2	16				29	0
Alsager Skate Park/Milton Park	28	28	0	-1	0				28	0
Allotment Improvements	15	12	3	0	3				15	0
Sandbach Park Building Refurbish	29	9	20	0	20				29	0
Middlewood Way Viaduct Repairs	546	449	97	8	97				546	0
Improving Leisure Facilities	55	-15	70	45	70				55	0
Sandbach United Football complex	2,220	704	1,516	908	1,516				2,220	0
Play Capital	807	759	48	30	48				807	0
Swim for Free Capital	128	42	86	1	86				128	0
Lawton Green Landscaping	8	0	8	0	8				8	0
Sandbach Park	101	0	101	0	101				101	0
Badger Relocation	115	51	64	0	64				115	0
Lower Heath Play Space Renewal	120	130	-10	-9	-10				120	0
Congleton Park Improvements - Town Wood	72	0	72	0	72				72	0
Cranage Bowling Green & Pavilion refurbishment	20	1	19	0	19				20	0
Nantwich Pool Enhancements (part-funding)	1,385	0	1,035	0	1,035	350			1,385	0
Playgrounds	64	43	21	0	21				64	0
Keepers Close / Mill Close	18	18	0	0	0				18	0
Shell House, Station Road, Wilmslow	129	25	104	-2	104				129	0
Ilford Imaging Site, Mobberley, Knutsford	47	0	47	0	47				47	0
Land South West of Moss Lane	229	187	42	0	42				229	0
Earl's Court, Earlsay, Macclesfield	146	59	86	43	87				146	0
Ground Work Cheshire - Bird Sanctuary	20	2	18	0	18				20	0
Libraries Facilities	500	500	0	-2	0				500	0
Leisure Centre General Equipment	59	53	6	6	6				59	0
Public Rights of Way 10-11	26	24	2	2	2				26	0
Radio Frequency ID (RFID)	1,200	502	698	-27	698		0		1,200	0
Pub Open Spaces-King St	30	0	30	0	30				30	0

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12	To 30-Jun-11	2011/12	2012/13	2013/14	2014/15	£	£
The Blue Lamp Carrs Park	40	2	39	1	38				40	0
Alderley Park	29	0	29	27	29				29	0
<b>Total On-going schemes</b>	<b>16,242</b>	<b>9,234</b>	<b>6,658</b>	<b>1,059</b>	<b>6,658</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>16,242</b>	<b>0</b>
<b>New Starts 2011/12 - Adults</b>										
Busins Sys for Transformn	200		200		200				200	0
<b>New Starts 2011/12 - H&amp;W</b>										
Leisure Cent ICT Member Sys	200		200		200				200	0
Public Rights of Way 11-12	30		30		30				30	0
Refurb of Oakley Centre	250		250		250				250	0
Relocation of Library Services	285		285		285				285	0
Rode Heath Community Facility	24		24	10	24				24	0
Y.P.U., Victoria Rd., Macclesfield	35		35	1	35				35	0
Reades Lane, Congleton	14		14		14				14	0
Lower Heath Community Project	10		10	3	10				10	0
<b>Total 2010-11 New bids approved</b>	<b>1,048</b>	<b>0</b>	<b>1,048</b>	<b>14</b>	<b>1,048</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,048</b>	<b>0</b>
<b>Total Adults and H&amp;W Programme</b>	<b>17,290</b>	<b>9,234</b>	<b>7,706</b>	<b>1,073</b>	<b>7,706</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>17,290</b>	<b>0</b>
<b>Children &amp; Families</b>										
<b>Ongoing Schemes</b>										
SureStart Aiming High for Disabled Children	95	94	0	0	0	0	0	0	94	-1
Oakenclough PS	975	975	0	0	0	0	0	0	975	0
East Cheshire Minor Works Ph3	512	507	5	4	5	0	0	0	512	0
Holmes Chapel Library Childrens Centres Ph3	0	0	0	0	0	0	0	0	0	0
Sandbach Childrens Centres Ph3	783	736	48	0	48	0	0	0	784	0
Shavington Childrens Centres Ph3	480	480	0	0	0	0	0	0	480	0
Mablins Lane Childrens Centres Ph3	635	635	0	0	0	0	0	0	635	0
SCP Childrens Services	47	11	36	0	36	0	0	0	47	0
Extended Schools	0	0	0	0	0	0	0	0	0	0
ICT Childrens Centres Ph3 East	52	3	49	0	49	0	0	0	52	0
Childrens Homes Rationalisation	1,013	1,006	6	0	6	0	0	0	1,012	0
Access Initiative 08-09 East	90	90	0	0	0	0	0	0	90	0
Schools - Access Initiative	65	65	0	0	0	0	0	0	65	0
Playground Mark Phase1 NOF East	103	102	0	0	0	0	0	0	102	-1
Devolved Formula Capital 06-07 East	4,673	4,673	0	0	0	0	0	0	4,673	0
Devolved Formula Capital 07-08 East	5,046	4,796	250	11	250	0	0	0	5,046	0
Devolved Formula Cap 08-09 East	4,971	4,442	529	12	529	0	0	0	4,971	0
Devolved Formula Capital	5,400	3,480	1,027	85	1,027	893	0	0	5,400	0
Devolved Formula Capital - In Advance	1,955	1,946	9	63	9	0	0	0	1,955	0
14-19 diploma	0	0	0	0	0	0	0	0	0	0
Integrated Children's Systems (ICS) 08-09 East	922	460	462	-2	150	312	0	0	922	0
Children's Workforce Dev Sys East	70	0	70	0	70	0	0	0	70	0
Adults workforce Census East	15	0	15	0	15	0	0	0	15	0
Harnessing Technology	801	801	0	0	0	0	0	0	801	0
Contact Point / Further Dev of Children's Hub/ e-CAF	382	95	286	-33	52	234	0	0	381	-1
Capital for Kitchen & Dining Facilities	595	218	376	0	376	0	0	0	594	0
Schools - Modernisation Programme	0	0	0	0	0	0	0	0	0	0
Repairs to Mobile Classroom Ext Schs East	30	29	1	0	1	0	0	0	30	0
Schools - Minor Works (Basic Need)	327	327	0	0	0	0	0	0	327	0

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12 £	To 30-Jun-11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	£	£
VA Contributions 09-10	37	37	0	0	0	0	0	0	37	0
Primary School & YOT Extension repairs	93	83	11	0	11	0	0	0	94	1
Springfield Spec School	120	116	4	0	4	0	0	0	120	0
Alsager Highfields Toilet adaption	212	212	0	0	0	0	0	0	212	0
TLC Dean Oak's PS	3,187	3,164	23	0	23	0	0	0	3,187	0
Stapely Broad Lane PS - Replacement of temp accomodation	942	518	424	321	341	83	0	0	942	0
Christ the King Catholic & C of E PS	3,340	3,013	327	135	327	0	0	0	3,340	0
TLC Vernons PS Amalgamation	3,753	3,728	25	0	25	0	0	0	3,753	0
TLC Oakefield Prim&Nursery Sch	2,030	2,029	0	0	0	0	0	0	2,029	0
Offley Primary School	1,025	954	71	54	71	0	0	0	1,025	0
Cledford TLC Scheme	3,360	3,344	16	2	16	0	0	0	3,360	0
Gorsey Bank Floor Repair	1,768	1,633	135	3	135	0	0	0	1,768	0
Brine Leas Sixth Form	7,311	7,214	98	1	98	0	0	0	7,312	0
Kings Grove Mobile Replacement	790	428	362	0	362	0	0	0	790	0
TLC Sir William Stanier Comm S	21,598	21,297	302	-1	302	0	0	0	21,599	0
Wilmslow Specialist Sports College	858	858	0	0	0	0	0	0	858	0
Signage (£5k*20 centres, estimate)	10	0	10	0	10	0	0	0	10	0
Nantwich Rural Children's Centre (Wrenbury) Ph3	0	0	0	0	0	0	0	0	0	0
Nantwich Rural Children's Centre (Audlem) Ph3	0	0	0	0	0	0	0	0	0	0
Underwood West PH3 Expansion	310	272	38	5	38	0	0	0	310	0
Oakenclough nursery area refurbishment	0	0	0	0	0	0	0	0	0	0
Cheshire East Surestart Aim High for Disabled Children	391	380	11	0	11	0	0	0	391	0
Childrens Social Care	35	0	35	0	35	0	0	0	35	0
Extended Schools	0	0	0	0	0	0	0	0	0	0
ESCR	350	0	350	0	120	230	0	0	350	0
P.A.R.I.S - PCT access	25	0	25	0	25	0	0	0	25	0
Schools - Access Initiative	606	38	568	0	568	0	0	0	606	0
Schools - Access Hearing Impaired	0	0	0	0	0	0	0	0	0	0
Mallbank Redesignation of Specialist School	50	0	50	0	50	0	0	0	50	0
Tytherington High School Redesignation of Specialist School	25	24	1	0	0	0	0	0	24	-1
Targetted Capital Funding (TCF) 14 - 19 Diploma	1,114	0	1,114	0	1,114	0	0	0	1,114	0
Devolved Formula Capital 10-11	3,378	0	1,779	0	1,779	1,599	0	0	3,378	0
Harnessing Technology	244	129	115	0	115	0	0	0	244	0
Schools Modernisation Programme	1,198	0	1,198	0	1,198	0	0	0	1,198	0
Schools - Basic Need	387	223	163	0	163	0	0	0	387	0
Land Block 10-11	67	0	67	0	67	0	0	0	67	1
Land Drainage 10-11	63	17	46	0	46	0	0	0	63	0
Feasibility 10-11	82	14	68	3	68	0	0	0	82	0
VA Contributions 10-11	13	2	11	0	11	0	0	0	13	0
Primary Capital Programme (PCP)	22	0	22	0	22	0	0	0	22	0
Specialist Schools	300	0	300	0	300	0	0	0	300	0
Alsager H S Perf Arts Cent	1,134	373	761	0	761	0	0	0	1,134	0
Poynton HS	3,300	0	2,280	0	1,020	1,260	0	0	2,280	-1,020
Tytherington HS	3,130	0	2,153	0	1,176	977	0	0	2,153	-977
Reaseheath College 2010-11	200	200	0	0	0	0	0	0	200	0
St Johns Wood CS - Sports Barn	268	264	4	0	4	0	0	0	268	0
Adelaide School - New Workshop	200	35	165	0	165	0	0	0	200	0
Malbank School & Sixth Form College	1,185	304	881	0	881	0	0	0	1,185	0
Styal PS Early Years Classroom	135	12	123	0	123	0	0	0	135	0
<b>Total On-going schemes</b>	<b>98,681</b>	<b>76,887</b>	<b>17,305</b>	<b>661</b>	<b>14,207</b>	<b>5,588</b>	<b>0</b>	<b>0</b>	<b>96,682</b>	<b>-2,000</b>
<b>New Starts 2011-12</b>										
Devolved Formula Capital 11-12	1,009	0	1,009	18	100	450	459	0	1,009	0
Minor Works 11-12	1,500	0	1,500	0	1,431	65	0	0	1,496	-4

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12	To 30-Jun-11	2011/12	2012/13	2013/14	2014/15	£	£
Capital Maintenance Allocation 11-12	5,215	0	5,700	0	2,058	3,157	0	0	5,215	0
Residential Dev Programme 11-12	1,150	0	1,150	0	918	582	0	0	1,500	350
Short Break Re Provision 11-12	700	0	700	0	700	0	0	0	700	0
Pupil Referral Unit 11-12	1,500	0	1,500	0	1,000	500	0	0	1,500	0
Basic Need 11-12	1,706	0	1,300	0	534	1,172	0	0	1,706	0
Specialist Special Needs Provision 11-12	2,000	0	100	0	100	1,900	0	0	2,000	0
Pear Tree Primary School	79	0	79	2	95	0	0	0	95	16
Short Breaks for Disabled Children	0	0	0	0	203	0	0	0	203	203
<b>Total 2011-12 New bids approved</b>	<b>14,859</b>	<b>0</b>	<b>13,038</b>	<b>20</b>	<b>7,139</b>	<b>7,826</b>	<b>459</b>	<b>0</b>	<b>15,424</b>	<b>565</b>
<b>Total Children &amp; Families Programme</b>	<b>113,540</b>	<b>76,887</b>	<b>30,343</b>	<b>681</b>	<b>21,346</b>	<b>13,414</b>	<b>459</b>	<b>0</b>	<b>112,106</b>	<b>-1,435</b>
<b>Places</b>										
LTP - Local Area Programmes - South	360	245	116	0	114	0	0	0	359	0
Development of land at Alderley Edge Cemetery	100	8	0	-1	0	81	0	0	89	-11
Adaptations to Pym's Lane Garage	6	1	5	0	5	0	0	0	6	0
Waste Infrastructure Capital Grant	1,114	561	553	764	795	0	0	0	1,356	242
LTP - Bridge Maintenance	1,223	1,223	0	-7	0	0	0	0	1,223	0
LTP - SEMMMS - Environment Services allocation	862	808	54	5	53	0	0	0	861	0
Queens Park Restoration	6,757	5,617	1,140	758	1,140	0	0	0	6,757	0
Alderley Edge By-Pass Scheme Implementation	54,662	42,974	3,549	555	3,364	4,015	2,719	1,615	54,687	24
Integrated Area - Minor Works (2007-08)	793	793	0	1	0	0	0	0	793	0
Highway adoption - Springvale	18	14	5	0	5	0	0	0	19	1
Highway Adoption - Talke Road	7	0	7	0	7	0	0	0	7	0
Crewe and Macc HWRCs	151	158	0	-7	-7	0	0	0	151	0
Alsager Closed Landfill Site	60	0	60	0	60	0	0	0	60	0
West Street Environmental Improvements	604	638	0	-33	-34	0	0	0	604	0
LTP - Principal Roads Maintenance - Minor Works	1,589	1,588	0	-7	0	0	0	0	1,588	-1
LTP - Non Principal Roads Maintenance - Minor Works	3,336	3,280	53	-77	53	0	0	0	3,333	-2
LTP - Bridge Maintenance - Minor Works	524	524	0	60	62	0	0	0	586	62
Gurnett Bridge, Hall Lane, Sutton	1,020	630	390	225	390	0	0	0	1,020	0
Alderley Edge Village enhancements	50	6	44	0	44	0	0	0	50	0
Local Measures - Ward Minor schemes	486	486	0	-12	0	0	0	0	486	0
Local Measures - Ward Local schemes	274	274	0	-1	0	0	0	0	274	0
LTP - Detrunked Road - A523 Bosley	829	69	760	9	760	0	0	0	829	0
De-Trunked Rds - A51 Landslip, Wardle	108	88	20	0	20	0	0	0	108	0
Part 1 Claims	111	106	4	-4	0	0	0	0	107	-4
Crematoria - Replacement cremators	450	0	450	0	0	450	0	0	450	0
New Cremators - Macclesfield	800	48	752	29	752	0	0	0	800	0
Waste Infrastructure Capital Grant (WICG)	242	0	242	0	0	0	0	0	0	-242
Replacement Bin Stock	36	26	10	7	10	0	0	0	36	0
Cemetery road and path improvements	100	32	68	-6	68	0	0	0	100	0
Connect 2 - Phase 2	865	289	576	180	461	115	0	0	865	0
Private Sector Assistance Initiative	1,497	1,007	490	7	326	100	75	0	1,508	11
Affordable Housing - Assisted Purchase Scheme	600	418	182	30	182	0	0	0	600	0
Choice Based Lettings	232	182	40	0	40	0	0	0	222	-10
Affordable Housing Initiatives	870	559	311	0	0	155	155	0	870	0
Housing Grants - S106 Funded (Ex MBC)	1,045	780	265	0	265	0	0	0	1,045	0
Social Housing Grants/ Enabling Affordable Housing	1,093	401	691	0	318	141	0	0	860	-233
Market Square, Crewe - Interim Improvements	233	233	0	14	18	0	0	0	251	18
Asbury Marsh Caravan Site	0	0	0	11	42	0	0	0	42	42



Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
			2011/12	To 30-Jun-11	2011/12	2012/13	2013/14	2014/15		
	£	£	£	£	£	£	£	£	£	£
Private Sector Housing Assistance Initiative	849	81	768	106	533	240	0	0	853	4
Disabled Facilities Grant	1,145	836	308	276	308	0	0	0	1,144	0
Affordable Housing - Assisted Purchase Scheme	330	0	330	0	90	240	0	0	330	0
Empty Homes Initiatives	0	0	0	0	100	400	0	0	500	500
East Cheshire Transport Study	145	145	0	0	0	0	0	0	145	0
LTP - Road Safety Schemes	740	429	311	159	336	0	0	0	765	25
Capital Programme Management Support	51	43	8	0	-7	0	0	0	36	-15
Tatton Park - Conservatory/Orangery	298	35	263	162	263	0	0	0	298	0
Section 278's - 09-10 New Starts	68	29	7	-1	15	1	0	0	45	-23
Crewe Town Squares - Lyceum Square	1,812	1,789	23	-6	70	0	0	0	1,859	47
LTP - SEMMMS - Regeneration allocation - Major Projects	2,895	2,895	0	-5	0	0	0	0	2,895	0
Crewe Town Squares/ Shopping Facilities Refurbishment & Toilets	2,974	1,874	100	1	100	835	0	0	2,809	-165
LTP - SEMMMS - Transport element - BQP/PTI	2,618	2,618	0	0	0	0	0	0	2,618	0
Section 278 Agreements (2002-03)	34	33	0	0	0	0	0	0	33	-1
Section 278 Agreements (2003-04)	191	159	0	0	0	0	0	0	159	-32
LTP - Crewe Green Link Road	8,739	8,353	386	24	386	0	0	0	8,739	0
Section 278 Agreements (2004-05)	234	169	0	0	0	0	0	0	169	-65
Section 278 Agreements (2005-06)	77	67	1	0	1	0	0	0	68	-9
Section 278 Agreements (2006-07)	543	236	286	16	36	5	0	0	277	-265
Section 278 Agreements (2007-08)	86	17	8	0	8	0	0	0	25	-61
Connect2 - Crewe & Nantwich Greenway	473	473	0	4	0	0	0	0	473	0
Parkgate	1,382	236	245	3	245	900	0	0	1,381	-1
Leighton Brook Park	379	377	2	0	2	0	0	0	379	0
Section 278 Agreements - (2008-09)	257	41	83	-5	12	21	80	0	154	-103
Monks Heath, Alderley Edge	350	299	51	-1	51	0	0	0	350	0
LTP - Principal Roads Maintenance - Asset Management	85	85	0	-20	0	0	0	0	85	0
LTP - Non Principal Roads Maintenance - Asset Management	141	141	0	-28	0	0	0	0	141	0
LTP - Project Development Schemes - Minor Schemes	32	6	26	0	23	0	0	0	30	-3
LTP - East Cheshire Transport Study	125	125	0	-7	0	0	0	0	125	0
LTP - Road Safety Schemes - Minor works	431	186	245	15	245	0	0	0	431	0
Non LTP s278s	121	29	77	1	80	9	0	0	117	-4
Town Centres Spatial Regeneration	845	0	300	0	300	250	295	0	845	0
Tatton - Visioning feasibility	50	4	46	10	46	0	0	0	50	0
Tatton - Development	240	32	208	62	208	0	0	0	240	0
Tatton Park - Office Accommodation Phase 2	0	0	0	1	30	0	0	0	30	30
Poynton Revitalisation Scheme	3,600	1,642	1,958	280	2,033	0	0	0	3,675	75
Poynton High, Links to School	130	0	130	86	130	0	0	0	130	0
Safe Links to Sch Middlewich	147	147	0	0	0	0	0	0	147	0
Section 278 Agreements (pre 2002-03)	1,909	1,411	0	0	0	0	0	0	1,411	-497
Car Park Charges Congleton	147	131	16	-4	16	0	0	0	147	0
Thomas Street Car Park - West	77	77	0	-3	0	0	0	0	77	0
CDRP - Building Safer Communities Fund	80	80	0	0	0	0	0	0	80	0
Parking Projects in Poynton	75	0	75	0	0	0	0	0	0	-75
Alley Gating	525	516	9	0	9	0	0	0	525	0
Imps to Chapel Street Car Park	234	219	0	5	5	0	0	0	224	-10
10-11 CDRP - Building Safer Communities	52	32	20	-2	20	0	0	0	52	0
Residents Parking Schemes	480	90	230	0	230	160	0	0	480	0
Car Park Improvements	156	3	153	2	153	0	0	0	156	0
CCTV /UTC Rationalisation	899	133	766	434	766	0	0	0	899	0
<b>Total On-going schemes</b>	<b>120,356</b>	<b>90,385</b>	<b>18,279</b>	<b>4,065</b>	<b>16,157</b>	<b>8,118</b>	<b>3,324</b>	<b>1,615</b>	<b>119,599</b>	<b>-756</b>
Vaudreys Wharf Canal (Non LTP)	600	0	50	0	50	550	0	0	600	0
Bridge Maintenance Minor Works - PROW	130	0	90	0	90	20	20	0	130	0
Bridge Maintenance Minor Works	1,618	0	1,618	62	1,578	0	0	0	1,578	-40
Part 1 Claims	190	0	190	0	94	0	0	0	94	-96

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12	To 30-Jun-11	2011/12	2012/13	2013/14	2014/15	£	£
Local Measures - Ward Local Works	380	0	380	2	380	0	0	0	380	0
Non Principal Roads Maintenance - Minor Works	4,037	0	4,037	673	4,037	0	0	0	4,037	0
Principal Roads Maintenance - Minor Works	1,970	0	1,970	177	1,970	0	0	0	1,970	0
Materials Transfer Fac. 11/12	650	0	650	0	650	0	0	0	650	0
Wheeled Bins 11/12	1,300	0	1,300	0	1,300	0	0	0	1,300	0
Disabled Facilities for Cheshire East Residents	1,320	0	1,320	0	1,320	0	0	0	1,320	0
Private Sector Assistance	900	0	300	0	100	500	300	0	900	0
Assisted Purchase Scheme	900	0	300	0	300	300	300	0	900	0
Car Park Improvements	300	0	0	0	0	150	150	0	300	0
Accessibility - Bus Network Investment	50	0	50	0	50	0	0	0	50	0
Accessibility - Cycling	70	0	70	0	70	0	0	0	70	0
Cycle parking, Wilmslow	0	0	0	0	30	0	0	0	30	30
Tipkinder Park Cyclepath	0	0	0	0	140	0	0	0	140	140
Taylor Drive, Nantwich	0	0	0	5	120	0	0	0	120	120
Accessibility - Rail Station Improvements	50	0	50	0	50	0	0	0	50	0
Sustainable Transport Fund	45	0	45	0	45	0	0	0	45	0
LDF - Transport Infrastructure	0	0	0	25	37	0	0	0	37	37
Non Principal Roads Maint - Asset Management	104	0	104	0	104	0	0	0	104	0
Principal Roads Maint - Asset Management	70	0	70	1	70	0	0	0	70	0
Programme Development	0	0	0	0	100	0	0	0	100	100
Road Safety Schemes - Minor Works	416	0	416	0	416	0	0	0	416	0
Regeneration Business Support	700	0	300	0	300	200	200	0	700	0
TIC Improvement Scheme	30	0	30	0	30	0	0	0	30	0
Tatton Park Investment	6,039	0	6,039	0	0	6,039	0	0	6,039	0
Non LTP s278s	56	0	18	13	25	39	0	0	64	8
<b>Total 2011-12 New bids approved</b>	<b>21,926</b>	<b>0</b>	<b>19,397</b>	<b>959</b>	<b>13,456</b>	<b>7,798</b>	<b>970</b>	<b>0</b>	<b>22,224</b>	<b>298</b>
<b>Total Places Programme</b>	<b>142,281</b>	<b>90,385</b>	<b>37,676</b>	<b>5,023</b>	<b>29,613</b>	<b>15,916</b>	<b>4,294</b>	<b>1,615</b>	<b>141,823</b>	<b>-458</b>
<b>Borough Solicitor (Monitoring Officer)</b>										
<b>Ongoing Schemes</b>										
Integrated Legal ICT System	60	1	59	0	41	13	5	0	60	0
<b>Total On-going schemes</b>	<b>60</b>	<b>1</b>	<b>59</b>	<b>0</b>	<b>41</b>	<b>13</b>	<b>5</b>	<b>0</b>	<b>60</b>	<b>0</b>
<b>Borough Treasurer &amp; Assets</b>										
<b>ASSETS</b>										
<b>Ongoing Schemes</b>										
Fixed Electrical Installation	76	75	1	0	1	0	0	0	76	0
Disability Discrimination Act Improvements/ Adaptations	246	124	122	10	122	0	0	0	246	0
Church Walls	60	16	44	0	44	0	0	0	60	0
Farms Estate 2008-09	238	128	110	0	80	31	0	0	238	0
Farms Estates Reorganisation & Reinvestment	1,410	71	1,339	12	40	1,299	0	0	1,410	0
Municipal buildings - Reg accommodation (name Change)	200	0	200	0	200	0	0	0	200	0
Office Accommodation Strategy	9,700	5,034	4,666	-167	4,766	0	0	0	9,800	100
Building Maintenance	2,716	2,565	151	16	51	0	0	0	2,616	-100
MINOR WORKS 10/11	42	37	5	1	5	0	0	0	42	0
Wild Bour Clough Flood Protection	0	6	0	26	23	0	0	0	28	28
<b>Total On-going schemes</b>	<b>14,688</b>	<b>8,054</b>	<b>6,638</b>	<b>-102</b>	<b>5,332</b>	<b>1,330</b>	<b>0</b>	<b>0</b>	<b>14,715</b>	<b>27</b>
<b>New Starts 2011-12</b>										

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12 £	To 30-Jun-11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	£	£
Corporate Landlord - Building Maintenance	13,845	0	5,345	0	5,345	4,500	4,000	0	13,845	0
Feasibility Studies 11/12	400	0	200	0	200	100	100	0	400	0
<b>Total 2011-12 New bids approved</b>	<b>14,245</b>	<b>0</b>	<b>5,545</b>	<b>0</b>	<b>5,545</b>	<b>4,600</b>	<b>4,100</b>	<b>0</b>	<b>14,245</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>28,933</b>	<b>8,054</b>	<b>12,183</b>	<b>-102</b>	<b>10,877</b>	<b>5,930</b>	<b>4,100</b>	<b>0</b>	<b>28,960</b>	<b>27</b>
<b>ICT</b>										
<b>Ongoing schemes</b>										
Development Management System	437	423	14	-15	14	0	0	0	437	0
Click into Cheshire	39	32	7	0	7	0	0	0	39	0
Government Connect	290	58	232	90	232	0	0	0	290	0
ICT Security & Research	209	138	71	70	71	0	0	0	209	0
Flexible & Mobile Working	1,171	360	270	11	270	270	270	0	1,170	0
NHS LINK / Connected Cheshire	80	77	2	0	2	0	0	0	79	0
Data Centre Macclesfield	495	28	467	0	467	0	0	0	495	0
ICT Small Projects Block New scheme	153	112	41	38	41	0	0	0	153	0
Information Management	1,409	706	704	22	704	0	0	0	1,410	0
Essential Replacement 10-11	2,384	1,286	1,098	87	1,098	0	0	0	2,384	0
ICT Security	185	104	81	-5	81	0	0	0	185	0
Internet Service Provision	142	0	142	0	142	0	0	0	142	0
IPT Harmonisation	725	313	412	0	412	0	0	0	725	0
Oracle Optimisation	3,960	1,579	732	11	732	825	824	0	3,960	0
<b>TOTAL Ongoing schemes</b>	<b>11,678</b>	<b>5,216</b>	<b>4,273</b>	<b>309</b>	<b>4,273</b>	<b>1,095</b>	<b>1,094</b>	<b>0</b>	<b>11,678</b>	<b>0</b>
<b>2011-12 Starts</b>										
WAN Hardware	275	0	182	0	182	93	0	0	275	0
ICT Rural Broadband Project	530	0	530	39	530	0	0	0	530	0
ICT Security 11/12/Customer Access in Libraries	272	0	272	0	272	0	0	0	272	0
<b>Total 2011-12 Starts</b>	<b>1,077</b>	<b>0</b>	<b>984</b>	<b>39</b>	<b>984</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>1,077</b>	<b>0</b>
<b>TOTAL ICT</b>	<b>12,755</b>	<b>5,216</b>	<b>5,257</b>	<b>348</b>	<b>5,257</b>	<b>1,188</b>	<b>1,094</b>	<b>0</b>	<b>12,755</b>	<b>0</b>
<b>FINANCE</b>										
<b>Ongoing schemes</b>										
Single Revenue & Benefits Systems	524	447	77	11	77	0	0	0	524	0
<b>TOTAL Ongoing schemes</b>	<b>524</b>	<b>447</b>	<b>77</b>	<b>11</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>524</b>	<b>0</b>
<b>Policy &amp; Performance</b>										
<b>Ongoing Schemes</b>										
Customer Relationship Management & Telephone System	1,455	544	911	97	911	0	0	0	1,455	0
Customer Access	419	234	185	0	185	0	0	0	419	0
Capital Investment Scheme Grants	377	350	27	7	27	0	0	0	377	0
<b>Total On-going schemes</b>	<b>2,251</b>	<b>1,128</b>	<b>1,123</b>	<b>104</b>	<b>1,123</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,251</b>	<b>0</b>
<b>New Starts 2011-12</b>										
Performance Management 11/12	35	0	35	0	35	0	0	0	35	0

Department/Scheme	Total Approved Budget	Prior Year Spend	In Year Budget	Actuals Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Forecast Expenditure	Total Forecast Expenditure	Variance From Total Approved budget
	£	£	2011/12	To 30-Jun-11	2011/12	2012/13	2013/14	2014/15	£	£
<b>Total 2011-12 New bids approved</b>	<b>35</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Policy &amp; Performance programme including SCE's</b>	<b>2,286</b>	<b>1,128</b>	<b>1,158</b>	<b>104</b>	<b>1,158</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,251</b>	<b>0</b>
<b>HR &amp; Organisational Development</b>										
<b>Ongoing Schemes</b>										
Accident Reporting system	18	10	8	-1	8	0	0	0	18	0
<b>Total On-going schemes</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>-1</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>
<b>Total HR &amp; Organisational Development programme including SCE's</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>-1</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>
<b>Adults, Health &amp; Wellbeing</b>										
Total Committed schemes approved by Council	16,242	9,234	6,658	1,059	6,658	350	0	0	16,242	0
Total New bids 11-12 - Approved by Council	1,048	0	1,048	14	1,048	0	0	0	1,048	0
<b>Total 2011-12 Programme for On-going &amp; approved new starts</b>	<b>17,290</b>	<b>9,234</b>	<b>7,706</b>	<b>1,073</b>	<b>7,706</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>17,290</b>	<b>0</b>
<b>C&amp;F</b>										
Total Committed schemes approved by Council	98,681	76,887	17,305	661	14,207	5,588	0	0	96,682	-2,000
Total New bids 11-12 - Approved by Council	14,859	0	13,038	20	7,139	7,826	459	0	15,424	565
<b>Total 2011-12 Programme for On-going &amp; approved new starts</b>	<b>113,540</b>	<b>76,887</b>	<b>30,343</b>	<b>681</b>	<b>21,346</b>	<b>13,414</b>	<b>459</b>	<b>0</b>	<b>112,106</b>	<b>-1,435</b>
<b>Places</b>										
Total Committed schemes approved by Council	120,356	90,385	18,279	4,065	16,157	8,118	3,324	1,615	119,599	-756
Total New bids 11-12 - Approved by Council	21,926	0	19,397	959	13,456	7,798	970	0	22,224	298
<b>Total 2011-12 Programme for On-going &amp; approved new starts</b>	<b>142,281</b>	<b>90,385</b>	<b>37,676</b>	<b>5,023</b>	<b>29,613</b>	<b>15,916</b>	<b>4,294</b>	<b>1,615</b>	<b>141,823</b>	<b>-458</b>
<b>P&amp;C</b>										
Total Committed schemes approved by Council	29,219	14,856	12,178	321	10,853	2,437	1,099	0	29,246	27
Total New bids 11-12 - Approved by Council	15,357	0	6,564	39	6,564	4,693	4,100	0	15,322	0
<b>Total 2011-12 Programme for On-going &amp; approved new starts</b>	<b>44,576</b>	<b>14,856</b>	<b>18,742</b>	<b>360</b>	<b>17,417</b>	<b>7,130</b>	<b>5,199</b>	<b>0</b>	<b>44,568</b>	<b>27</b>
<b>Overall</b>										
Total Committed schemes approved by Council	264,498	191,362	54,421	6,106	47,875	16,493	4,424	1,615	261,769	-2,730
Total New bids 11-12 - Approved by Council	53,189	0	40,047	1,032	28,207	20,317	5,529	0	54,018	863
<b>Total 2011-12 Programme for On-going &amp; approved new starts</b>	<b>317,687</b>	<b>191,362</b>	<b>94,468</b>	<b>7,138</b>	<b>76,082</b>	<b>36,810</b>	<b>9,953</b>	<b>1,615</b>	<b>315,786</b>	<b>-1,866</b>

## Delegated Decisions - Requests for Supplementary Capital Estimates (SCEs) &amp; Virements

					Virement FROM ...	
Capital Scheme	Starts Year	Amount Requested £	SCE/ Virement	Funding of SCE/Virement	Starts Year	Amount Requested £
Chief Officers are asked to approve SCE and Virements up to and including £100,000						
People						
Children & Families						
Pear Tree Primary School	2011/12	15,771	Virement	Capital Maintenance Allocation 11-12	2011/12	15,771
Adults						
CAF Phs 2 Demonstrator	2009/10	19,120	Virement	Common Assessment Framework	2009/10	19,120
Places						
Environmental Services						
Bridge Maintenance Minor Works	2010-11	39,583	Virement	Bridge Maintenance Minor Works	2011-12	39,583
Part 1 Claims	2011-12	4,173	Virement	Part 1 Claims	2010-11	4,173
Alderley Edge By Pass - Implementation	2005-06	24,602	SCE	Funded by disposal of surplus land		24,602
Programme Development	2011-12	100,000	Virement	Part 1 Claims	2011-12	100,000
Road Safety Schemes - Minor Works	2009-10	25,218	SCE	Funded by external income	2009-10	25,218
LDF - Transport Infrastructure	2011-12	36,500	SCE/Virement	Capital Programme Management Support	2008-09	15,520
				Revenue Budget Contribution		19,000
				Project Development	2010-11	1,980
		36,500				36,500
Cycle Parking - Wilmslow	2011-12	30,000	SCE	Sustrans Grant	2011-12	20,000
		30,000	SCE	S106 Funding		10,000
						30,000
S278 Residual Balances	2011-12	7,839	SCE	Funded by residual balances on finished S278 projects	2011-12	7,839
S278 Cumber Lane, Wilmslow	2010-11	2,000	SCE	Funded by external developer contributions	2010-11	2,000
S278 Waitrose, Poynton	2009-10	1,897	SCE	Funded by external developer contributions	2009-10	1,897
S278 Upcast Lane, Wilmslow	2009-10	1,021	SCE	Funded by external developer contributions	2009-10	1,021
S278 Charter Way, Macclesfield	2009-10	500	SCE	Funded by external developer contributions	2009-10	500
S278 Tesco, Hibel Rd, Macclesfield	2008-09	756	SCE	Funded by external developer contributions	2008-09	756
S278 Stafford St, Crewe	2008-09	1,650	SCE	Funded by external developer contributions	2008-09	1,650
S278 Sherbourne Rd, Crewe	2008-09	2,242	SCE	Funded by external developer contributions	2008-09	2,242
S278 Rolls Avenue, Crewe	2007-08	1,500	SCE	Funded by external developer contributions	2007-08	1,500
S278 B5071 Gresty Road	2006-07	1,511	SCE	Funded by external developer contributions	2006-07	1,511

Capital Scheme	Starts Year	Amount Requested £	SCE/ Virement	Funding of SCE/Virement	Virement FROM ...	
					Starts Year	Amount Requested £
S278 A51 Nantwich Rd, Wardle	2006-07	174	SCE	Funded by external developer contributions	2006-07	174
S278 Park Lane, Pickmere	2005-06	209	SCE	Funded by external developer contributions	2005-06	209
S278 A533 Old Mill Rd, Sandbach	2005-06	474	SCE	Funded by external developer contributions	2005-06	474
S278 B5085 Town Lane, Mobberley	2003-04	4,069	SCE	Funded by external developer contributions	2003-04	4,069
<b>Planning &amp; Housing</b>						
Astbury Marsh Caravan Site	2010-11	41,805	SCE	Additional Government Grant	2010-11	41,805
Private Sector Assistance	2010-11	4,293	SCE	External contributions	2010-11	4,293
Private Sector Assistance	2009-10	10,861	SCE	External contributions	2009-10	10,861
Market Square Crewe - Interim Improvements	2008-09	17,756	Virement	Crewe Town Squares Refurbishment	2002-03	17,756
<b>Regeneration</b>						
Tatton Park - Office Accomodation - Phase 2	2010-11	30,000	SCE	Funded by Tatton Revenue Budget virement		30,000
Poynton Revitalisation	2010-11	75,000	Virement	Parking Projects in Poynton	2009-10	75,000
Crewe Town Squares - Lyceum Square	2002-03	47,193	Virement	Crewe Town Squares Refurb - General	2002-03	47,193
<b>Performance &amp; Capacity</b>						
<b>Assets</b>						
Wild Boar Clough Flood Protection	2010/11	28,500	SCE	Funded from Enviroment Agency Grant	2010/11	28,500
Office Accommodation Strategy	2009/10	100,000	Virement	Building Maintenance	2010/11	100,000
<b>Total Delegated Decisions</b>		<b>547,717</b>				<b>547,717</b>

## Matters for Decision - Requests for Supplementary Capital Estimates (SCEs) &amp; Virements

Matters for Decision - Requests for Supplementary Capital Estimates (SCEs) & Virements					Virement FROM ...	
Capital Scheme	Starts Year	Amount Requested £	SCE/ Virement	Funding of SCE/Virement	Starts Year	Amount Requested £
Chief Officers in consultation with relevant Cabinet Member and Resources Member are asked to approve SCE and Virements over £100,000 and up to and including £500,000						
People						
Children & Families						
Short Breaks for Disabled Children 11-12	2011/12	203,276	SCE	Grant - Department for Education		203,276
Places						
Highways - Regeneration						
Tipkinder Park Cyclepath	2011-12	140,000	SCE	Sustrans Grant	2011-12	140,000
Taylor Drive, Nantwich	2011-12	120,000	SCE	Sustrans Grant	2011-12	60,000
			SCE	S106 Funding	2011-12	60,000
Environment Services - Waste & Recycling						
Waste Infrastructure Capital Grant	2009-10	242,000	Virement	Virement from 10-11 WICG allocation	2010-11	242,000
Planning & Housing - Housing						
Empty Homes Initiatives	2010-11	500,000	Virement	Social Housing Grants 08-09	2008-09	500,000
Social Housing Grants 08-09	2008-09	268,000	SCE	S106 Contributions	2008-09	268,000
Total SCE / Virements over £100,000 and up to and including £500,000		1,473,276				1,473,276





## Matters for Decision - Requests for Supplementary Capital Estimates (SCEs) &amp; Virements

Capital Scheme	Starts Year	Amount Requested £	SCE/ Virement	Funding of SCE/Virement	Virement FROM ...	
					Starts Year	Amount Requested £
<b>People</b>						
<b>Children &amp; Families</b>						
Beechwood Primary School	2011/12	521,104	Virement	Capital Maintenance/Basic Needs/Minor Works	2011/12	521,104
Bexton primary School	2011/12	535,544	Virement	Capital Maintenance/Basic Needs/Minor Works	2011/12	535,544
Cledford Infants School	2011/12	653,464	Virement	Capital Maintenance/Basic Needs/Minor Works	2011/12	653,464
Oakefield Primary School	2011/12	741,500	Virement	Capital Maintenance/Basic Needs/Minor Works	2011/12	741,500
Quinta Primary School	2011/12	755,916	Virement	Capital Maintenance/Basic Needs/Minor Works	2011/12	755,916
Total SCE / Virements over £500,000 and up to and including £1,000,000		3,207,528				3,207,528

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## **2011/12 Quarter One Performance Report**

### **1.0 YEAR END PERFORMANCE UPDATE**

- 1.0.1 This section provides a high level summary of the key performance headlines at the end of the first quarter of 2011/12.
- 1.0.2 During 2011/12, the Performance & Partnerships Team are centrally monitoring a range of measures underpinning service objectives across the organisation. Many of these are newly developed local performance measures, and these will be developed and managed internally throughout 2011/12 in order to establish baseline data to inform future target-setting.
- 1.0.3 For external reporting purposes, the Council will report on a basket of measures retained within service plans from the former National Indicator Set, and former Best Value performance measures – 60 measures in total. Of these 60 measures, 23 can be reported on a quarterly basis.

### **PERFORMANCE AGAINST TARGET**

Performance assessments (red; amber; green) have been made wherever possible based on performance against target. Performance assessment rankings against target for the first quarter of 2011/12 are:

<b>Performance Assessment</b>	<b>Number</b>
Green	10
Amber	2
Red	9
Data lagged	2
<b>Total</b>	<b>23</b>

Detailed data and supporting commentary can be found in Appendix One.

### **1.1 Performance Measure Tolerances (Red/Amber/Green ratings)**

The Council's electronic Monitoring and Performance System (CorVu) was pre-populated with a five percent tolerance against the targets set by service areas, meaning that the system assigns a 'red' assessment to performance data 5% (or more) short of the target, an 'amber' assessment to data within 5% of the target, and a 'green' assessment to data performing on or above target.

Where strong cases are made for the revision of tolerances in 2011/12 (e.g. where a 5% tolerance is not appropriate due to a measure's data return format), the Team revised tolerances to support individual targets. In all other circumstances, the 5% tolerance will remain in place for performance measure reporting in 2011/12.

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# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
Adult, Community Health & Wellbeing	NI 125	Achieving independence for older people through rehabilitation/intermediate care	MONTHLY	High	76.80%	78.30%	78.30%	85.30%	This measure is exceeding target and has improved significantly from the previous month. However, fluctuation in performance was a feature of this measure in the previous year, therefore, we need to see if this increase becomes a steady trend.
	NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	MONTHLY	High	40.70%	60.00%	40.50%	40.50%	Maximum possible target for 10/11 was 64% (calculated by discounting those clients ineligible for this indicator), so target for 11/12 set at 60%. New reporting method means that current percentage is a more accurate measure of what we can expect for year end. Performance to quarter 1 is on target. Performance is consistent across all the LILT teams. There has also been a steady growth in the proportion of those receiving Self Directed Support that have Direct Payments only (i.e. not incl. mixed packages): from 40.9% at the end of April to 44.4% at the end of June.
	NI 131	Delayed transfers of care from hospitals	MONTHLY	Low	10.00 number	10.00 number	10.00 number	9.90 number	End year performance for 2010/11 was 10.0 delayed transfers per 100,000 population. The Quarter 1 figure shows a slight decrease on this. However, for cases attributable to Social Care, the 2010/11 figure was 0.3 - this currently stands at zero for Quarter 1. (Target is based on 2010/11 outturn result)

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 132	Timeliness of social care assessment	MONTHLY	High	80.00%	88.00%	88.00%	85.00%	Indicator currently reporting slightly below target and a small disparity between adults and older people. TSS supporting with coaching worker data entry and analysis of those records missing target, with information being provided to team managers. Although slightly under target, this measure has shown steady improvement over the first quarter and is 5 percentage points higher than 2010/11 end year performance. Historic recording issues which had some impact on performance for the previous year have been resolved and actions to resolve the backlog of referrals has also helped to improve performance.
	NI 133	Timeliness of social care packages	MONTHLY	High	90.40%	93.00%	93.00%	94.20%	This is exceeding target and so far has improved on 2010/11 end year performance (90.4%) by nearly 4 percentage points.

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 135	Carers receiving needs assessment or review and a specific carers service, or advice and information	MONTHLY	High	10.20%	28.00%	6.20%	8.45%	Due to a major push on carers assessments being completed figures made a significant rise in the second half of 10/11. This has continued into the new reporting year and as a result we are not far off estimated numerator target in the first quarter to hit ambitious target set for this indicator compared to 10/11 outturn. New method of reporting means that we would expect this indicator to climb throughout the year, and to give a more accurate measure of exactly how this indicator is reporting at any given time.
	NI 141	Percentage of vulnerable people achieving independent living	QUARTERLY	High	72.51%	65.00%	65.00%	75.00%	The Quarter 1 figures include all provider performance submissions with the exception of 6 providers. Action is being taken to correct this issue. Performance is above target. There has been a notable increase in the number of planned move-on from short term services.
	NI 142	Percentage of vulnerable people who are supported to maintain independent living	QUARTERLY	High	99.13%	98.70%	98.70%	97.65%	The Quarter 1 figures include all provider performance submissions with the exception of 6 providers. Action is being taken to correct this issue. Performance is slightly below target but within the tolerance level. There has been a slight reduction in the number of service users being supported to maintain independent living, mainly due to seasonal fluctuations.

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 145	Adults with learning disabilities in settled accommodation	MONTHLY	High	35.33%	45.00%	13.90%	14.10%	This indicator is climbing at a rate that, if it continued, would see this indicator exceed target at the end of the reporting year. With learning disability clients reviews being highlighted as a priority we could even expect the percentage to increase more rapidly than it already has.
	NI 146	Adults with learning disabilities in employment	MONTHLY	High	6.28%	6.90%	1.86%	1.50%	The numbers of people within the numerator of this measure are quite low and the variance against target equates to 3 people. We expect that the measure will be back on track over the next quarter as the benefits of actions put in place are realised. These actions include: a post funded by a successful bid for NHS funding that is looking at using personal budgets and personal assistants which may help people with more severe learning disabilities, that we have not been able to assist before, in to employment; also, Supported Employment is now co-located with the LILT teams which will also help improve performance.
Children & Families	NI 19	Rate of proven re-offending by young offenders	QUARTERLY	None	Not Recorded	Not Set	Not Set	Not Updated	Lagged data - available September 2011



# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 59	Initial assessments for childrens social care carried out within 7 working days of referral	QUARTERLY	High	56.00%	75.00%	75.00%	52.00%	NI 59 was completion within 7 days - the DfE intention was to move this to 10 days for 2011-12. This target is subject to review given munro recommendation. Whilst timeliness is important for child safety, it is the quality of assessment which should take priority.
	NI 60	Core assessments for childrens social care that were carried out within 35 working days of their commencement	QUARTERLY	High	63.00%	70.00%	70.00%	63.10%	This target is subject to review given munro recommendation. Whilst timeliness is important for child safety, it is the quality of assessment which should take priority.
	NI 64	Child protection plans lasting 2 years or more	QUARTERLY	Low	2.00%	5.00%	5.00%	0.00%	Of the 32 CP plans which ended between April and June, none had been open longer than 2 years
	NI 65	Children becoming the subject of a Child Protection Plan for a second or subsequent time	QUARTERLY	Low	13.00%	15.00%	15.00%	14.50%	Legacy data means that we are able to include inthis figure children subject to a plan in previous Cheshire CC. This is potentially positive but increases our outturn.
	NI 67	Child protection cases which were reviewed within required timescales	MONTHLY	High	96.50%	100.00%	100.00%	100.00%	This figure has been at 100% since January. Although there are pressures on maintaining performance, it remains a high priority and further investment has recently been agreed to enable this to continue.

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 111	First time entrants to the Youth Justice System aged 10 to 17	QUARTERLY	None	204 number	Not Set	Not Set	Not Updated	Lagged data - available September 2011
	NI 117	16 to 18 year olds who are not in education, training or employment (NEET)	QUARTERLY	Low	5.80%	4.90%	4.90%	6.20%	The NEET figure is now calculated over 3 academic years which means that there is a wider group of vulnerable young people included in this figure, which will now include some 19 year olds. Therefore this figure will rise in the short term and is difficult to compare as it is not a consistent cohort. There are current ongoing negotiations with Connexions to receive the impact of detailed activities which the NEET population are undertaking.
Performance & Capacity	BV012	Working days lost due to sickness absence	MONTHLY	Low	8.19 days	9.00 days	1.45 days	2.18 days	June actual: 0.82 days. (Cumulative in-year result including updated historical data for April and May: 2.18 days)
Places	NI 155	Number of affordable homes delivered (gross)	QUARTERLY	High	290 number	300 number	25 number	0 number	This zero position will improve in Q2 when a number of affordable housing schemes are due to be completed.

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 157a	Processing of planning applications as measured against targets for major application types	QUARTERLY	High	60.71%	67.00%	67.00%	35.00%	Actual number of Major applications determined = 20. Problems due to computer system upgrade and physical staff moves and restructuring continued to impact upon performance in Q1 of 2011/12 where the greatest dip in performance is anticipated to occur. Problems arose due to delays in registering applications within appropriate timescales which ultimately impacted upon the timeliness of decisions. Performance is anticipated to improve in Q2.
	NI 157b	Processing of planning applications as measured against targets for minor application types	QUARTERLY	High	68.80%	83.00%	83.00%	19.33%	Actual number of Minor applications determined = 150. Problems due to computer system upgrade and physical staff moves and restructuring continued to impact upon performance in Q1 of 2011/12 where the greatest dip in performance is anticipated to occur. Problems arose due to delays in registering applications within appropriate timescales which ultimately impacted upon the timeliness of decisions. Performance is anticipated to improve in Q2.

# Corporate Scorecard Report for Quarterly Cabinet 11/12

(Organisation Summary)

Jun-2011

Objective	Measure		Frequency	Polarity	Result 2010/11	Year End Target 2011/12	Latest Data		Operational Comments
	Ref	Description					Target	Result	
Cabinet Measures									
	NI 157c	Processing of planning applications as measured against targets for other application types	QUARTERLY	High	80.88%	89.00%	89.00%	23.60%	Actual number of Other applications determined = 109. Problems due to computer system upgrade and physical staff moves and restructuring continued to impact upon performance in Q1 of 2011/12 where the greatest dip in performance is anticipated to occur. Problems arose due to delays in registering applications within appropriate timescales which ultimately impacted upon the timeliness of decisions. Performance is anticipated to improve in Q2.

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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**Date of Meeting:** 5 September 2011  
**Report of:** Head of Policy and Performance  
**Subject/Title:** Risk Management Policy Review  
**Portfolio Holder:** Councillor David Brown

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### 1.0 Report Summary

- 1.1 The Council's Risk Management Policy forms part of the overall internal control framework and corporate governance arrangements. An internal control system with risk management at its core will facilitate the effective and efficient operation of the Council by enabling it to respond appropriately to risks. This increases the likelihood of the Council achieving its strategic objectives.
- 1.2 The present risk management strategy was last amended and approved by Cabinet at its meeting on 14 July 2009, and is, therefore, due for review. The review of the risk management strategy by the Corporate Risk Management Group showed that, whilst the majority of the strategy components appeared to be appropriate, there were a number of areas that required updating. This paper presents an updated Risk Management Policy from the Corporate Risk Management Group for consideration and approval. The updated Policy has been reviewed by the Corporate Management Team and the Audit and Governance Committee

### 2.0 Decision Requested

- 2.1 Cabinet is requested to consider and formally approve the updated Risk Management Policy. The policy is to be reviewed annually.

### 3.0 Reasons for Recommendations

- 3.1 In order to form an opinion on the effectiveness of the Council's risk management arrangements. Cabinet needs to be assured that the Council publishes a clear risk management policy covering risk management philosophy and responsibilities.

### 4.0 Wards Affected

- 4.1 All

**5.0 Local Ward Members**

5.1 N/A

**6.0 Policy Implications including – Carbon Reduction  
- Health**

6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

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

7.1 None

**8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 As well as the need to protect the Council's ability to achieve its strategic aims, and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

**9.0 Risk Management**

9.1 This report relates to overall risk management; Cabinet should know about the most significant risks facing the Council and be assured that the risk management process is working effectively.

**10.0 Background and Options**

10.1 A copy of the updated Risk Management Policy is attached for comment at **Annex A** to this report; this includes a sub-section on Business Continuity.

10.2 The policy does not include details of the risk management process or the procedures and documentation. These are held separately and it is intended that these will be included in a risk management handbook or toolkit for staff and Members and include information on risk management of partnerships and projects.

## **11.0 Access to Information**

- 11.1 The previous Risk Management Strategy is available if any Member should wish to see it and background papers relating to this report can be inspected by contacting the report writer:

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

Name: Vivienne Quayle  
Designation: Head of Policy and Performance  
Tel No: 01270 686859  
Email: [vivienne.quayle@cheshireeast.gov.uk](mailto:vivienne.quayle@cheshireeast.gov.uk)

## **CHESHIRE EAST COUNCIL - RISK MANAGEMENT POLICY**

### **1.0 Introduction**

- 1.1 A risk is concerned with a threat or a possible future event which will adversely or beneficially affect Cheshire East Council's ability to achieve its objectives. Risk management is the process that informs strategic development through the identification and treatment of risk such that, objectives are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised.

### **2.0 Purpose**

- 2.1 This risk management policy forms part of Cheshire East Council's internal control and corporate governance arrangements. The purpose of this policy is to clearly outline the council's commitment to risk management, describe the objectives of risk management and provide a framework for embedding risk management across the organisation, with defined roles and responsibilities and a structured process. Through the implementation and embedding of an effective risk management framework, Cheshire East Council will ensure that it is better placed to manage its performance, achieve its corporate objectives and provide an enhanced level of service to the community.

- 2.2 The following key principles outline the Council's approach to risk management and internal control:

- Council and Cabinet have responsibility for overseeing risk management within the council as a whole
- an open and receptive approach to understanding the challenges of risk management is adopted by Cabinet and Council
- the Chief Executive and the Corporate Management Team support, advise and implement policies approved by Cabinet and Council
- the Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- there will be a range of appetites and tolerance levels for different risks which will vary over time but these will be approved and communicated appropriately
- the Senior Management Team are responsible for encouraging good risk management practice within their Service Areas
- key risk scores and indicators of levels of risk are identified and closely monitored on a regular basis.

### **3.0 Commitment to Risk Management**

- 3.1 Cheshire East Council is committed to adopting best practice in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the council's objectives and deliver core services. It is acknowledged that some risks will always exist and will never be eliminated.
- 3.2 All officers must understand the nature of the risk and accept responsibility for risks associated with their area of work, including an understanding of how reputation value for the Council is added or lost. In doing this they will receive the necessary support, assistance and commitment from senior management and Members.



**Cabinet 050911 – Risk Mgt Policy Report ANNEX A**

3.3 The council’s risk management objectives are a long term commitment and an inherent part of good management and governance practices. The objectives need the full support of Members and active participation of managers.

**4.0 Benefits of Good Risk Management**



4.1 Good risk management increases the probability of success, and reduces both the probability of failure and uncertainty of achieving Cheshire East Council’s overall objectives.

**Cabinet 050911 – Risk Mgt Policy Report ANNEX A**

**5.0 Objectives of the Risk Management Approach**

5.1 The six key objectives of the approach to risk management are to:

- Embed risk management into the ethos, culture, policies and practices of the council.
- Ensure the council successfully manages risks and opportunities at all levels – strategic, operational, programme, project and partnership.
- Manage risk in accordance with all statutory and best practice requirements.
- Ensure that risk management is a key and effective contributor to Corporate Governance and the Annual Governance Statement.
- Ensure that risk management helps to secure efficient and effective arrangements to identify and achieve successful local and national priority outcomes.
- Embed an effective business continuity management framework to provide continuous service delivery in the event of an emergency.

5.2 These objectives will be achieved by:

- Establishing a risk management framework and risk management handbook for employees and Members.
- Clearly defining the roles, responsibilities and reporting lines within the council for risk management.
- Ensuring there is appropriate leadership and monitoring of corporate risks and key corporate project risks.
- Risk management being an integral part of and included in the council's processes, policies and documents, including service and project planning, writing reports and considering decisions.
- Providing advice, guidance, suitable information and training on risk management to employees and Members.
- Maintaining a hierarchy of risk registers, that are regularly reviewed and monitored, to demonstrate the management of risks linked to the council's business, corporate and operational objectives and to working in partnership. Working in collaboration with partners to ensure a joint successful approach to the management of risks.
- Using national and best practice guidelines on risk management and engaging in relevant risk management forums and benchmarking exercises to identify further opportunities for improvement in our approach to risk management.
- Providing opportunities for shared learning on risk management across the council and with other authorities, partners and stakeholders where appropriate.
- Heads of Service completing statements as to the effectiveness, or otherwise, of their systems for identifying, monitoring and managing corporate and operational risks.
- Ensuring that internal audit coverage is driven by a deep understanding of the risks, challenges and opportunities facing the Council. Some of the risks will be unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking.
- Preparing and testing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the council's ability to function.
- Identifying and seizing opportunities which risk management provides for the organisation.

**6.0 Our Approach**

6.1 It is essential that a single risk management approach be utilised at all levels throughout the authority. By effectively managing our risks and opportunities, which is all part of good governance,

**Cabinet 050911 – Risk Mgt Policy Report ANNEX A**

we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money. The council has closely integrated risk management into its planning and objective-setting process, enabling it to manage its risks in a more consistent, uniform way.

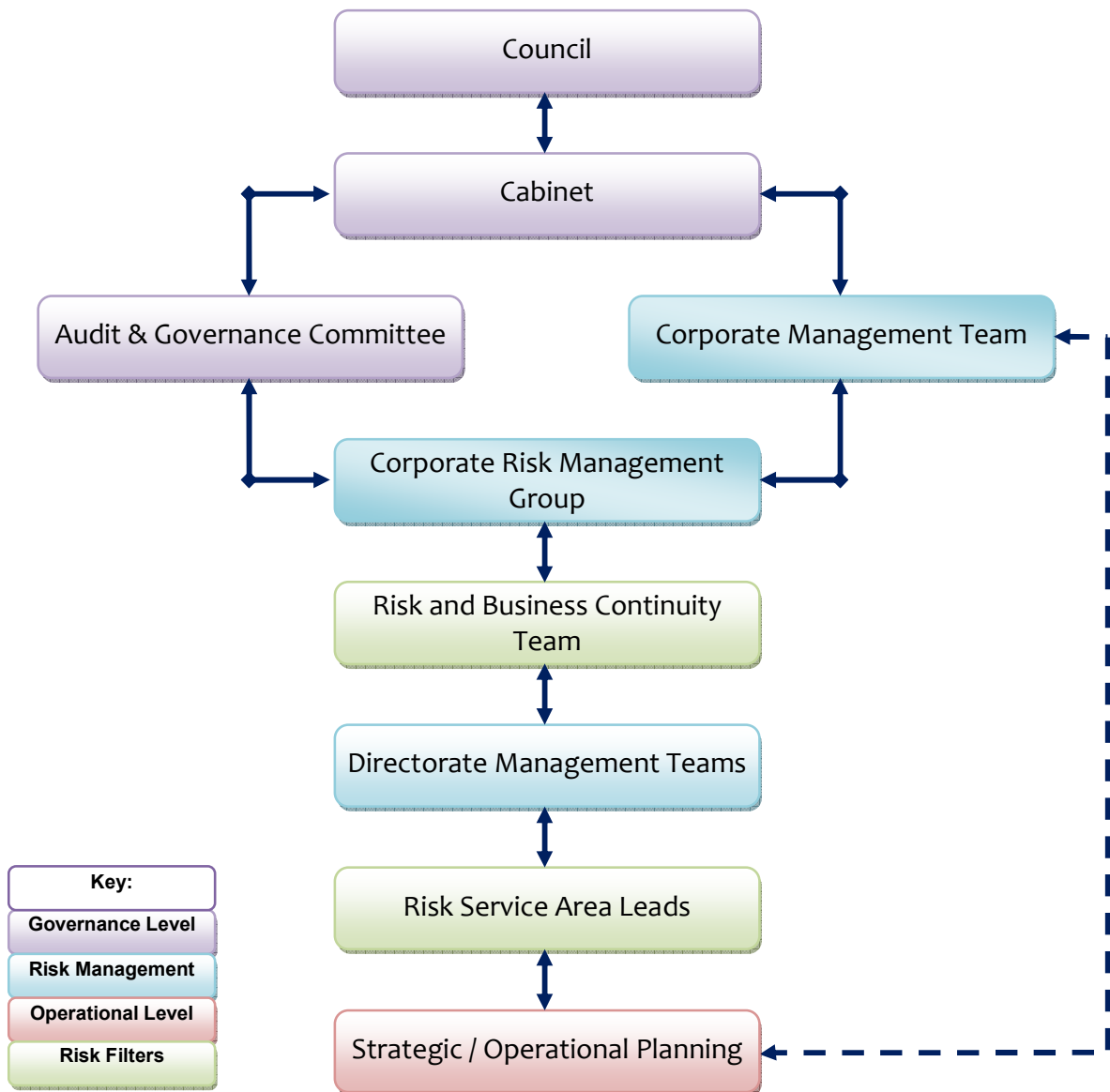
- 6.2 By integrating risk management with the council's strategic planning process and individual service delivery plans we are able to monitor risks to achieving the objectives, determine which risks have the most significant impact, and prioritise resource accordingly. This approach to risk management will inform the council's business processes, including:-
- Strategic planning
  - Financial planning
  - Service planning
  - Policy making and review
  - Performance management
  - Project management
  - Partnership working
  - Internal Audit planning
- 6.3 For those with responsibility for achieving objectives, responsibility also lies in identifying and assessing risks and opportunities; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress. The identified risks and relevant control measures will be recorded on the council's risk registers and will be monitored, reported and reviewed by the Corporate Risk Management Group.
- 6.4 Some objectives could be reliant upon external groups that the authority may work with, such as other organisations, partners, contractors etc. This partnership working could affect the achievement of an objective and therefore the risk management process will be incorporated into the way the council works within these partnerships through Partnership Protocols.
- 6.5 The management of risk will become an integral part of corporate policy decisions and the initiation of major projects, which will include a statement on risk to help inform the decision making process.
- 6.6 This will assist Members and officers to ensure that new risks are detected and managed, by providing more detail on the process for managing risk, where each stage builds upon the other and provides basic practical guidance on how to identify, assess and treat risks, and monitor their progress. To assist with this approach to risk management and to ensure consistency across the authority, a risk management handbook will be prepared, reviewed on an annual basis and reported to the Audit and Governance Committee for approval and adoption.
- 7.0 Risk Appetite / Tolerance**
- 7.1 Understanding and setting a clear risk appetite or tolerance level is essential to achieving an effective risk management framework and should be done before managers consider how to treat risks. Establishing and articulating the risk tolerance level helps to ensure that consideration in the way management, Cabinet and Council respond to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is custodian on behalf of the public and the environment, where tolerance levels may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged.

**Cabinet 050911 – Risk Mgt Policy Report ANNEX A**

- 7.2 Cheshire East Council recognises that in pursuit of its objectives it may choose to accept an increased degree of risk. The council will establish and articulate risk tolerance levels for the differing areas of its business. Where the council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

**8.0 Roles and Responsibilities**

- 8.1 Responsibility for risk management should run throughout the authority. Clear identification of roles and responsibilities ensure the successful adoption of risk management and demonstrate that it is embedded in the culture of the organisation. Everyone has a role to play in the risk management process. The council's reporting lines framework is shown on the diagram below:



8.2 A summary of the roles and responsibilities of groups and individuals in relation to risk management is given in the table below:-

Individual or Group	Summary of Role & Responsibilities
Council	Monitors, receives reports and assurance on risk management activity and management of corporate and significant risks. Approves risk appetite / tolerance levels. Approves the risk management and business continuity policies. Approves public statements on internal control and provides assurance on risk management to the public.
Cabinet	Oversees the effective management of risk throughout the council, ensuring officers develop and implement an all encompassing approach to risk management. Monitor the content of the key corporate and significant risk registers and comment on mitigation as appropriate. Ensure that risks are fully considered when making decisions. Consider and endorse the risk management policy and risk appetite / tolerance levels for ratification by Council.
Audit and Governance Committee	Provide independent assurance on the effectiveness of the risk management framework and associated control environment, and independent scrutiny of the council's financial performance. Hold Members and officers to account to consider mitigating action for risks and how appropriate / effective it is. Receive regular reports on the management of the top council risks.
Scrutiny Committee	Reviews the portfolios, Cabinet and organisational performance as a whole. Ensure that officers and Members discharge their responsibilities effectively and efficiently including the identification and management of risks.
Portfolio Holder - Lead	To take a strategic lead for risk management in the council, from a Member's perspective, promoting and supporting the development and implementation of the risk management policy and ensuring that Members take risk management into account when making decisions.
Corporate Management Team (CMT)	Gain an understanding and promote the risk management process and benefits, oversee the implementation of the risk management policy and agree any inputs and resources required supporting the work corporately. Manage strategic and cross-cutting risks. Report to elected members on the management of risks. Monitor and consider the mitigating actions for significant new and emerging corporate and operational risks as escalated and reported by the Corporate Risk Management Group.
Corporate Risk Management Group (CRMG)	Assist the Council with the management of risks to achieving its strategic priorities and service delivery by

Individual or Group	Summary of Role & Responsibilities
	reviewing all matters concerning the development, maintenance and implementation of the council's risk management framework, including monitoring and reporting arrangements. Identify and communicate risk management issues to CMT and services
Internal Audit	Challenge and test the risk management process, including the identification and evaluation of risk and provide independent assurance to officers and Members on the effectiveness of the risk management framework and internal controls. The audit coverage is driven by a deep understanding of the risks, challenges and opportunities facing the Council. Some of the risks are unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking. The programme of work is planned annually but constantly reviewed to ensure it remains up to date and appropriate and encompasses a wide range of financial and non-financial risks. The audits are creative, thoughtful and useful pieces of work. They provide robust assurance and offer pragmatic ideas for development.
External Audit	External audit provides feedback to the Audit and Governance Committee on the operation of the internal financial controls reviewed as part of the annual audit.
Section 151 Officer	Ensure that the risk management processes are considered as specified in the Finance Procedure Rules.
Risk and Business Continuity Team	Receive all the approved top risks from local registers, senior management meetings and governance committees. Act as filters to eliminate duplicates and help with consistency. Collates and coordinates a comprehensive report for presentation to CRMG. Reports back to local level, CMT, Cabinet, Council, Audit & Governance Committee, Scrutiny Committee and Corporate Governance Group. Facilitate regular meetings of Risk Service Area Leads . Share good practice and provide professional support, guidance and training across the council on risk management. Maintain the council's corporate and significant risk registers and the risk management system.
Directors	Ensure that risks are managed effectively in each service area in accordance with the risk management policy and procedure. Nominate and support a risk management representative to represent the Directorate on the CRMG and identify risk service area leads within the Directorate. Identify, analyse and prioritise directorate risks as part of the business planning process. Determine risk management action plans and delegate responsibility and control. Act as filter groups, identify and approve the top council risks, escalating emerging risks where these could have a significant and strategic

Individual or Group	Summary of Role & Responsibilities
	impact. Consider risk as regular agenda items at DMT meetings reviewing the Directorate risk registers and monitoring progress.
Service Heads and Managers	The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Identify, analyse and prioritise service risks as part of the business planning process. Progress and performance towards meeting business plan objectives is monitored regularly. Ensure that risk is managed effectively in their service area in accordance with the risk management policy and procedure. Produce, test and maintain Service Continuity Plans. Promote risk management and establish training requirements within service areas. Manage significant risks on a daily basis and report on mitigation.
Risk – Service Area Leads	Support the Directorate and Service Teams in maintaining local risk registers. Remind risk owners when risk update reports are required. Provide details of the top risks to the Risk and Business Continuity Team. Liaise with Directorate risk representatives to ensure operational and strategic risks are properly managed. Coordinate with the Risk and Business Continuity Team and other Risk Service Area Leads to ensure that risks affecting all services are managed cohesively. Align risk registers with relevant partners.
Transformation and Project Managers	Ensure that we are capable of delivering major and complex projects across many of our services and are key to achieving the council's objectives. Identify, analyse and prioritise project risks as part of the project management process. Ensure that project risks are managed effectively, throughout the life of the project, in accordance with the risk management policy and procedure. Report on mitigation and effectiveness and escalate project risks that could impact on the achievement of directorate and corporate objectives.
Other specialist risk support services: <ul style="list-style-type: none"> <li>• Insurance</li> <li>• Health &amp; Safety</li> <li>• Climate Change</li> <li>• Legal</li> <li>• Emergency Planning</li> <li>• Human Resources</li> <li>• Environmental</li> <li>• Communications &amp; Media Relations</li> </ul>	Advise Corporate and Directorate Management Teams on policies, procedures and implications of strategic and operational risk decisions. Ensure that risk management is embedded into business planning, operational and performance processes. Seek to develop a shared and consistent corporate approach to risk management so that the council can demonstrate a clear systematic assessment and control of risk. Protect and manage risks to employees and public, Council reputation and financial values.
Planning and Performance Management	The business planning and performance management process is used to set objectives, agree action plans, and allocate resources. Progress and performance towards meeting business plan objectives is monitored regularly,

Individual or Group	Summary of Role & Responsibilities
	including the control and operational actions to mitigate risk.
Officers	Manage risk effectively in their roles, liaising with their line manager to assess areas of risk and identify new or changing risks.

## 9.0 Internal Control

9.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the council to respond to a variety of operational, financial and commercial risks. These elements include:-

### a. Policies and procedures

Attached to significant risks are a series of policies that underpin the internal control process. The policies are approved by Cabinet and Council and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

### b. Quarterly reporting

Comprehensive quarterly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Corporate Management Team and Cabinet if appropriate.

### c. Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The council has therefore developed a complimentary policy to the Risk Management Policy on Business Continuity to address this important aspect of risk management and is attached as **Appendix 1** to this Policy.

### d. Anti-Fraud and Corruption

The council has an anti-fraud and corruption strategy, which directs the council towards ensuring a professional and ethical approach to combating fraud. As part of the council's anti-fraud and corruption framework, the council also has an anti-money laundering policy, which directs the council towards ensuring a professional approach to combating money laundering.

### e. Whistleblowing

Cheshire East Council is committed to the highest possible standards of openness, probity and accountability. Employees, Members, contractors, suppliers to or consultants with, the authority are often the first to realise that something wrong may be happening within. The Whistleblowing Protocol is intended to help those who have concerns over any potential wrong-doing within the council.

### f. Audit, Inspectorate and Accreditation reports.

The Council makes reference to and acts upon the results of the work of the internal and external auditors and on information and recommendations received



from other Council feedback mechanisms, including inspectorates, professional bodies and accreditation bodies.

#### 10.0 Document History

Version	Date	Approved by	Minute Ref
V1	17 May 2011	Corporate Risk Management Group	minute para 39.2
	7 June 2011	Corporate Management Team	minute Item 5
	30 June 2011	Audit & Governance Committee	minute para 10
	5 Sept 2011	Cabinet	
V2			

**Risk Management Policy -**

#### **Appendix 1**

## CHESHIRE EAST COUNCIL - BUSINESS CONTINUITY STRATEGY

### 1.0 Purpose

- 1.1 The purpose of this strategy is to clearly outline the Council's commitment to business continuity planning and its links to risk management. In addition it defines and clarifies roles and responsibilities.

### 2.0 Background and Requirements

- 2.1 The Civil Contingencies Act (2004) (CCA) provides the framework for Civil Protection in the UK, and places a number of duties on Local Authorities regarding preparation for and response to emergencies. Cheshire East Borough Council, as a Category 1 (front-line responder) is required to develop and maintain business continuity plans, so that key functions can continue to be delivered in an emergency. This also involves consideration of the resilience of those organisations on whom the Council relies to maintain key services, including any third parties who provide services on its behalf.

- 2.2 **As well as implementing Business Continuity Plans, the CCA also requires Local Authorities to promote and provide general business continuity management advice to commercial and voluntary organisations in the area. This duty aims to enable local businesses to better maintain critical elements of their service and recover more quickly should an incident arise, therefore lessening the economic and social impact on the local community.**

- 2.3 Business continuity management (BCM) is a planned process aimed at managing the many and varied operational risks inherent in the day-day activities involved in delivering services, and, therefore, it is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. Effective risk management can reduce the likelihood of an incident occurring, whilst business continuity planning can reduce the impact if it does occur. As well as increased resilience, there are many benefits to having a structured and consistent BCM process in place:

- Credibility – protecting and enhancing the reputation of Cheshire East Borough Council.
- Supporting corporate governance and the requirement to produce an Annual Governance Statement
- Reduced costs – protecting assets, working more efficiently, reducing recovery cost, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender for business), lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

### 3.0 Objective of the Strategy

- 3.1 The objective of this strategy is to set out the requirement for Cheshire East Council to take steps to ensure that, in the event of a service interruption, essential services will be maintained and normal services restored as soon as

possible. To ensure that this happens, the Council must have in place robust business continuity and service recovery plans that are regularly reviewed and tested. In addition, the Council will promote and provide business continuity advice to local businesses and voluntary organisations, in order to ensure, in conjunction with the Joint Cheshire Emergency Planning Service, that the Cheshire East region is well prepared for any unforeseen events.

#### **4.0 Implementation and Responsibilities**

- 4.1 Business continuity requires senior management commitment and support, and dedicated resource allocated within the Authority to ensure that plans are developed, maintained, reviewed, and, most importantly, tested, so that they are fit for purpose. It also needs to be built into the change management process to ensure the implications of any change are fully considered prior to implementation and that resilience is built into the project deliverables.
- 4.2 Because business continuity is an essential element of risk management, it will be managed as part of the Cheshire East Risk Management Policy, and responsibility for its delivery will be incorporated into the roles outlined in the Risk Management Policy.

**Members and Portfolio Holder Strategic Lead** – ensure an effective Business Continuity Policy is in place.

**Cabinet** – receive monitoring reports and annual report on the progress of Business Continuity within the Council.

**Audit and Governance Committee** – provide independent assurance of the adequacy and effectiveness of the Council's resilience as part of the Risk Management framework.

**Directors and Chief Officers** – ensure the production, communication, review and testing of Business Continuity plans for their Directorate/Services and ensure all staff are fully aware of these plans.

**Corporate Risk Management Group** – monitor the progress and status of business continuity planning and the Council's level of resilience. Report quarterly to the Corporate Management Team, Cabinet and Governance and Constitution Committee.

**Directorate Risk Management Groups** – coordinate the Directorate's business continuity planning response and report quarterly on its progress and status to the Corporate Risk Management Group.

**Risk and Business Continuity Team** - Provide training, support, guidance and advice, as well relevant templates and documentation to aid the planning process. Provide support in the coordination and implementation of testing. Liaise with the Joint Cheshire Emergency Planning Team and the Cheshire Local Resilience Forum, to ensure that the Council is aware of and fully incorporated into the regional emergency and continuity planning processes. Lead in the promotion of business continuity planning to local businesses and voluntary organisations.

**Internal Audit**

Provide an independent assessment of the robustness, or otherwise, of the Business Continuity Plans within Services.

**Other members of staff**

Ensure that they are fully aware of the Business Continuity Plans for their particular area of work, and take proactive steps to improve resilience wherever possible.

**5.0 Developing Plans**

- 5.1 **Understanding the operation** – Business impact analyses (BIA) need to take place to identify and agree critical processes or services and the potential damage or loss that may be caused to the Council and the community as a result of a disruption. A BIA must consider the minimum level of staffing, skills and resources required to enable essential services to continue operating at a minimum acceptable level. Following this, risk assessments must be undertaken to identify internal and external threats to the Council, the likelihood of these occurring, and therefore the potential impact.
- 5.2 **Strategies** – strategies must be developed to offset the identified risks, e.g. eliminate single points of failure, implement better controls, etc.
- 5.3 **Developing and implementing plans** – these must be documented and available for use within any type of emergency incident. They must also include ‘stand-by’ arrangements, including accommodation and specialist equipment, as well as IT systems and telecommunications. They need to tie in with plans already in place, such as the Cheshire East Council Major Emergency Plan and the Emergency Rest Centre Plan.
- 5.4 **Building and embedding a BCM culture** – there is a need to have an effective education and awareness programme in place to ensure that all staff are fully aware of the impact of an unforeseen event, and their roles and responsibilities in a recovery situation.
- 5.5 **Exercising, maintenance and audit** – there must be a regular testing programme in place within Directorates and Services, to ensure that the critical components of the plans are exercised.
- 6.0 Review**
- 6.1 This strategy will be reviewed on an annual basis alongside the review of the risk management policy.

## **CHESHIRE EAST COUNCIL**

### **Cabinet**

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<b>Date of Meeting:</b>	5 September 2011
<b>Report of:</b>	Corporate Scrutiny Committee
<b>Subject/Title:</b>	Business Generation Centres
<b>Portfolio Holder:</b>	Councillor Jamie Macrae

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#### **1.0 Report Summary**

- 1.1 This report encloses the final report of the Task and Finish Group which conducted a Scrutiny Review of the Council's 4 Business Generation Centres.

#### **2.0 Recommendations**

- 2.1 That the report be received and the Cabinet Member for Prosperity undertake to come back to a future meeting of Cabinet with a formal response to each recommendation.

#### **3.0 Reasons for Recommendations**

- 3.1 To progress the findings of the Business Generation Task and Finish Group.

#### **4.0 Wards Affected**

- 4.1 All

#### **5.0 Local Ward Members**

- 5.1 All

#### **5.0 Policy Implications**

- 5.1 Not known at this stage

#### **6.0 Financial Implications**

- 6.1 Not known at this stage

#### **7.0 Legal Implications**

- 7.1 Not known at this stage

#### **8.0 Risk Management**

8.1 Not known at this stage

## **9.0 Background and Options**

9.1 At the suggestion of the then Procurement Assets and Shared Services Portfolio Holder, the Committee set up a task and finish group in December 2010 to review the 4 Council owned Business Generation Centres, as part of the asset challenge process. The Task and Finish Group conducted its investigations between December 2010 and March 2011.. The conclusions and recommendations of the Task and Finish Group were all agreed and ratified at the meeting of Corporate Scrutiny Committee held on 12 July 2011.

9.2 The final report of the Task and Finish Group is now attached for Cabinet's consideration.

## **10.0 Access to Information**

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

Name: Mark Nedderman

Designation: Senior Scrutiny Officer

Tel No: 01270 686459

Email: [mark.nedderman@cheshireeast.gov.uk](mailto:mark.nedderman@cheshireeast.gov.uk)

## **OVERVIEW AND SCRUTINY COMMITTEE – FINAL REPORTING PROCEDURE**

Final reports from Task and Finish groups should follow the procedure set out below:

- Final reports should always, where appropriate, include financial (authorised by the Director of Finance and Business Services) and legal implications (authorised by the Borough Solicitor).
- The relevant Overview and Scrutiny Committee should approve at a formal meeting a final report before submission to Cabinet.
- Two versions of the final report will be produced. A text only version in the standard cabinet format for cabinet, and a colour 'glossy' version for publication on the Council's website.
- At Cabinet, the relevant portfolio holder will open the item and then invite the Chairman of the Overview and Scrutiny Committee to introduce the report.
- The Portfolio Holder will respond by receiving the recommendations and undertaking to come back to the next meeting of Cabinet with a formal response to each recommendation.
- A copy of this procedure will be appended to each Overview and Scrutiny Report submitted to Cabinet.

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December 2010 – March 2011

Overview and Scrutiny Review

# Business Generation Centres

For further information, please contact  
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## **1.0 Foreword**

### **Councillor Paul Findlow – Chairman of the Task and Finish Group**

The appointment of this Task and Finish Group, principally drawn from members of the Corporate Scrutiny Committee, with the welcome addition of a member from Environment and Prosperity, has proved to be a worthwhile initiative and exercise, the results of which are now presented to a wider audience for further deliberation.

The project has been characterised by the taking of evidence from a range of appropriately selected and relevant witnesses, and, in particular, by a series of informative visits and meetings to other local authority areas. No sensible conclusions could have been reached without this thorough process.

I am grateful to all those who have offered freely of their advice, experience and expertise, and especially to Ross Paterson and Mark Nedderman for guiding us through the necessary procedures. I believe it has proved a worthwhile exercise, and reflects well the best practice of closely scrutinising an area of council activity and producing unequivocal recommendations.

I commend the very worthwhile contents of this report to those who come to read it. Let it not gather dust on the proverbial office shelf, but be considered positively and then acted on!

For the longer term well being of our borough, much depends on the success of small start up businesses as they grow and develop. The council's economic development role requires us to support and facilitate that objective. May the implementation of this report contribute to that success.

## **2.0 Acknowledgements**

- 2.1 The group members would like to thank all of the witnesses who gave evidence to the review. A full list of witnesses is given in the body of the report.
- 2.2 Members would like to thank the various officers who were interviewed by the group throughout the review, whose valuable contributions have helped shape the outcome of this report. The group would also like to thank all those who facilitated the group's site visits, with a special thanks to David Wright and Steve Hoyle from Regenerate Pennine Lancashire who gave the group a great insight into the work they are undertaking with business generation in the Blackburn area.

### 3.0 Executive Summary

- 3.1 Cheshire East Council has a responsibility to ensure that it is receiving best value from all of its assets, and this is especially applicable in this period of financial constraint. The Council has to make choices on the allocation of resources and naturally, these are focussed on the preservation of front line services. In 2009, the Council inherited assets involving over 600 properties with a current value of £438 million. Whilst acknowledging that the management of this resource is a challenging task, the Council must not lose sight of opportunities to make best use of its assets. This may require the Council to consider disposing assets, not only to realise capital income, but also to reduce running costs.
- 3.2 Cheshire East has a strategic aim to support local businesses and promote economic growth. Businesses are finding the prevailing financial conditions extremely challenging, and the Council can play a role in offering stability to fledgling businesses.
- 3.3 In the context of the Council's Asset Management Strategy, Cheshire East is currently undertaking a fundamental review of its asset holdings, facilitated through an 'Asset Challenge Process' led by the Procurement, Assets and Shared Services Portfolio Holder. As part of that process, the Portfolio Holder asked Corporate Scrutiny Committee to undertake a review of the Business Generation Centres with a view to the Committee making recommendations to shape the Council's future policy. Corporate Scrutiny Committee set up a Task and Finish group to undertake a detailed review and the group embarked on a process to research best practice through a series of interviews, site visits, and desktop exercises.
- 3.4 The group agreed that Cheshire East's Business Generation Centres (BGCs) are both a valuable asset and an important vehicle for assisting local businesses to develop and flourish within the Borough. However, Members have concluded that the four inherited BGCs are not carrying out their intended function of business "generation" and changes to their method of operation need to be made. The group also acknowledged that the Council has a portfolio of industrial units throughout the Borough and is aware of the current depot rationalisation project. Although outside the scope of this review, we believe that a similar review of the Council's industrial units should also be undertaken in the near future, and will be making appropriate recommendations to the Corporate Scrutiny Committee to add an item into its work programme to carry out such a review.
- 3.5 The group therefore believes that although Cheshire East should continue to be involved with Business Generation Centres, this should be in the role of facilitator rather than a direct provider of them and should ensure that the BGCs are targeted at fledgling businesses only. The Council must move away from the landlord role it is currently fulfilling and provide conditions under which incubation businesses can flourish. The Council should seek to engage a partner or a combination of partners such as Chambers of Commerce, a private sector operator, and/or educational institutions, to ensure that continuing business and incubation support is provided to aid small start-up businesses in each BGC. This partnership approach coupled with high quality business support provided by private sector partners, will in our opinion, ensure that businesses will develop and grow within each BGC in a supported environment for a maximum of 2 years, until established whereupon they will be encouraged again with the support of our partners, to relocate elsewhere, allowing for new businesses to replace them. This will create the desired constant flow through and "churn" of new businesses.

The full list of recommendations is below:

#### **4.0 Recommendations**

1. That in line with the Council's Economic Development Strategy, the principle of Business generation, for start up incubation businesses in Cheshire East be fully supported by the Council, in properly managed, dedicated premises, on 'easy in easy out' terms by way of licence agreements;
2. That the existing buildings owned by the Council and located at Wesley Avenue Sandbach, Scope House Crewe, and Brierley Street Crewe be retained as BGCs, and the Council undertake a soft market testing exercise to seek a partner to manage, promote and market the 3 centres on behalf of the Council. The market testing to be undertaken in tandem with an approach to MMU and Keele University to seek partnership opportunities to provide business advice ,and mentoring schemes for incubation businesses.
3. That in future, subject to financial availability, all BGCs have as a minimum the following support services,
  - a fully staffed reception,
  - telephone facilities in all units,
  - broadband,
  - communal business equipment;
4. That in view of the poor location, condition of the building, and significantly lower occupancy rates than the other 3 BGCs in the Borough, the BGC at Thomas Street Congleton, be closed down and the building be declared surplus to requirements and offered for sale on the open market or alternatively, the site be considered as a potential site for an affordable housing scheme;
5. That in conjunction with the Chamber of Commerce, the Council explore options to secure the continuity of businesses displaced by the closure of the Thomas street facility, by assisting them to locate alternative accommodation within Congleton.
6. That Capital receipts received from the sale of Thomas Street be earmarked towards a scheme to refurbish Scope House Crewe under the 'Asset backed vehicle' scheme.
7. That in the event that economic conditions improve sufficiently in the future to lead to an increase in demand for BGCs, consideration be given to facilitating a suitable building in Macclesfield for use as a BGC to address the current shortage of available incubation facilities in the north of the Borough;
8. That the current practice of providing facilities rent free to tenants in lieu of providing reception services, as occurs at Thomas Street Congleton and Scope House Crewe, be ceased with immediate effect.



## 5.0 Outline of Review

### 5.1 Background

- 5.2 At the suggestion of the Procurement, Assets and Shared Services Portfolio Holder the Corporate Overview and Scrutiny Committee set up a Task and Finish group to review the Council's Business Generation Centres as part of the Council's wider asset management programme. The Task and Finish group, which comprised 4 Members, recognised that there are inextricable links between the future of the BGC buildings and the Economic Development aims of the Council. As a result, the group invited the Environmental and Prosperity Scrutiny Committee to nominate a Member to join the group to ensure that the Economic Development interests of the Council were fully represented. The first meeting of the group took place in December 2010.
- 5.3 Cheshire East's Business Generation Centres at Scope House Crewe, Brierley Avenue Crewe and Thomas Street Congleton, were set up in the 1980's by the former Cheshire County Council. They were created to encourage business growth at a time when Cheshire was suffering from high unemployment rates and low business start-up rates. They were intended to fill the "void" in the market where private sector business had failed to materialise. Cheshire East inherited these three BGCs in April 2009. The fourth, Sandbach Enterprise Centre, was inherited in April 2010 from the former South East Cheshire Enterprise (SECE). The building had formerly been the headquarters of SECE. SECE was created from a partnership between Congleton Borough Council and the Congleton Chamber of Commerce to promote and facilitate economic activity in the wider Congleton area.
- 5.4 The Council does not have an explicit policy in place to support BGCs. The Council has not considered whether, as a matter of principle, it is in the best interests of the residents of Cheshire East for the Council to provide BGCs. Likewise, the Council has not considered whether the Council is making best use of the buildings that currently house BGCs, as assets.
- 5.5 The Task and Finish Group therefore sought firstly to identify if, as a Local Authority, it should be directly involved in providing BGCs, and secondly, to make recommendations on the future management of the buildings in which the BGCs are currently located. In order to address these issues, the Task and Finish Group gathered evidence from a variety of sources, including examples of best practice in the field, interviewing internal and external stakeholders, and visiting a variety of Business Generation facilities in both the public and private sectors.
- 5.6 In summary, the purpose of this review is to assess the viability of each Business Generation Centre from an asset management perspective, to establish whether the Centres are operating in accordance with their original purpose i.e. to provide short term space for small and 'embryonic' businesses, to be cognisant of the prevailing economic conditions in Cheshire East and to gain an appreciation of the provision of similar facilities elsewhere.



## 5.7 Membership

The members of the Task and Finish Group were:

### Corporate Scrutiny Committee

Councillor Paul Findlow (Chairman)  
Councillor Andrew Thwaite  
Councillor John Narraway

### Environment and Prosperity

Councillor Harold Davenport

## 5.8 Terms of Reference

- To identify whether Cheshire East Council should retain its interest in BGCs.
- To gain an understanding of the value of BGCs to the Council in relation to their income generation potential, in comparison to their Capital Value as a disposable asset.
- To assess any influences/constraints/claw-back that may be involved with each BGC
- Identify Occupancy levels in each of the BGCs
- Assess the current Market Conditions
- Assess future demand based on economic predictions
- Consider impact of outsourcing/transfer of assets on the wider Business Community
- To identify income generation on a site by site basis
- To develop a policy on BGCs

## 6.0 Methodology

### 6.1 Witnesses:

Members met with the following people during the review:

- Helen Meacher-Jones – Property and Business Officer
- Jez Goodman – Economic Development Manager
- Councillor Peter Mason – Procurement, Assets and Shared Services Portfolio Holder
- Steve Hoyle – Chief Executive of Regenerate Pennine Lancashire
- Tom Stokes – Chief Executive of Evans Easyspace
- Richard May – Owner of Sunrise House Business Centre
- Adrian Brewer – Beech Finance (Manager of Venture House)

- Councillor Jamie Macrae – Prosperity Portfolio Holder
- John Dunning – Chief Executive South Cheshire Chamber of Commerce
- Vete Jacey – Business Advisor for South Cheshire Chamber of Commerce
- David Watson – Chief Executive East Cheshire Chamber of Commerce
- Tony Walker – University of Manchester Incubation Company (UMIC) Incubation Manager
- Caroline Simpson – Head of Regeneration
- Arthur Pritchard – Head of Assets

## 6.2 Visits:

- Brierley Business Centre, Mirion Street, Crewe
- Scope House, Weston Road, Crewe
- Congleton Business Centre, Thomas Street, Congleton
- Sandbach Enterprise Centre, Wesley Avenue, Sandbach
- Blackburn Technology Management Centre, Challenge Way, Blackburn
- Blackburn Enterprise Centre, Furthergate, Blackburn
- Eanam Wharf Enterprise Centre, Blackburn
- Accrington Enterprise Haven, Peel Street, Accrington
- Entrepreneurship Bridge, Darwen Aldridge Community Academy, Darwen
- Houldsworth Mill Business and Arts Centre, Reddish, Stockport
- Sunrise House, Hulley Road, Macclesfield
- Venture House, Cross Street, Macclesfield
- Broadstone Mill, Reddish, Stockport

## 6.3 Timeline:

Date	Meeting / Site Visit
9/12/10	Task and Finish Group Meeting Appointment of Chairmen Introduction and Terms of Reference
18/1/11	Site Visit to Cheshire East's Business Generation Centres (BGC's)
9/2/11	Task and Finish Group Meeting Background Information Paper Discussed Agreed Site Visits/Officer Interviews
25/2/11	Task and Finish Group Meeting Officer Interviews
28/2/11	Site Visit - Regenerate Pennine Lancashire in Blackburn
1/3/11	Site Visit – Stockport - Evans Easyspace Business Centre Site Visit – Macclesfield – Sunrise House Site Visit – Macclesfield – Venture House
8/3/11	Task and Finish Group Meeting Officer Interview
11/3/11	Task and Finish Group Meeting Interview with East Cheshire and Macclesfield Chambers of Commerce
18/3/11	Site Visit – Stockport – University of Manchester Incubation Company (UMIC)
30/3/11	Officer Interview
4/3/11	Final Task and Finish Group Meeting

## **7.0 Review Findings**

### **7.1 Flexibility and first class facilities**

- 7.2 A Common message conveyed to us by small businesses was that in the current economic climate, with uncertainty in the market and difficulty securing loans from banks, businesses do not want to be tied down to long term contracts. New start-up businesses especially, require flexible short term, 'easy in easy' out contracts in order to give them space and time to become established. This model of flexible monthly contracts is the most successful and appealing to new start-up businesses, and is used extensively in the Business Centre industry.
- 7.3 We have also found that good BGCs have a flexible approach to the use of space within buildings and are creative in their management and use of space. For instance, if demand for meeting rooms is high, some business units may be used in the short term as boardrooms and offered for hire. Conversely if demand for meeting space is low, boardrooms can be used as business units temporarily to meet short term demand, and if the building has demountable walls, these can easily be turned in to larger units etc.
- 7.4 We have found that the age of a building should not be a barrier to success. We have seen successful BGCs in old and new buildings. Location however, is important. A good BGC should be at the hub of the local community with good transport links, and preferably in a prominent position within a town.
- 7.6 Poor access to Broadband is seen as a barrier to new technology industries, particularly in rural areas. The key is to tap into the new generation of broadband as there are major competitive advantages to being able to upload information speedily as well as download. Therefore improvements in rural broadband are very important to Cheshire East. This would support a position to allow more people to operate from smaller centres. This would also provide opportunities to provide an option of virtual business generation centres, which can also provide reception services with a desk at home
- 7.7 Because it is the nature of small start up business to keep running costs to a minimum, having good free parking facilities at Business Centres is high on the list of essentials. We noted that most staff do not travel more than 5-10 miles to these facilities. Only Scope House currently offers free parking on site, our other three centres can only offer on street parking and this has to be an ongoing concern for the Council.

## **8.0 Facilities Management**

- 8.1 Successful Business Centres require high levels of investment and good quality on-site management. The most successful models we have seen have dedicated on-site Management. The Centre managers have responsibility for day to day running of the centre, marketing, and have authority to be innovative and flexible to achieve maximum use of their Business space. In addition, the best facilities have full time reception staff that also assist with the day to day running of centres.

- 8.3 We have found that all of our BGCs would benefit from dedicated management and reception facilities. Although there are rudimentary reception facilities in two of our BGC's, namely Scope House Crewe and Thomas Street Congleton, they are provided by tenants of the respective buildings as an adjunct to their individual businesses. This appears to be linked to their convenient location at the front of the respective buildings. The result is that neither of these centres have a welcoming or professional feel to the buildings and there is no sense at all that they belong to Cheshire East. Indeed, we would suggest that the buildings have a run down and neglected appearance. Despite this first impression, the group was pleasantly surprised to discover that all of our BGCs were benefiting from relatively high occupancy rates. We acknowledge that the Council's other two centres at Wesley Avenue Sandbach and Brierley Avenue Crewe, do not have reception facilities either, but this did not appear to be to their detriment. However, the first impression gained at all of this Council's BGCs is in stark contrast to the branded, welcoming and purposeful atmosphere created in the best of the facilities seen by the group elsewhere.
- 8.4 We have discovered that there is no "one size fits all" approach. Every locality has different demands and market needs, Business Centre operators are of varying sizes, and the types of office space offered across the UK is not uniform. For these reasons it is important to identify what role Cheshire East will play and to what extent it wants to be directly involved with BGCs, taking into account the economic needs of the Borough. The group came to the conclusion that in the short and medium term, Cheshire East should focus its operation on three Centres, run in partnership with either Chambers of Commerce, a private sector operator, and/or educational institutions or a combination of those organisations. The option of outsourcing the function entirely was not considered to be in the Councils best interests, and did not therefore receive support from the group

## 9.0 Income

- 9.1 Although income figures were made available to the group, they were not subject to any vigorous scrutiny and they were taken on face value as being correct. It was noted that for the period April – December 2010, each BGC was making an operating surplus as follows:

<b>BGC</b>	<b>Operating Surplus £</b>
Wesley Avenue Sandbach	£27,702
Scope House Crewe	£73,347
Thomas Street Congleton	£8,182
Brierley Street Crewe	£89,550

## 10.0 Demand

- 10.1 The Prosperity Portfolio Holder and senior officers of the Council, contend that there is unmet demand for BGCs throughout the Borough, although demand is by no means uniform throughout Cheshire East. It is acknowledged that further work is required to establish the level of unmet demand in each of the Council's main population centres. Economic predictions for the region indicate that Cheshire East

as a whole will see high growth levels in the number of small businesses starting up in the next ten years.

- 10.2 Since April 2010, Cheshire East has received around 250 enquiries from businesses seeking advice and enquiring about various issues concerning their business. In that time around 50 of these enquiries have been directly related to BGCs. Although some of the enquiries have been from new start-up businesses and businesses that are downsizing, most enquiries are from businesses that have grown out of home-based offices and are looking for their first commercial office space.
- 10.3 In terms of current occupancy, both Scope House and Brierley Street in Crewe have consistently high rates above 80%. The picture elsewhere is less clear. Congleton and Sandbach both have lower occupancy levels which can be attributed in part to accessibility issues and poor parking facilities.
- 10.4 East Cheshire Chamber of Commerce and the South Cheshire Chamber of Commerce both contend that there is a continuing need for BGC's to be provided in Cheshire East, to develop business and to support entrepreneurship. The Chambers are both willing to have more of an active role in BGCs and are willing to develop partnership opportunities with the Council, to build upon the free business support which they currently offer to businesses located in the BGCs.

## 11.0 Economic Conditions

- 11.1 Based on Cheshire East's latest economic forecasting model for 2008 - 2010, (see the table below) it is estimated that there will be an increase in the number of small businesses with the smallest size band (1-4 employees) seeing the largest growth (4.6% rise between 2010 and 2020).
- 11.2 It is predicted that some sectors such as Chemicals and Motor Manufacturing (in which average business size is relatively large) are expected to see more net job losses in the future, whereas other sectors with a relatively large number of small businesses, such as ICT, are forecast to see net employment growth. The figures also suggest that the total number of businesses will grow overall by 4%, with the growth in the number of smaller businesses more than offsetting the falling number of large businesses.

Table 11.4

### Forecast of business numbers in Cheshire East, by employee size band

Number of businesses: absolute number

Year	Total	1-4 employees	5-10 employees	11-24 employees	25-49 employees
2008	18,035	13,400	2,310	1,235	600
2009	17,580	13,035	2,255	1,215	595
2010	17,345	12,840	2,230	1,205	590
2011	17,400	12,885	2,240	1,205	590
2012	17,425	12,915	2,240	1,205	590
2013	17,490	12,965	2,245	1,210	590
2014	17,555	13,020	2,250	1,215	590
2015	17,645	13,095	2,260	1,215	590

2016	17,720	13,160	2,265	1,220	595
2017	17,790	13,225	2,270	1,225	595
2018	17,890	13,300	2,285	1,230	595
2019	17,965	13,365	2,290	1,230	600
2020	18,040	13,430	2,295	1,235	600

**Number of businesses - index (2010 = 100)**

Year	Total	1-4 employees	5-10 employees	11-24 employees	25-49 employees
2008	104.0	104.4	103.6	102.9	101.3
2009	101.3	101.5	101.1	100.9	100.4
2010	100.0	100.0	100.0	100.0	100.0
2011	100.3	100.4	100.4	100.2	99.9
2012	100.5	100.6	100.3	100.2	99.5
2013	100.8	101.0	100.7	100.5	99.6
2014	101.2	101.4	101.0	100.8	99.6
2015	101.7	102.0	101.3	101.2	99.9
2016	102.2	102.5	101.6	101.5	100.2
2017	102.6	103.0	101.9	101.7	100.4
2018	103.1	103.6	102.4	102.1	100.8
2019	103.6	104.1	102.7	102.4	101.0
2020	104.0	104.6	103.0	102.7	101.2

Source: Policy & Research Team, Cheshire East Council, February 2011.

Underlying data sources:

[1] Annual Business Inquiry 2008 (Workplace Analysis), ONS, NOMIS. Crown Copyright.

[2] Baseline projections from the Cheshire & Warrington Econometric Model. Projections were obtained using Cambridge Econometrics/IER LEFM software and are consistent with Regional Economic Prospects, February 2010. Additional data preparation and aggregation by the Policy & Research Team, Cheshire East Council.

- 11.5 To sum up, both the economic predictions and the evidence gathered about the levels of demand reinforces the need for Cheshire East to have Business Generation Centres. Small businesses will be the key growth area throughout the Borough in future years and we are clear that the Council should be actively working to encourage and promote businesses throughout this period of predicted growth.

## 12.0 Cheshire County Council Review

- 12.1 The group researched the County Council review undertaken by that authority in 2007, which involved 3 of the BGCs that have been the subject of this review.

Although the County review was not acted upon, the group noted the conclusions which were:

- **Congleton**

Sell this BGC as an investment, it has little impact on business generation, is too small to be worth managing and will be retained as business space anyway in the future.

- **Brierley Business Centre**

Sell this BGC. It provides little 'business generation' and there are looming refurbishment costs above and beyond the worth of repair. Acquiring residential development value should provide CCC with substantial funds, either to upgrade remaining BGC's or contribute to new provision

- **Scope House**

Retain this BGC, use some of the proceeds realised from the sale of Thomas Street Congleton to refurbish it. This will enable small business accommodation to be retained in a regeneration area. If sold, there is a good chance that the very small unit sizes, which are so important to start ups could be lost to larger 'corporate occupiers.

- 12.2 We concurred with the conclusions of the County review in relation to Thomas Street Congleton and Scope House Crewe, but disagreed in respect of Brierley Street Crewe having seen evidence of the high occupancy rates at that centre. We therefore concluded that Brierley Street was still a viable Business Generation Centre.

## **13.0 Neighbouring Authorities**

### **13.1 Stockport Council**

- 13.2 The group undertook two visits to our neighbouring authority at Stockport MBC. The Council has three Business Centres located in buildings leased from a private owner
- 13.3 The Council has been running Business Centres for over 11 years. It believes that the promotion and creation of business is vital for the local economy and also that the Council should be involved in some capacity to facilitate this. They recognise however that the Council does not have the necessary expertise or specialised resources to run Business Centres internally, so now engage a private company (Evans Easyspace) to manage the Centres on their behalf for which they receive an annual fee and a percentage of the rent income.
- 13.4 Stockport Council has an arrangement with the Manchester University Incubation Company (UMIC) to provide a Business Incubation service for high tech advanced service businesses. For 1 ½ days per week, UMIC provide business support and expertise to businesses in the Centre, for which they receive a fee.
- 13.5 Business support is provided by Blue Orchid, a company which already has links with Cheshire East providing business support for our own Business Generation Centres.

- 13.6 Stockport Council have a close working relationship with their private sector provider, although it is acknowledged by the Council that it is a very 'hands off' relationship as the day-to day running and decision making is left with Evans Easyspace to manage the three Business Centres.

13.7 **Cheshire West and Chester Council**

The group was made aware that Cheshire West and Chester Council are also experiencing many similar problems to Cheshire East and are due to carry out a similar review of their own BGCs this year.



## 14.0 Conclusions

- 14.2 This review was initially instigated to make recommendations on the future of the Council's 4 BGCs as part of the Council's asset challenge process. The review naturally led to a philosophical discussion about whether the Council should as part of its core business, either provide buildings for Business Generation or be actively involved in the management of Business Generation Centres. The group has accepted that in line with the Council's Corporate objective 2 that business generation is fundamental to the Council's future aspirations to 'grow and develop a sustainable Cheshire East. Corporate objective 2 states:

*'We want to ensure that we provide the right environment for businesses to grow. We will provide business support, plan for the needs of future generations and provide employment and public services where people need them. We will work with our partners across the public sector to increase aspirations and realise the potential of all members of our community. We will provide transport solutions, support cultural projects and revitalise town centres. We will increase the number of visitors to Cheshire East through marketing our towns and major attractions'.*

- 14.3 Economic predictions suggest that Cheshire East will increasingly depend upon small and medium sized businesses (SMEs) to create jobs within the Borough.
- 14.4 On this basis, we believe that the Council should as a matter of principle, continue its involvement in Business Generation. However, as the Council's current arrangements are not fulfilling their original intention of providing business support for start up businesses, we must change the way in which they are managed. In the context of the current financial climate, we acknowledge that the Council is not in a position to invest significantly in the Council's BGCs in the foreseeable future. Nevertheless, we should not miss this opportunity to make best use of the facilities that we already have. We therefore believe that there is sufficient demand to retain the BGCs at Brierley Street Crewe, Scope House Crewe and Wesley Avenue Sandbach. We believe that the Council should retain ownership of the buildings in which, the BGCs are located but we should look to the private sector and/or partnership organisations to manage the BGCs on our behalf with a clear remit that they must be exclusively for start up businesses with flexible 'easy in easy out' terms to provide accommodation for the first two years of the life of new businesses. To this end we believe that the Council should undertake a soft market testing exercise to assess the availability of partners to fulfil this management and mentoring role on behalf of the Council.

- 14.5 We would summarise the findings on each of the buildings as follows:

- **Scope House** – Needs to be refurbished and brought up to a higher standard of appearance; however this BGC is in a prime location and should be retained. It is close to both Crewe Train Station and the industrial parks, and also has good parking facilities. This building has great potential to be a successful BGC and could be incorporated into the 'Crewe Vision' project.
- **Sandbach Enterprise Centre** –It is modern and provides high quality office space, however, we were surprised to discover that occupancy was so low,

and noticed that the internal condition of the building appeared to have deteriorated recently. We also have concerns regarding the fact that a substantial part of the rental income is derived directly from Cheshire east Council as the top floor is occupied by Cheshire East staff. We still believe however that the building has potential to be a successful BGC but must be marketed more aggressively and managed properly.

- **Brierley Street** - Has a 100% occupancy rate and the building is in good condition despite it being a former School from the Victorian period. If current occupancy rates were sustained, it would continue to be the Council's most successful BGC.
- **Thomas Street Congleton**- We believe that this BGC should be declared surplus to the Council's requirements and the building disposed of on the open market. This BGC has the worst occupancy rates of the 4 BGC's, is considered to be poorly located, with inadequate parking facilities and perhaps most significantly, is in urgent need of considerable investment. We have been informed that the Thomas Street BGC has a market value in the region of £150,000. The Council will of course have to consider offering alternative accommodation for the current tenants, but we believe that there is sufficient capacity in the private sector facilities available in the town of Congleton for this to happen with little disturbance to the businesses involved.

- 14.6 While we accept that that the Council does not have the expertise or experience to run BGCs, we see no reason why the Council's ultimate aim to have highly successful BGCs operating within Cheshire East cannot be achieved through partnership arrangements.
- 14.7 We believe that the Council should continue exploring partnership opportunities with MMU and Keele University, particularly in relation to the high-tech, advanced service businesses sector, similar to the model at Stockport Council and UMIC.
- 14.9 We are confident that if this partnership model of business incubation is adopted by the Council, it will provide an excellent platform for success in the future and create conditions for a more dynamic and vibrant economy in Cheshire East.
- 14.10 In summary, we have found that all successful Business Centres have:
- Flexible easy in, easy out contracts
  - Good management
  - High quality office/industrial units
  - Business support
  - Effective cooperation with partners
  - Full time reception staff

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## 16.0 Definitions

## APPENDIX 2

- 16.1 Due to the complexity of the Business Centre industry it is extremely difficult to define it with one broad definition as it takes many forms and operates under various models. There are clear distinctions between Business Centres and Incubation Centres, which all fall under the term “The Flexible Office Market” and therefore definitions of all of these have been provided.

### 16.2 **Business Centre**

In “The Complete Real Estate Encyclopaedia” Denise L. Evans and William Evans define a Business Centre as:

*“An office arrangement providing individual offices for local representatives of large companies, professionals, and small-business persons, with sharing of lobby space, conference rooms, support staff, telecommunications services, office equipment, and other amenities.”*

### 16.3 **The Flexible Office Market**

The Global Real Estate Advisor DTZ defines the Flexible Office Market as:

*“... providing business space on a short term and flexible basis to occupiers. It is actively managed with the presence of an on-site team. Flexibility, active management and service delivery lie at the heart of the sector, not the type of building occupied, its location, or indeed, the exact length and nature of tenure.”*

### 16.4 **Business Incubation Centre**

UKBI: The Professional Body for The Business Incubation Industry give this definition of Business Incubation:

*“Business incubation provide growth SMEs and start-ups with the ideal location to develop and grow their businesses, offering everything from virtual support, rent-a-desk through to state of the art laboratories and everything in between. They provide direct access to hands-on intensive business support, access to finance and expertise and to other entrepreneurs and suppliers to really help businesses and entrepreneurs to grow - faster.”*

To avoid confusion the name “Business Generation Centres” was originally given to Cheshire East’s Business Centres to place emphasis on the “generation” aspect of creating and promoting new start-up businesses. There are many varying names for Business Centres, such as Innovation Centres and Enterprise Centres etc, although they are all primarily “Business Centres”. This review will refer to Cheshire East’s Business Generation Centres (BGCs) as well as some other terms for the facilities.

### 16.5 **Easy In Easy Out**

#### **Easy-in**

- monthly licence agreement

- monthly rental payments
- Unit furnished to clients own requirements
- Telephone/broadband connections

**Easy-out**

When a business has expanded and is ready to move on, the licence agreement can be terminated by simply giving one month's written notice.

## APPENDIX 3

### 17.0 Site Visits

#### 17.1 Site Visit – Cheshire East’s Business Generation Centres

- 17.2 The Task and Finish Group visited Cheshire East’s four Business Generation Centres. The group also spoke with businesses located within the BGC’s to understand their perceptions of the service offered to them.

The Business Generation Centres visited are as follows:

- 17.3 **Brierley Business Centre** Located in a residential area in Crewe, the building was a former a secondary school. Externally the building is in an extremely good condition despite its age, and it enjoys a full occupancy rate of businesses. Internally, the building still has the appearance of Victorian school and would appear to have little flexibility. The centre is accessed via a narrow residential street. Parking facilities could be significantly improved by utilising the former school playground. We noted that there are other single storey outbuildings on site that are underused.
- 17.4 **Scope House** A 1960’s office block connected with a now demolished factory. The building has good parking facilities. The group felt the internal appearance of the building was poor; however the Centre enjoys a high occupancy rate of 91.6% and is primarily located near Crewe Train Station and business parks.
- 17.5 **Congleton Business Centre** offers a combination of office space and industrial units, however the building appears to be in a poor condition and occupancy rates are extremely low, with some units being left empty for a number of years. Its current occupancy rate is currently 58.3%.
- 17.6 **Sandbach Enterprise Centre** is a modern, well-maintained building that offers attractive office space, however the Centre has no on-site parking facilities. Occupancy levels are currently 56.2%.
- 17.7 Services offered in BGCs
- Easy in - Easy Out monthly licence fees
  - 24 hour access
  - Free Business Support with Blue Orchid and Business Link

#### 17.8 Findings from Site Visits

- 17.9 The group quickly identified that the BGCs were not fulfilling their intended original function of Business “Generation”.
- 17.10 Some of the Businesses that operate in the BGCs have been doing so for a number of years, with one business remaining in a centre for eleven years. The average length of tenure was longer than 2 years.
- 17.11 There appears to be no emphasis placed on developing businesses with a view to them moving on after a period of time; the original purpose of BGCs. This would in turn free up space to allow for new start- up businesses to locate within the Centres.

the Council is simply acting as a landlord by providing office and workspace for businesses to locate in and collecting rents.

- 17.12 The group found that there is also a distinct lack of promotion and marketing of the Business Generation Centres. There are no great efforts to promote them to the wider community apart from information being available on Cheshire East Council's website and links through the Chambers of Commerce. Members commented that better advertising could possibly lead to an increased uptake in the various units that have been lying empty for a number of years.
- 17.13 We have reservations about the current arrangement that in both Congleton Business Centre and in Scope House the businesses located in the reception units received them rent free as they provided part-time reception facilities. Members did not feel that this was an appropriate arrangement and that the business should pay a monthly rent similar to the other businesses.
- 17.14 The group discovered that Sandbach Enterprise Centre has a condition contained in the transfer agreement ensure that it remains a BGC for another 6 years,(until 2017) which the group took into account when considering their options for this review. This is a historical arrangement created when Congleton Borough Council and the Northwest Regional Development Agency purchased the building. If it were to be sold for either business use or non-business use before the six years, then the various bodies involved in its purchase would receive claw-back payments.
- 17.18 Although in many of the Centres, businesses are flourishing, with a good variety of businesses including small start up businesses we noted that there are a number of successful businesses that have been in the BGC's for extended periods and are content to remain in the Centres for the foreseeable future. Some businesses that operate in the BGCs include:
- Financial Companies
  - A Radio Station
  - Software Engineers
  - Caterers
  - Design Companies
  - A Sportswear Company
  - Construction Companies
  - Security Firms
  - Kitchen Company
  - Taxi Firms
- 17.19 Rent Levels
- 17.20 The prices in Cheshire East's BGCs appear to be roughly in line with the prices in the private sector. A typical 100 sq ft unit would cost £15 per sq ft annually, working out at £125 per month.
- 17.21 Cheshire East has a flexible approach to rent levels. For instance, if a business is experiencing cash flow problems, there is discretion to temporarily reduce rents in order to support a business for a short period of time if need be. We have been informed that such arrangements are seldom needed and most businesses are able meet their rental commitments.

**17.22 Site Visit – Regenerate Pennine Lancashire**

- 17.23 Regenerate Pennine Lancashire is a private company designed to deliver economic and physical development across the whole of Pennine Lancashire on behalf of the area's local authorities: Blackburn with Darwen, Hyndburn, Ribble Valley, Burnley, Pendle and Rossendale; It is owned by those authorities and Lancashire County Council.
- 17.24 Regenerate operate a variety of different business centres, and are market leaders in creating innovative flexible workspace opportunities across the various authorities.
- 17.25 Regenerate Pennine Lancashire's aim was to create and develop new business in an extremely deprived area which did not have a history of entrepreneurship. Since their creation, the Business Centres have been extremely successful, and as part of the Local Enterprise Growth Initiative (LEGI) approximately 1500 new businesses and 4850 jobs have been created across the various authorities in the past 4 years.
- 17.26 Chief Executives of over 100 companies provide a mentorship scheme for business located in each of the Business Centres. They provide advice and expertise to fledgling businesses and assist them throughout their development at the Centres. Start up business support is also available at each of the centres to compliment the mentoring system.
- 17.27 The Business Centres are the hub of the community, involving local people and especially young people. Partnerships are in place with some of the local football clubs and they hold regular businesses events and have training days at the stadiums for young people who are interested in learning entrepreneurial skills. Blackburn Rovers Football Club has even created a Business Centre beneath one of the stands at Ewood Park, and this innovative idea has been extremely successful.
- 17.28 Regenerate "brand" their Business Centres to encourage different types of businesses to locate within them. These include specialised technology centres and general office workspace centres which cater for a variety of businesses. They have also been extremely innovative in creating office space in a variety of unorthodox environments, including creating offices in old market hall and creating an "enterprise bridge" with business "pods" within an Academy School.
- 17.29 Innovation and creativity is the key to having successful Business Centres. They have proven that flexible office space for start-up businesses can be provided in any environment, whether it is modern purpose built buildings, old buildings that have been redeveloped, or individual units located in existing buildings, businesses can thrive and develop successfully.
- 17.30 It was evident to the group that the success of these individual Business Centres was largely down to them being effectively managed by individual Centre Managers, who ensured that an efficient and high quality service was being provided to clients at each Centre. Having a manned reception created a more professional atmosphere and a welcoming environment for potential business considering locating within the Business Centre.
- 17.31 We believe that the Regenerate Pennine Lancashire model is a first class operation, catering for a wide variety of businesses. We were particularly impressed with the focus on the incubation and development of new businesses. The group acknowledges however, that this model has relied upon significant investment from the Councils involved and also government grant funding over a number of years.



Cheshire East is clearly not in the same position and does not have the resources to carry out an operation on this scale.

**17.32 Site Visit – Evans Easyspace – Stockport Council**

- 17.33 Evans Easyspace is a private sector company that provides flexible workspace to small and medium sized businesses. They operate Business Centres across the whole of the UK, with some of them being operated in partnership agreements on behalf of Local Authorities. They operate in a partnership capacity with Hereford Council, Shrewsbury Council, Fife Council and the City of Edinburgh Council to manage Business Centres, and they also manage a Business Centre on behalf of the Regional Development Agency One North East.
- 17.34 They offer easy- in easy -out monthly contracts to businesses and can provide any extra facilities that a business may require, i.e. telephone, broadband, business support etc. Evans Easyspace operates with a Landlord/Tenant model and is keen to retain its tenants for a long period, rather than to focus on the incubation and constant flow-through of new businesses which is much more of a financial risk.
- 17.35 The company manages all three of Stockport Council's Business Centres. They charge a fee for their services and also take a percentage of the rent roll. This model creates an incentive for the private sector operator to increase the number of tenants and therefore the overall income generated by the Business Centre.
- 17.36 Business support is provided in partnership with Business Link and The University of Manchester Incubation Company (UMIC).
- 17.37 This model landlord/tenant model does not support the "incubation" and development of new businesses to grow and eventually move on from these centres. It relies on high occupancy and the retention of businesses in order to be successful.
- 17.38 Evans Easyspace is however involved in a partnership agreement to facilitate business incubation at one of Stockport Council's Business Centres. They manage the Centre on the basis that it is to be used solely a "Business Incubation Centre" and work in partnership with The University of Manchester Incubation Company (UMIC) to provide this.

**UMIC**

- 17.39 UMIC provides an incubation service one and a half days per week. The incubation service includes a three year intensive business support package, links to industry experts and valuable contacts. All business support is provided to businesses from Blue Orchid.
- 17.40 The Incubation Centre is located on the third floor of an Old Cotton Mill that has been refurbished and redeveloped to an extremely high standard. The building itself and the office space offered was impressive, and it provides smaller units as well as much larger office space.
- 17.41 The key aim of UMIC is to attract, develop and grow businesses that are mainly advanced service companies. These can be high-tech businesses, design based companies, call centres etc. Businesses must fit the profile of an incubator company which has the potential to grow and develop to produce jobs within the local community. UMIC plays a pivotal role in selecting appropriate businesses to locate within the Centre.

- 17.42 Emphasis is placed on enabling businesses to grow and expand; however, ideally businesses will remain in the Centre and simply move to a larger unit rather than relocate elsewhere. Ensuring the retention of businesses is still a crucial component in meeting costs and achieving rent targets.

**17.43 Site Visit – Sunrise House and Venture House**

Members visited two private sector Business Centres in Macclesfield.

- 17.44 Although both of these privately owned Business Centres provide office space and industrial units to local businesses, with flexible easy-in, easy-out contracts and flexible attitude to rents depending to suit businesses needs, we considered that the standard of accommodation and support services differed vastly.

Sunrise House is a well managed attractive building with a long established history of supporting local businesses. Occupation levels are high and the building is in excellent condition.

Venture house on the other hand, is a former Cheshire County Council BGC that was disposed of some 10 years ago, and has relatively low occupancy rates and is in a very poor condition.

Both facilities do offer fully serviced offices with a broadband, telephones, furniture etc, or empty units for businesses to bring in their own items such as heavy machinery etc. The level of facilities provided in each unit are reflected in the monthly rental which can vary substantially.

## **CHESHIRE EAST COUNCIL**

### **REPORT TO: CABINET**

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**Date of Meeting: 5 September 2011**

**Report of: Brian Reed, Democratic Services and Registration  
Manager**

**Subject: Royal Engineers Memorial**

**Portfolio Holder: Wesley Fitzgerald, Leader of the Council**

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#### **1.0 Report Summary**

- 1.1 At Full Council on 21 April 2011, a Notice of Motion was submitted by Councillors C Thorley and D Flude to investigate the possibility of erecting a small memorial, in the Crewe area, in recognition of the bravery of the Royal Engineers who were killed by one of the four bombs, which fell in a field opposite Alvaston Hall, near Crewe, in August 1940.
- 1.2 Section 10 of this report outlines the options that are open to the Council should it wish to install a memorial in the Crewe area.

#### **2.0 Decision Requested**

- 2.1 Cabinet is asked to consider the contents of this report and should it wish to proceed with the erection of small memorial select one of the options outlined in Section 10 below.
- 2.2 If it is agreed that a plaque or other small memorial should be placed near the site of the tragedy and the favoured location is on private land, authority is sought for the Borough Solicitor to enter into such agreements as are necessary to give effect to the Cabinet's wishes and agree the terms of such agreements.

#### **3.0 Reasons for Recommendations**

- 3.1 That this matter has been formally submitted for consideration through Full Council.

#### **4.0 Wards Affected**

- 4.1 Nantwich North and West.  
Wistaston

**5.0 Local Ward Members**

- 5.1 Councillors Mrs Penny Butterill, Arthur Moran, Mrs Margaret Simon and Mrs Jacqueline Weatherill.

**6.0 Policy Implications**

- 6.1 There are no wider policy implications.

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

- 7.1 There are no significant financial implications. The cost of a modest plaque or memorial (probably less than £500) could be met from existing budgets.

**8.0 Legal Implications**

- 8.1 Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculated to facilitate or conducive or incidental to the discharge of any of its functions. Section 2 of the Local Government Act 2000 empowers it to do anything which it considers is likely to achieve the promotion of the social well-being of the area.
- 8.2 There are no other obvious significant legal implications, other than ensuring that any plaque or memorial is located in a position has been approved by the relevant landowner and that there are no planning or highway issues with the location or design of the memorial. The details of such issues cannot be resolved until a decision in principle is taken as to whether to erect a plaque or small memorial.

**9.0 Risk Management**

- 9.1 There are no risk management implications.

**10.0 Background and Options**

- 10.1 In August 1940, four bombs fell in a field opposite Alvaston Hall, near Crewe. They did not explode immediately and an Army Bomb Disposal Unit was called out. One of the bombs then exploded, killing six members of the Royal Engineers Unit, Sergeant Edward Greengrass,

Sapper Harold Thompson, Sapper Michael Lambert, Sapper Albert Edward Fearon, Sapper George Lucas and Sapper John Percival. Due to issues of security and morale the incident was not reported in the press at the time and the names of the men are not recorded on any war memorial in Crewe or Nantwich.

- 10.2 The Notice of Motion submitted to Council was prompted by an approach received by Councillors Thorley and Flude from the Crewe Branch of the Royal Engineers Association.
- 10.3 Should the Council wish to proceed and mark the loss of the six Royal Engineers there are a number of options which could be pursued; these include:
- Placing a plaque or other small memorial as close to the site of the tragedy as possible. Such an action would be consistent with the way in which other wartime tragedies have been marked both elsewhere in Cheshire East and in also in other parts of the country. An example in Cheshire East would include the memorial installed at Bridgemere in 2003, in honour of a crew of seven American airmen who crashed during the Second World War. It is understood that this is the approach favoured by the Royal Engineers Association and by Councillors Thornley and Flude.
  - Adding the names of the six Royal Engineers to an existing war memorial in the area; such an approach would require the permission of the custodians of the appropriate memorial. Were such an approach to be adopted it could prove difficult to add contextual information about the incident as on such memorials it is customary simply to list names, rank and sometimes regiments or other service specific information of those that are remembered.
  - Placing a plaque or other small memorial, elsewhere in the Crewe area, such as the Municipal Square in Crewe town centre or within the Municipal Buildings or other Council property.
- 10.4. Research is currently ongoing to identify the exact location of the incident in 1940 as there are conflicting accounts of the location. A respected local historian is being consulted and the Cheshire Archives and Local Studies Service are searching their records to see if they can be of assistance. The lack of contemporary press coverage referred to above had contributed to the uncertainty of the exact location and is the reason why two Wards are detailed in section 4 above.
- 10.5 Should Cabinet agree to the principle of placing a plaque or other small memorial close to the site of the tragedy work will be undertaken to quickly to identify an appropriate location. If this is on private land the approval of the landowner will be sought and appropriate permissions

obtained. Alternatively if an appropriate location can be found on Council owned land approval will be sought from the relevant Service / portfolio holder. The Planning and Highways Services will be consulted to ensure that any memorial satisfies relevant planning laws and its location causes no problem on the highway.

- 10.6 If it is the view of Cabinet that it is more appropriate for details to be added to an existing memorial, approaches will be made to find a suitable location in the Crewe area. Similarly, should Cabinet wish a memorial to be located elsewhere in the Crewe area a suitable location will be researched.
- 10.7 Should approval be given for the erection of a plaque or small memorial it is suggested that it is unveiled by the Mayor, with the Royal Engineers Association and representatives of the Army playing a role in a suitable ceremony.

#### **11.0 Access to Information**

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

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# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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<b>Date of Meeting:</b>	5 September, 2011
<b>Report of:</b>	Lorraine Butcher, Director of Adults, Children and Families
<b>Subject/Title:</b>	<u>Residential Care Market - Notice of Motion submitted to Council 21 April 2011</u>
<b>Portfolio Holder:</b>	Cllr Roland Domleo

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### 1.0 Report Summary

#### 1.1 Notice of Motion submitted by Councillor D Flude and C Thorley - Council 21 April 2011

That the Council notes the instability in the residential care market in Cheshire East and the potential impact on the finances of the Council and that the Council set up a Task and Finish Group, to determine the best means to manage demand for residential care, including demand from returning self funders.

- 1.2 The report examines how this motion fits into the wider picture of residential care and social care funding generally in the context of the Dilnot Report.

### 2.0 Decision Requested

- 2.1 Cabinet is recommended to:

Refer this matter to the Adult Social Care Scrutiny Committee with a view to them examining the matter and reporting back on

- The stability of the residential care market in Cheshire East
- The availability of residential care at affordable prices in Cheshire East
- The success or otherwise of current measures to manage the demand for residential care in Cheshire East.
- The success or otherwise of measures to support self funders to remain independent of Council funding for longer

### 3.0 Reasons for Recommendations

- 3.1 Residential care and the funding of social care generally are significant issues for Cheshire East Council. The Council has committed significant additional funding to Adult Social Care but cannot continue to do so indefinitely. The pressures on Adult Social Care funding are becoming clearer in Cheshire East

- 3.2 Since 1<sup>st</sup> April 2009 care costs in Cheshire East have increased by 6% year on year compared with 4% nationally. It is the increasing number of older service users that has placed the most significant extra financial costs on the authority. For example, expenditure being incurred on over 85's in the current financial year is projected at over £20m. This is the beginning of a trend that shows this age category doubling over the next 15 years within the Borough. The latest projection in terms of Older People's service users is a year on year increase in costs in 2010/11 of £1.5m.
- 3.3 External factors outside the control of the department are also adding to the financial pressures. The current tough economic climate means people generally have less money. Personal capital and savings, which would previously have funded individual contributions to care costs, are being eroded. Even after rigorous financial assessment procedures and support to secure all the benefits available, many individuals are able to contribute less to the cost of their care, meaning greater costs to the Council.
- 3.4 In addition, returning self funders have significantly increased, previously from averaging about 6 per care period (80 per annum) to over 140 per annum. Restrictions on other funding sources and changes in national benefits legislation also increase the local financial burden. This is illustrated by changes to the Independent Living Fund (ILF) where no new awards are being made. It is estimated this has resulted in a reduction of income to clients within the Borough who previously would have been eligible to some £1.2m in the current financial year. This is income from central government which would have reduced our net costs of care.
- 3.5 As the financial pressures begin to affect providers there are increasing examples of them being unable to deliver services for the prices that Councils are prepared to pay, particularly for residential care for older people. At a national level Southern Cross has caught the headlines but there are local examples too of the difficulties faced by providers in this sector. Both providers and citizens are showing an increased tendency to resort to the law to challenge the level of funding provided by Council and this too is adding to our cost pressures locally.

#### **4.0 Wards Affected**

- 4.1 All

#### **5.0 Local Ward Members**

- 5.1 All



## 6.0 Policy Implications including - Carbon Reduction - Health

- 6.1 These issues clearly affect health colleagues and a key part of the strategic response has been and remains to engage health colleagues at a senior level in this agenda

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

The points made in the 3 above indicate the financial impact of this issue on the Council

## 8.0 Legal Implications (To be authorised by the Borough Solicitor)

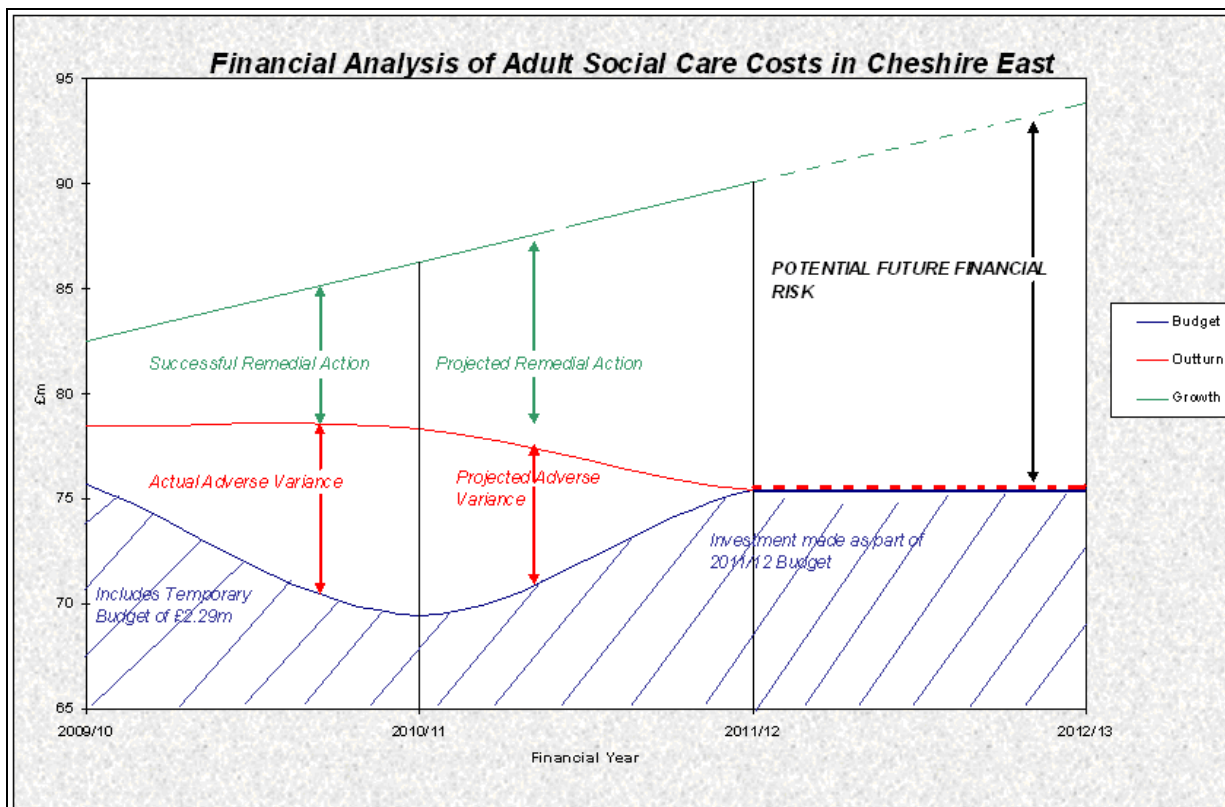
- 8.1 The arrangements for contracting for Residential care and the standards required of providers are matters that have a direct impact on the financial processes of the Council

## 9.0 Risk Management

- 9.1 The financial and reputational risks arising from residential care provision for older people are very significant for this Council

## 10.0 Background and Options

### 10.1 APPENDIX 1 – PRESSURES ON SOCIAL CARE SPENDING



On the chart is a gross cost of care line (growth). This line demonstrates the potential care cost pressure risk for the service. This risk is currently being mitigated through prevention activities such as re-ablement. Whilst this cost of care line can be suppressed in the short term, it is evitable over time that this slope will increase due to population growth and pressures. The measures in Think Local Act Personal are designed to ensure that Councils and partners can manage the growth of care costs and protect the financial position of the Council.

Key measures to address this pressure are:-

- Secure greater cooperation and better use of resources across public services to improve individuals' and their families experiences, including housing, leisure, culture, transport, health, welfare benefits, employment support, social care and community safety.
- Encourage and help local communities and groups to provide networks of support, to help people improve their health and well-being, and to reduce their need for more acute care and health services.
- Actively involve people, carers, families and communities in the design, development, delivery and review of innovative care and support arrangements to maximise choice and independence and utilise the widest range of resources. Facilitate a broad range of choice in the local care and support market, including housing options, and personalise the way in which care and support services are delivered wherever people live.
- Ensure that those people eligible for council social care funding receive this via a personal budget (either as a direct payment or a managed account) allowing them to exercise the same amount of choice and control as those who pay for their own care and support.
- Ensure all people have the information and advice needed to make care and support decisions which work for them, regardless of who is paying for that care. This includes help to make the best use of their own resources to support their independence and reduce their need for long-term care.

**Access to Information by contacting the report author**

**Key document is the Dilnot Report**

<https://www.wp.dh.gov.uk/carecommission/files/2011/07/Fairer-Care-Funding-Report.pdf>

Briefer list of recommendations

<https://www.wp.dh.gov.uk/carecommission/files/2011/07/CFCS-launch-presentation-WEB.pdf>

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