

Cabinet

Agenda

Date: Monday, 10th December, 2012
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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

Please contact Cherry Foreman on 01270 686463
E-Mail: 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 - 6)

To approve as correct record the minutes of the meeting held on 12 November 2012.

5. **Key Decision 4 - Interim Health and Wellbeing Strategy 2013/14** (Pages 7 - 14)

To consider the Joint Health and Wellbeing Strategy for 2013/14, between the Local Authority and Clinical Commissioning Groups in Cheshire East.

6. **Key Decision 14 - Cheshire East Local Plan - Draft Development Strategy and Policy Principles** (Pages 15 - 28)

To consider and to approve for consultation the Cheshire East Development Strategy, and the Policy Principles Document.

N.B: Appendix 2 - Development Strategy, and Appendix 3 - Emerging Policy Principles, are to be found in a supplement to this agenda.

7. **Key Decision 28 - Libraries Stock Procurement** (Pages 29 - 32)

To consider the procurement of a new libraries stock contract jointly with Cheshire West and Chester Council.

8. **Key Decision 22 - Future Delivery Model for Waste Management Services** (Pages 33 - 50)

To consider future delivery options for recycling and waste management services.

9. **Key Decision 32 - Award of Local Sustainable Transport Fund Bus Service Contract** (Pages 51 - 58)

To agree the award of a contract for the new Crewe Town Centre bus service.

10. **Council Tax Base 2013/14** (Pages 59 - 90)

To consider the Council Tax Base for Cheshire East, and to identify important changes to its calculation for 2013/14.

11. **Three Year Medium Term Financial Strategy 2013/16** (Pages 91 - 126)

To consider an update on the medium term financial forecasts for the Council.

12. **Annual Governance Report - Cabinet Response** (Pages 127 - 174)

To approve the Council's response to the recommendations of the Audit Commission Annual Governance Report.

13. **Regulation of Investigatory Powers Act - Revisions to Policy and Procedures** (Pages 175 - 188)

To consider revisions to the Regulation of Investigatory Powers Act Policy and Procedures to take into account the Protection of Freedoms Act 2012.

14. **Revised Statement of Gambling Principles** (Pages 189 - 218)

To consider the content of the Statement of Principles under the Gambling Act 1985, and to recommend formal adoption by the Council.

15. **Universal Information and Advice Services** (Pages 219 - 224)

To agree to grant aid the provision of universal information and advice services across Cheshire East.

16. **Commissioning Crewe Cumberland Lifestyle Centre** (Pages 225 - 272)

To consider the delivery of the Crewe Lifestyle Centre by procuring and appointing a Design and Build Contractor.

17. **Notice of Motion - Highways Maintenance Response Times** (Pages 273 - 278)

To consider a response to the Notice of Motion submitted to the Council on 11 October 2012.

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Cabinet**
held on Monday, 12th November, 2012 at Council Chamber - Town Hall,
Macclesfield, SK10 1EA

PRESENT

Councillor M Jones (Chairman)
Councillor D Brown (Vice-Chairman)

Councillors Rachel Bailey, J Clowes, J P Findlow, L Gilbert, J Macrae, R Menlove,
B Moran and P Raynes.

Also Present

Councillors Rhoda Bailey, Louise Brown, D Flude, P Groves, D Marren,
P Mason, A Moran, B Murphy, A Thwaite and S Wilkinson.

Officers in attendance

Interim Chief Executive; Borough Solicitor and Monitoring Officer; Director of Finance and Business Services; Head of HR and Organisational Development; Strategic Director Children, Families and Adults; and the Strategic Director Places and Organisational Capacity.

97 APOLOGIES FOR ABSENCE

There were no apologies for absence.

98 DECLARATIONS OF INTEREST

There were no declarations of interest.

99 PART 2 PRIVATE AGENDA - TO RESPOND TO ANY REPRESENTATIONS RECEIVED

There were no Part 2 items on the agenda.

100 PUBLIC SPEAKING TIME/OPEN SESSION

No members of the public were present.

101 MINUTES OF PREVIOUS MEETING**RESOLVED**

That the minutes of the meeting held on 15 October 2012 be approved as a correct record.

102 **KEY DECISION CE12/13-26 ACCOUNTABLE BODY ROLE FOR CHESHIRE AND WARRINGTON LOCAL ENTERPRISE PARTNERSHIP**

Consideration was given to Cheshire East Council acting as the Accountable Body for the Cheshire and Warrington Enterprise Partnership (LEP) for the administration of the Growing places Fund and LEP Core Funding.

The report sought approval for various arrangements to enable LEP Core Funding to be received and handled on behalf of the LEP, for processes to be established for approving individual bids relating the Growing Places Fund, and with regard to the roles and accountabilities of the various bodies involved.

RESOLVED

1. That, subject to 3 below, approval be given for the Council to act as the Accountable Body in respect of the Cheshire & Warrington Local Enterprise Partnership (LEP) for the administration of the Growing Places Fund and LEP Core funding, and that delegated authority be given to the Director of Finance & Business Services to permit the Council to undertake an Accountable Body role for future funding directed by the Government towards the LEP (up to £100,000 annual grant per initiative), subject to consideration by the Borough Solicitor and Strategic Director for Places & Organisational Capacity, and in consultation with the Portfolio Holder (Finance).
2. That the Director of Finance and Business Services, in consultation with the Portfolio Holder for Finance, be given delegated authority to release grant monies and administer the GPF loan repayment scheme in accordance with the grant conditions imposed by the CLG, based on the detailed recommendations of the Investment Panel of the LEP who, after obtaining appropriate professional advice, will consider and process all applications.
3. That each of the successful tenderers appointed by the Cheshire & Warrington Enterprise Commission (CWEC), provide legal and/or appraisal advice in relation to the GPF scheme for the Council with the same duty of care and indemnity that they would have if the Council had carried out the procurement exercise itself. Also that CWEC itself shall provide an indemnity against any loss sustained by the Council in its role of Accountable Body, relating to either the appointment of the external advisors, or as a result of relying on such advice and releasing funding or entering into the loan agreements.

103 **KEY DECISION CE12/13-16 OPTIONS FOR THE ESTABLISHMENT OF AN AUTISM SPECTRUM CONDITION SPECIAL SCHOOL**

Proposals were considered to identify a suitable partner/sponsor for the establishment of an Autism Spectrum Condition Special School in Cheshire East. The proposal arose as the result of a review, commenced in 2010, of arrangements for children and young people with special Educational Needs and Disability. An outline business case for the proposal in principle was approved by the Cabinet in November 2011 but, in February this year, changes were made to the Education Inspections Act 2006 part 2 whereby any Local Authority seeking

to establish a new school is now under a statutory duty to seek proposals to establish an Academy or Free School in the first instance.

RESOLVED

That approval be given to identify and support the proposals of a suitable partner/sponsor who can make a bid for funding to the Education Funding Agency to establish an ASC Special Free School in Cheshire East.

104 KEY DECISION CE12/13-31 DEVELOPMENT PROGRAMME - DEVELOPER FRAMEWORK

Consideration was given to the establishment of a new Developer Framework Agreement, for development companies and related services, to aid delivery of the Council's Capital Programme.

The requirement for separate procurement exercises for almost every asset disposal or development project undertaken by the Council was a significant barrier to maximising the value of the Council's asset base and to operating as efficiently and effectively as possible; the development of this Framework would streamline that process.

RESOLVED

That approval be given to delegate authority to the Strategic Director Places & Organisational Capacity to take all necessary steps to establish a new Developer Framework Agreement for development companies and related services to aid delivery of the Council's capital programme, including appointing the successful bidders onto the Framework Agreement upon conclusion of the procurement exercise.

105 2012/2013 MID YEAR REVIEW OF PERFORMANCE

The financial and non-financial performance of the Council at the mid-year stage of 2012/13 was considered. The report included a projection of financial performance for each service for the financial year 2012/13, detailed the key financial pressures being faced, areas of high financial risk and the remedial measures identified by services to mitigate the pressures. The report also included an update on the overall financial stability of the Council and a summary of the key non-financial performance headlines for the year to date.

RESOLVED

1. That the following issues be noted:

- The projected Service revenue and capital outturn position, set out in Section 1 of the report;
- The overall financial stability of the Council and the potential impact on the Council's general reserves position, set out in Section 2 of the report;
- The Council's invoiced debt position, set out in Appendix 2 of the report;

- The delivery of the overall Capital Programme, set out in Section 2 paragraphs 105 to 119, and Appendix 3 of the report;
- The service performance successes achieved during the first half of 2012/2013 and the issues raised in relation to underperformance against targets and how these will be addressed, set out in Section 3 of the report.

2. That approval be given to a Supplementary Revenue Estimate of £40,000 for additional expenditure in Children & Families, fully funded from specific grant, set out in Section 2 paragraph 93 of the report.

3. That Council be recommended to approve:

- Reductions in the approved capital programme, set out in Appendix 4 of the report;
- Supplementary Capital Estimates and Virements, set out in Appendix 5 of the report; and
- Amendments to the Treasury Management Strategy, set out in Appendix 7 of the report.

106 CALL IN OF KEY DECISION CE12/13 DELIVERY OF STREETSCAPE AND PARKING MAINTENANCE ACTIVITIES

Following the call-in of the decision made by the Cabinet at its meeting on 17 September 2012 the Environment and Prosperity Scrutiny Committee had considered the matter and, at its meeting on 1 November, offered the advice *“That Cabinet be recommended to defer the decision until a full report had been received from the relevant Policy Development Committee”*. A copy of the minute from that meeting was circulated detailing the ongoing concerns of the Committee.

The Portfolio Holder for Environment and the Leader of the Council confirmed that Cabinet had considered the feedback and recommendation from the Scrutiny Committee and that the earlier recommendation of Cabinet in respect of the Streetscape Contract would now be deferred to allow time for further study by the relevant Policy Development Committee; the second part of the earlier recommendation in respect of Parking Maintenance Activities would, however, be acted upon.

RESOLVED

That the decision of Cabinet on 17 September 2012 in respect of the inclusion of Streetscape activities in the Highways Services Contract be deferred in order to allow time for the matter to be considered by the relevant Policy Development Committee, but that the part of the decision relating to Parking Maintenance be proceeded with.

107 KEY DECISION CHESHIRE EAST UNIVERSITY TECHNICAL COLLEGE COMPANY

In accordance with Section 100B (4) (b) of the Local Government Act 1972, the Chairman of the Cabinet agreed that this be considered as an item of urgent business as a company needed to be formed by Cheshire East in order to submit an expression of interest to the Department for Education by 16 November 2012;

failure to meet this deadline would mean that Cheshire East would have to wait a further 12 months in order to submit its application.

As this was an urgent item it would also be exempt from the provisions of call-in.

Consideration was given to a report seeking approval and authorisation to submit an expression of interest to the Department for Education to pursue the establishment of a University Technical College (UTC).

RESOLVED

1. That it be noted that, at their meeting on 15 October 2012, Members approved the pursuit of a University Technical College as part of the Councils Three Year Plan 2013/16.
2. That approval be given to the submission of an Expression of Interest to the Department for Education by 16 November 2012 on behalf of the Company, to be established in accordance with 3 below, to develop a UTC in Cheshire East, and that the process thereafter, set out in para 7.2 of the report, be noted.
3. That the Council be authorised to establish a Company Limited by Guarantee as part of the process, as set out in Appendix 1 of the report.
4. That Lorraine Butcher, Strategic Director of Children, Families, and Adults be approved as an initial director of the UTC Company, and that Fintan Bradley be confirmed as Company Secretary in the first instance with key business and academic partners/sponsors to be appointed at a later date.
5. That it be noted that membership of the Company will change to reflect the Business/Industry and University partners once further negotiations have been completed at which point a further report will be submitted to the Cabinet.

The meeting commenced at 2.00 pm and concluded at 3.00 pm

Councillor M Jones (Chairman)

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CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting: 10 December 2012

Report of: Lorraine Butcher, Strategic Director – Children, Families and Adults Services

Subject/Title: Interim Health and Wellbeing Strategy 2013 - 2014

Portfolio Holder: Cllr Janet Clowes

1.0 Report Summary

- 1.1 The Health and Social Care Act (2012) places a duty upon the Local Authority and Clinical Commissioning Groups in Cheshire East to develop a Joint Health and Wellbeing Strategy for 2013 - 2014, to meet the needs identified in the Joint Strategic Needs Assessment. The interim Strategy has been drafted by the Shadow Health and Wellbeing Board and has been through a public engagement exercise during the summer. It identifies a number of priority areas for the Board members to work together on over the next year. A delivery plan will be drafted in early 2013.

2.0 Decision Requested

- 2.1 That Cabinet consider and endorse the interim Joint Health and Wellbeing Strategy 2013 - 2014.

3.0 Reasons for Recommendations

- 3.1 To ensure that the Joint Health and Wellbeing Strategy is in place for 1st April 2013.

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 The Health and Social Care Act 2012 has introduced a number of significant changes that will affect the local health and social care landscape. This includes the establishment of the Cheshire East Health and Wellbeing Board,

the GP Clinical Commissioning Groups and the transfer of the Public Health responsibilities from the PCT to the Local Authority. The Act gives the Authority a greater role in setting policy, providing leadership and commissioning activity that will contribute to improved health outcomes for the population of Cheshire East. The Joint Health and Wellbeing Strategy will be the mechanism by which the needs identified in the Joint Strategic Needs Assessment are met, setting out the agreed priorities for collective action by the key commissioners, the local authority, the Clinical Commissioning Groups and the NHS Commissioning Board.

7.0 Financial Implications (Director of Finance and Business Services)

- 7.1 There are no direct financial implications in relation to this report. Implementation of this strategy will support effective use of allocated funding to address recognised challenges and will enable opportunities for synergies across relevant council services to be exploited.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Health and Social Care Act 2012 places a number of new responsibilities upon the Authority. Much of the legislation is yet to be brought in force, other parts are only yet partially in force, and secondary legislation is still awaited in relation to the detail of many provisions, but the headlines are outlined in 10.1.

9.0 Risk Management

- 9.1 The Health and Wellbeing Strategy needs to be in place for 1st April 2013. It has been endorsed by the Governing Bodies of the Clinical Commissioning Groups, and the Shadow Health and Wellbeing Board.

10.0 Background

- 10.1 The key legislative changes introduced by the Act are summarised below:
- i. Clinically led commissioning – the Act puts clinicians in charge of shaping services, enabling NHS funding to be spent more effectively. Supported by the newly established **NHS Commissioning Board**, new **Clinical Commissioning Groups** (CCGs) will now directly commission services for their populations. There are two CCGs in Cheshire East.
 - ii. Provide regulation to support innovative services – enshrining a fair playing field in legislation for the first time, this will enable patients to be able to choose services which best meet their needs – including from charity or independent sector providers, as long as they meet NHS costs. Providers, including NHS Trusts, will be free to innovate to deliver quality services. **Monitor** will be established as a specialist regulator to protect patients' interests.
 - iii. Greater voice for patients – the Act establishes new **Healthwatch** patient organisations, both locally and nationally, to drive patient involvement across the NHS.

- iv. New focus for Public Health – The Act provides the underpinnings for **Public Health England**, a new body to drive improvements in the public's health and transfers Public Health functions to local authorities.
 - v. Greater accountability locally and nationally – the Act sets out clear roles and responsibilities, whilst keeping the Secretary of State's ultimate responsibility for the NHS. The Act limits micro-management and gives local authorities a new role to join up local services (through the **Health and Wellbeing Board**).
 - vi. Streamlined arms-length bodies – the Act removes unnecessary tiers of management, releasing resources to the frontline.
- 10.2 The Shadow Health and Wellbeing Board was established in 2011. The two Clinical Commissioning Groups are now operating and have submitted their authorisation paperwork. The transfer of Public Health functions to the Local Authority is being overseen by a Transition Programme Board. The Public Health Team moved into Westfields in May.
- 11. The Joint Health and Wellbeing Strategy**
- 11.1 The Joint Health and Wellbeing Strategy should demonstrate how the Authority and CCGs, working with other partners will meet the needs identified in the JSNA. This could potentially consider how commissioning of services related to wider health determinants such as housing, education, or lifestyle behaviours can be more closely integrated with commissioning of health and social care services.
- 11.2 There is a clear expectation within the Act that the JSNA and Joint Health and Wellbeing Strategy will provide the basis for all health and social care commissioning in the local area. This begins with the duty of the Clinical Commissioning Groups, the NHS Commissioning Board and the local authority to have due regard to the relevant JSNA and Joint Health and Wellbeing Strategy when carrying out their respective functions, including their commissioning functions.
- 11.3 Developing the Joint Health and Wellbeing Strategy should incorporate a robust process of prioritisation in order to achieve the greatest impact and the most effective use of collective resources, whilst keeping in mind people in the most vulnerable circumstances. The aim of the Strategy is to jointly agree what the greatest issues are for the local community based on evidence from the JSNA. Prioritisation processes need to be systematic, transparent, simple; and used consistently over time to justify the outcomes. The prioritisation should aim to balance different types of needs and take account of complex needs and integrated planning to address them.
- 11.4 The Department of Health Draft Guidance sets out a number of values that underpin good Strategies:
- Setting shared priorities based on evidence of greatest need;

- Setting out a clear rationale for the locally agreed priorities and also what that means for the other needs identified in the JSNA, and how they will be handled with an outcomes focus;
- Not trying to solve everything, but taking a strategic overview on how to address the key issues identified in JSNAs, including tackling the worst inequalities;
- Concentrate on an achievable amount – prioritisation is difficult but important to maximise resources and focus on issues where the greatest outcomes can be achieved;
- Addressing issues through joint working across the local system and also describing what individual services will do to tackle the priorities;
- Supporting increased choice and control by people who use services with independence, prevention and integration at the heart of such support.

- 11.5 The Shadow Health and Wellbeing Board has agreed that an interim Joint Health and Wellbeing Strategy should be developed for 2013 - 2014. This will act as a transition document to help provide a focus on priorities as we move into the new health landscape from April 2013. It is proposed that a more fully formed Strategy will be developed during 2013 for 2014 and beyond. There will be an opportunity to consider how this might be linked to a refresh of the Sustainable Community Strategy to ensure a fully integrated strategic plan for the area.
- 11.6 The draft Health and Wellbeing Strategy went through a public engagement exercise over the Summer. The Board considered the feedback at their organisation development session on 16th October and agreed changes have been incorporated into the Strategy.
- 11.7 The draft Strategy has taken into account information from the JSNA, the Sustainable Community Strategy and priorities identified by the Children's Trust, the Safer Cheshire Partnership, the CCGs, the Cheshire East Housing Strategy and the Ageing Well Programme. The Shadow Health and Wellbeing Board have refined the list of priorities since the first draft was published in April to ensure a focus on those that all partners can contribute to through collective action. The Strategy is attached as Appendix A for consideration.
- 11.8 Once approved the priorities within the Strategy will inform the business planning process of the Authority for 2013-2014. The Council will also be a key partner in commissioning or delivering services that contribute to achieving the strategic outcomes.

12.0 Access to Information

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

Name: Guy Kilminster

Designation: Head of Health Improvement

Tel No: 01270 686560

Email: guy.kilminster@cheshireeast.gov.uk

APPENDIX A

The Joint Health and Wellbeing Strategy for the Population of Cheshire East (2013 – 2014)

A Message from Councillor Janet Clowes, Chair of the Health and Wellbeing Board, Dr Paul Bowen, Chair and GP Lead of the NHS Eastern Cheshire Clinical Commissioning Group, Dr Andrew Wilson, Chair and GP Lead of the NHS South Cheshire Clinical Commissioning Group, Dr Heather Grimbaldeston, Director of Public Health.

We are delighted to present to the residents, patients and health and social organisations our first Health and Wellbeing Strategy. This document represents a commitment by the NHS and the Local Authority to work in partnership to tackle some of the complex, difficult and inequitable health and wellbeing issues together.

The Government's Health and Social Care Act (2012) has set out the requirement for the establishment of Health and Wellbeing Boards and Joint Health and Wellbeing Strategies in each local authority area.

The Health and Wellbeing Strategy will provide an overarching framework that will influence the commissioning plans of the local NHS, the Council, and other organisations in Cheshire East. It will be a driver for change, focussing upon those key areas that will make a real impact upon improving the health and wellbeing of all our communities.

Our vision is that the

Cheshire East Health & Wellbeing Board will work together to make a positive difference to people's lives through a partnership that understands and responds to the needs of the population now and in the future. The board will do this by:

- ***Engaging effectively with the public.***
- ***Enabling people to be happier, healthier, and independent for longer.***
- ***Supporting people to take personal responsibility and make good lifestyle choices.***
- ***Achieving evidence-based outcomes within a holistic vision of health and wellbeing.***

A Delivery Plan will be developed to prioritise the actions necessary to make a difference and achieve our outcomes. This will include engagement with a wide range of partners who have expressed support for the Strategy and a commitment to working with the Health and Wellbeing Board.

[signed + pictures]

Context

There are two newly formed Clinical Commissioning Groups in Cheshire East, the NHS Eastern Cheshire Clinical Commissioning Group and the NHS South Cheshire Clinical Commissioning Group (CCGs)). These CCGs take over the control of the local NHS from the Primary Care Trust in April 2013.

Representatives from these two organisations, together with Councillors, the Director of Public Health and senior managers from Cheshire East Council and a patient representative, form the core membership of the Health and Wellbeing Board.

In considering the strategic priorities for the area the Board has considered three key documents:

- **‘Ambition for All’ Cheshire East’s Sustainable Community Strategy**
Visit www.cheshireeast.gov.uk and search for ‘Sustainable Community Strategy’.
- **The NHS Eastern Cheshire Clinical Commissioning Group 2012-2013 Annual Plan**
Visit www.ec3health.co.uk and search for ‘Annual Plan’.
- **The NHS South Cheshire Clinical Commissioning Group Strategic Plan 2012-2015**
Visit www.southcheshirehealth.org.uk and search for ‘Strategic Plan’.

These are all informed by and underpinned through the evidence of the **Joint Strategic Needs Assessment**.

Partnership working on health and wellbeing issues is not new in Cheshire East. However, through the new Health and Wellbeing Board, representatives from health, public health, the Council and Local Health Watch (representing Cheshire East residents), have committed, through this document and future Joint Health and Wellbeing Strategies to work more closely together, with a common focus of ensuring that services are jointly tailored to meet the needs of our residents. Meaningful engagement with our communities, patients and carers will inform all that we do and we will commission to improve health and health/social care for our local populations and to drive the integration agenda around the needs of individuals.

Our Population and Place

In general, all partners recognise that the health and wellbeing of the residents of Cheshire East is good. However there are still very significant challenges that need to be addressed.

Amongst these are:

- Reducing the number of people leading unhealthy lifestyles;

- preparing for an increasingly ageing population (by 2029 the numbers of people aged 65 or over will increase by more than 50% to 108,000 and those aged 85 or over will more than double to 20,000);
- Improving the mental health and emotional wellbeing of residents;
- Addressing some stark differences across Cheshire East (for example a difference in life expectancy which at its worst sees a gap of 10.9 years for men and 16.8 years for women depending on which area you live in Cheshire East).

There is good practice to build upon to tackle these challenges with high quality general practice, effective NHS / local authority joint working and innovative Council led projects already in place. But we recognise that more needs to be done and the Board, through the Strategy will drive improvement in health and wellbeing.

The Joint Health and Wellbeing Strategy is an evolving document, responding to the changes that occur through these new ways of working and to new challenges that we may face in the future, the priorities will modify over time.

Our Principles

Equality and fairness – Provision of services meet need, reduce health outcome variations, and are targeted to areas which need them the most.

Accessibility – services are accessible to all, with factors including geography, opening hours and access for disabled people and other vulnerable groups considered.

Integration – To jointly commission services that fit around the needs of residents and patients, encouraging providers to collaborate to create integrated services where appropriate. This will maximise the benefits of delivery through the Health and Wellbeing Board.

Quality – The strategy is based on sound evidence and reasoning, and focuses on quality, within our resources

Sustainability – Services are developed and delivered considering environmental sustainability and financial viability.

Our Priorities

Strategic Priorities for 2013-2014	Priorities for collective action to deliver the strategic priorities
<p>Outcome one - Starting and developing well...</p> <p><i>Children and young people have the best start in life; they and their families or carers are supported to feel healthy and safe, reach their full potential and are able to feel part of where they live</i></p>	<p>Improve the emotional and mental health and wellbeing of our children and young people:</p> <ul style="list-style-type: none"> - Reduce the levels of alcohol use / misuse by Children and Young People

<i>and involved in the services they receive.</i>	<p>- Reduce the numbers of children and young people self harming.</p> <p>Increase the number of babies breastfed for six to eight weeks</p>
<p>Outcome two - Working and living well...</p> <p><i>Driving out the causes of poor health and wellbeing ensuring that all have the same opportunities to work and live well and reducing the gap in life expectancy that exists between different parts of the Borough.</i></p>	<p>Reduce the incidence of alcohol related harm.</p> <p>Reduce the incidence of cancer.</p> <p>Reduce the incidence of cardiovascular disease.</p> <p>Ensure the health and wellbeing of carers to enable them to carry out their caring role</p> <p>To better meet the needs of those with mental health issues.</p>
<p>Outcome three - Ageing well...</p> <p><i>Enabling older people to live healthier and more active lives for longer:</i></p>	<p>Improve the co-ordination of care around older people, in particular those with dementia, and support independent living (including falls prevention).</p> <p>Provide high quality palliative care service</p> <p>Support older people, their families and carers, to prepare for the rest of their lives.</p>
Areas to be reviewed in 2013-2014	<p>Childhood Obesity levels</p> <p>Children and young people injured or killed in road traffic accidents</p>

It must be emphasised that the constituent organisations of the Health and Wellbeing board will also be working themselves on other areas that they have identified as key to supporting improvements in health / health and social care.

Conclusion

The Health and Wellbeing Board is committed to ensuring that the NHS and Cheshire East Council (including Public Health) work together on areas of shared need, as expressed through this first and future Health and Wellbeing Strategies.

CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting:	10 December 2012
Report of:	Strategic Director Places & Organisational capacity
Subject/Title:	Cheshire East Local Plan – Draft Development Strategy & Policy Principles
Portfolio Holder:	Councillor David Brown

1.0 Report Summary

- 1.1 This report considers the next stage of the Cheshire East Local Plan. The Council has undertaken a strategic 'Issues & Options' consultation and over the past year has embarked on an intensive programme of place shaping and neighbourhood planning to provide a 'bottom up' perspective on future growth and development. The Development Strategy and its sister document the Policy Principles now pull these elements together.
- 1.2 This presents a 'jobs led' strategy for growth and prosperous communities. They represent the last stage in the consultation process before a final (submission) version of the Core strategy is prepared in the summer of 2013.

2.0 Decision Requested

- To consider the report to Strategic Planning Board of 6 December 2012 and any recommendations arising from it.(Appendix 1)
- To approve for consultation the attached Cheshire East Development Strategy (Appendix 2)
- To approve for consultation the attached Cheshire East Policy Principles Document (Appendix 3)
- That the Cheshire East Development Strategy be used as a material consideration for Development Management purposes with immediate effect.
- That any minor typographical or other none material amendments be delegated for the Portfolio Holder's approval prior to publication.

3.0 Reasons for Recommendations

- 3.1 To ensure that progress is made with the preparation of the Cheshire East Local Plan.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Ward Members

6.0 Policy Implications including - Carbon reduction & Health

- 6.1 **Health:** The Local Plan can make an important contribution to the health and well being of the Borough. The plan will consider the new infrastructure requirements of the area – both existing and arising from new developments. This enables health provision to be made in the right places to serve future generations.
- 6.2 In addition the plan can help build healthier communities through the design of new villages and neighbourhoods. Provision of green infrastructure in particular can assist in promoting more active lifestyles – as well as contributing towards better mental health.
- 6.3 **Carbon reduction.** The Local Plan is a means of promoting more sustainable patterns of development – which in turn can reduce carbon dependency. The Policy Principles document also contain draft policies dealing with renewable energy. Cheshire East has a variety of opportunities for new renewable energy, including geothermal heating.

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

- 7.1 The preparation of the Local Plan is a time consuming and costly process. To speed up its production a temporary virement of £175,000 was approved at Mid Year Review to supplement the Strategic Planning's base budget. In addition one-off grant funding has also supplemented the base budget in 2012-13. The failure to produce a local plan in a timely way would cost the Council in terms of potentially expensive appeals and lost CIL revenue.
- 7.2 The Development strategy proposes that a series of strategic sites be developed across the Borough. As a major land owner the Council has a land interest in several of these. Those wholly or partly owned by the Council include: Leighton West, Crewe, Central Crewe, South west Macclesfield, South Macclesfield, Macclesfield Town Centre & the new settlement east of Handforth. These sites should be considered for development on their planning merits alone. However should any allocation be confirmed, the value of the land and benefit to the public would rise accordingly.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Planning and Compulsory Purchase Act 2004 requires local planning authorities to prepare Local Development Frameworks, now known as Local Plans. The Town and Country Planning (Local Planning) (England) Regulations 2012 set out the procedures to be followed in the preparation of such plans.
- 8.2 The Development Strategy has been prepared under Regulation 18 which requires Local Planning Authorities to engage with the community and businesses regarding the preparation of the Local Plan. Whilst the preparation of the Development Strategy itself is not a statutory requirement it is nevertheless an important part of the Local Plan process and the results of the consultation will inform the preparation of the formal submission Core Strategy next year. It will

enable the Council to demonstrate to the Inspector who conducts the public examination into the Core Strategy that extensive consultation has been undertaken and that all reasonable alternative strategies have been considered; these considerations form part of the tests of soundness that the Inspector will apply.

- 8.3 The preparation of the plan is guided by the National planning policy Framework – and other related advice. The implications of this are considered within the strategy and in the remainder of this report.
- 8.4 The Localism Act 2011 imposes on local planning authorities, in preparing local plans, a duty to co-operate with neighbouring authorities and other parties on strategic issues of common interest.

9.0 Risk Management

- 9.1 **Local Plan Examination** Following the publication and its final consultation, the Core Strategy will be submitted for examination. The key test of examination is one of 'soundness'. For a plan to be considered sound, it must be:

- Positively prepared
- Justified
- Effective
- Consistent with National Policy

Failure at examination has serious negative consequences for any Local Authority. By preparing and consulting on a draft Development Strategy, the Council is reducing the risk of this outcome.

- 9.2 **Planning Applications & Appeals.** Currently Cheshire East does not enjoy a five year supply of housing land – and some of its development plan policies are starting to become out of step with national policy. Consequently the Council is experiencing a large number of planning applications for housing on sites that are not allocated in the development plan. Some of these are subject to appeal and or legal challenge.
- 9.3 An up to date Local plan will not only provide new policies that are fully compliant with the NPPF but it will also identify a five year supply of deliverable housing sites. Consequently completion of the local plan will greatly assist the processing and determination of planning applications in the Borough.

10.0 BACKGROUND AND CONTEXT

Plan Making in Cheshire East

- 10.1 The Development Strategy sets out the Council's essential thinking about the future shape and growth of Cheshire East. The Strategy is one of growth to create prosperous communities – with the provision of new employment areas and transport infrastructure being fundamental to its whole approach.
- 10.2 In the autumn of 2010 the Council published strategic 'Issues and Options' which considered different potential approaches to growth and development at a

Borough-wide, high level. One of the consequences of this work was the realisation that understanding of Cheshire East as a unified 'place' was still evolving. As a large County Borough, created in 2009 the area neither represented the historic County of Cheshire nor the District Boroughs which had become familiar since 1974.

- 10.3 Accordingly, the Council has invested considerable effort into 'Place shaping' at a level which is meaningful to most people in the Borough, particularly with the production of Town Strategies for each of the largest towns in Cheshire East. These were prepared according to neighbourhood planning principles and followed the award of government funding as a neighbourhood planning 'front runner'. The Development Strategy and Policy principles now brings together the findings of these strategies, the earlier issues and options and the research and evidence base, to create a coherent plan for the future of the Borough.

Delivering Wider Economic Growth

- 10.4 Delivering economic growth in Cheshire East remains central to the future prosperity of the Borough and increasingly important to the future sustainability of the Council. The Local Plan is an essential building block necessary to deliver an overall vision for economic growth.
- 10.5 The Local Plan is part of a much wider approach to developing the economy which is being led by the Leader and Cabinet to:
- Build stronger relationships with our existing businesses and investors to stimulate growth, build new enterprises and deliver jobs;
 - Build stronger relationships with local communities to support the local economy and create entrepreneurial towns and villages;
 - Directly promote employment and housing growth through development of Council assets and land to deliver jobs and new homes;
 - Focus education and skills investment to deliver a skilled workforce for the future and create opportunities for young people to build links with local businesses to encourage them to stay in Cheshire East;
 - Build new partnerships with developers and funding bodies to create new models of investment to stimulate growth;
 - Build a strong partnership with Government and the Local Enterprise Partnership (LEP) to bring investment in sites, infrastructure and influence a national economic growth strategy to recognise the significance of Cheshire East and the wider sub-region;
 - Maximise the impact that the Council can have on the local economy through directing our spending power locally, developing a local supply chain; generating employment opportunities for local people and ensuring the economic impact of major policy decisions is understood – we need to place the economy the heart of our corporate plan.
- 10.6 The Local Plan sets out the land uses required to deliver growth, as the spatial interpretation of the vision. The principles set out in the draft Development Strategy reflect this wider vision for economic growth.

Consultation & Evidence

- 10.7 The Localism Act 2011 provided legislation for the abolition of regional plans. The Regional Spatial Strategy (RSS) for the Northwest Region was adopted in 2008 and looked ahead to the year 2021. Despite the government's best intentions the Northwest RSS has yet to be abolished – and along with other regional plans its revocation is currently the subject of strategic environmental assessment. Consequently the Regional Strategy remains part of the development plan for the time being. This means that the Cheshire east Local plan must accord broadly with the provisions of the RSS at least until 2021.
- 10.8 The Issues & Options Stage of the Local Plan set out high level choices for the scale and location of future growth in Cheshire East. This suggested options ranging between 1150 homes / 350 jobs per year through to 1600 homes / 950 jobs each year. Different options for the pattern of growth were also set out – with development either being concentrated in the south of the Borough and the main towns – or to a more even spread, including the option of Green Belt adjustment in the north. A rural variant with greater dispersal of growth was also consulted on. Overall the option for higher growth received the greatest support, although comments were made in favour of all proposals. Further detail is contained within the appended Strategic Planning Board report.
- 10.9 The Council has produced Town Strategies for each of the eleven largest towns in Cheshire East. These were prepared in conjunction with the relevant town or Parish Council (apart from unparished Crewe & Macclesfield) and frequently also involved existing town partnerships or similar bodies. The model for these documents was provided by the neighbourhood planning 'Front Runner' project, funded by the CLG. The first phase of strategies were subject to consultation earlier this year, with the final six strategies consulted on during September.
- 10.10 The Town Strategies for Alsager, Middlewich, Congleton and Sandbach (in part) have now been signed off by the respective town councils. The Report of Consultation on the remaining are included with the report to the strategic Planning Board. The Town Strategies are intended to inform the Cheshire east Local Plan; consequently the Development Strategy endeavours to reflect the approved documents and consultation responses as far as is possible.
- 10.11 The Development strategy is also supported by a strong evidence base. Key studies and areas of work within this include:
- Strategic Housing Market area assessment
 - Strategic Housing Land availability assessment
 - Employment Land review
 - Open Space & Green Infrastructure assessments
 - Renewable Energy Assessments
 - Strategic Flood Risk Assessment
 - Landscape Character assessment
 - Transportation Studies
- These are or will be published on the Council's web site

Duty to Co-operate

- 10.12 Under the Localism Act 2011 the Council is under a duty to cooperate with public authorities and infrastructure providers over the preparation of development

plans. This provision was intended to ensure that after the RSS was abolished, there remained a means by which effective cross border working and cooperation could be secured. Discussions have been held and remain ongoing with all neighbouring local Authorities. Those areas which are of most pertinent to the consideration of the Development Strategy are the interfaces across the Greater Manchester boundary in the north and the impact of growth proposals in Crewe and Alsager on regeneration in the Potteries. There is also a localised issue of cooperation in the planning for Middlewich where the Borough Boundary is drawn very tightly around the town. This issue is discussed in more detail in section 10.12ff of the Strategic Planning Board Report.

11.0 STRATEGY & POLICY

The Context for the Plan

- 11.1 Cheshire East is one of the most successful economies outside of the south-east of England and a highly desirable place to live and work. The Borough has a strong industrial heritage from the rail engineering in Crewe to silk manufacturing in Macclesfield. Cheshire East retains today an entrepreneurial business base which has shown resilience during the recent recession.
- 11.2 Like everywhere across the UK, manufacturing employment is reducing but in Cheshire East we still have a higher presence of manufacturing than the NW or the UK, reflecting the strong industrial heritage and the growing number of local manufacturing businesses some of whom are expanding at a rapid rate. High-skill sectors such as Pharmaceuticals, Automotive, R&D also have a strong presence. Cheshire East accounts for 5.6% of the North-west's total employment, but made up 36.9% of the region's scientific Research & Development jobs.
- 11.3 There are many factors which underpin the economic success of the area, including the connectivity into major infrastructure. Cheshire East lies at the heart of the Countries major road and rail network, connecting the North West into the Midlands and South East, with Crewe to London journey times of 1 hr 40mins by rail. The rich and diverse natural environment and close proximity to the Peak District and major cities make Cheshire East a very desirable place to raise a family. There are low levels of crime and a strong education offer.
- 11.4 Cheshire East is made up of a number of very distinctive market towns that provide a vital economic and social hub for rural communities and many towns are currently facing the same challenges in terms of vacancies on the high street and the threat of internet and out of town shopping.
- 11.5 This is one reason why the Council cannot be complacent about the future of our economy. In an increasingly competitive global economic environment Cheshire East must compete strongly to retain our economic success and continue to build new enterprises that are able to compete in a global market place.
- 11.6 To do this over the next twenty years there is a need to invest strongly in our infrastructure network. We need to make it easier to get from place to place within Cheshire East, but importantly ensure Cheshire East is better connected to other economic centres such as Manchester and the South East. This means

building new roads, ensuring we have high speed broadband, improving rail stations and taking advantage of new national infrastructure such as High Speed2.

- 11.7 The Borough must also have a supply of new, high quality employment sites that take advantage of the infrastructure network. This means identifying more land for development, but linking new sites with appropriate infrastructure to ensure the creation of jobs.
- 11.8 The Council must protect, invest and reinvigorate our market towns through a town centre first policy and create the rich and diverse retail and social offer that can continue to be at the heart of community life.
- 11.9 We must protect as much of our natural environment as possible, and where new development is necessary we will 'swap' green belt allocations to limit the impact of new building and safeguard the best of the Cheshire countryside.

Overall Spatial Strategy

- 11.10 Cheshire East is a great place to live and work; but it will only remain that way if changes and evolves to meet the needs of future generations. That change needs to be managed so that it reinforces the advantages the area already possesses – and not work against them.
- 11.11 The development strategy maps out the jobs, homes, commerce, infrastructure and community facilities that the area will need in the future. The Council is committed to a jobs-led growth strategy that places the prosperity of our citizens at the heart of everything we are seeking to achieve
- 11.12 This is in many ways a federal plan – recognising the distinctive character of different parts of the Borough and acknowledging that there is no single county town that dominates the area. The core principles are:
- Concentrate development in the two largest towns of Crewe & Macclesfield. Development that is necessary to support the regeneration of Crewe & Revitalisation of Macclesfield
 - Development of the medium sized towns - Key Service centres – linked to their distinctive needs and characteristics. Those in the north of the central belt of the Borough will carry proportionately a greater part of development.
 - Key service centres in the north of the Borough will accommodate correspondingly less development, recognising green belt constraints.
 - Up to three new settlements are planned – at Handforth, Crewe Hall and Barthomley; these will provide jobs and homes in a planned environment with good infrastructure, rather than loading onto the periphery existing constrained settlements
 - Significant new employment areas will be delivered to underpin our strategy – at Basford in Crewe, Radway Green / J16 near Alsager, J17 at Sandbach,

Middlewich, North Congleton, South Macclesfield and at Wardle. Existing key employers will be supported to grow and develop.

- 11.13 Connectivity is the key to achieving this growth, maximising the benefits of Crewe as a national rail hub and exploiting the potential of Wilmslow and Macclesfield Stations. Substantial new road infrastructure will be required to open up the east of Cheshire and connect the M6 with main settlements and surrounding major roads.
- 11.14 The strategy also adopts a 'town centre' first approach to retailing and commercial development, supporting but changing the way town centres perform and function.
- 11.15 Aside from areas allocated for necessary development the unique character and distinctiveness of the Cheshire countryside will be protected and enhanced. A new Green Belt is proposed to separate the historic town of Nantwich from Crewe – and a new 'Strategic Open Gap' policy will preserve undeveloped areas between Crewe, Sandbach, Middlewich and adjoining areas. Fresh Landscape Character policies will apply across the Borough and the periphery of the Peak District National Park will be protected.

Jobs & Employment

- 11.16 Jobs and prosperity are at the heart of the Development Strategy. Accordingly the strategy seeks to promote the right conditions for job growth – by boosting the delivery of existing major employment sites, improving connectivity and identifying new areas for future investment and expansion. The starting point for this is an assessment of current employment land and assets.
- 11.17 The Employment Land Review 2012 considers the demand for and supply of employment land in Cheshire East between 2009 and 2030. The review considers all employment land uses that fall within Use Classes B1 (offices, research and development and light industrial), B2 (general industrial) and B8 (storage and distribution). It shows that Cheshire East is a key economic driver for the North West region. The local economy provides 6.4% of the North West's economic output and contains 7.5% of its businesses.
- 11.18 The Employment Land Review forecasts that there is a need to provide between 277.8 ha and 323.7 ha of land for employment purposes between 2009 and 2030 across the whole Borough based on current or past trends. This equates to between 13.2 ha and 15.4 ha per year.
- 11.19 A review of the sites currently considered to be part of the supply of land for employment development indicates that 272.4 ha of land from the existing employment land supply could be suitable for allocation for employment in the future.
- 11.20 A review of current areas in use for employment areas shows that although the vast majority of these are still likely to be in use for employment purposes by 2030, a number may have ceased to serve a useful economic function and be better used for other purposes

- 11.21 The Employment Land Review therefore provides a baseline from which to build. In order to ensure the future prosperity of the area and to assist in the national growth agenda it is proposed that further employment land be identified in key locations, to provide further economic opportunities. Some of these will be phased to later in the Plan period to give the best opportunity for existing sites to grow.

Transport & Connectivity

- 11.22 Improved Connectivity forms a vital part of the development strategy – and goes hand in hand with new development opportunities. Better transport is both a driver for economic growth – but new development is also a means of securing new infrastructure. The Strategy highlights the role that Crewe Station can play in leading the regeneration of the whole town; this position could also be greatly enhanced by the advent of HS2. The Fast rail links to Manchester and London are also key advantages of Macclesfield and Wilmslow Town Centres.
- 11.23 New Road infrastructure is also promoted and protected via the strategy – the dualling of the A500 is critical to future growth in Crewe as are improvements to junctions 16 & 17 of the M6. A new northern link road is proposed around Congleton to both relieve existing congestion and also open up new land, especially for employment development. This in turn will facilitate links into Macclesfield – where a southern and south-western link road is planned, connected to new development. To cement linkages with Greater Manchester and the new SEMMS route a Woodford-Poynton relief road is proposed

Housing growth

- 11.24 The provision of housing in any development plan reflects a combination of evidence and policy. The various strands of evidence may point towards a particular figure or range of housing to be provided; the application of policy then may suppress or elevate that figure according to the desired objective in mind.
- 11.25 In Cheshire East there are a number of factors that influence the scale and location of future housing. In terms of overall quantum, whilst the RSS remains part of the Development Plan, the housing totals to 2021 need to have regard to the policies of the Regional Plan. The Housing provision figure within the RSS is 1150 homes pa. Alongside this, the NPPF advises that Local plans need to meet the full, objectively assessed housing needs for their area. In addition there is also the ongoing requirement to identify a five year 'deliverable' supply of housing – and a further ten years worth of 'developable' sites or broad locations for housing.
- 11.26 The demographic and housing market evidence currently available to the Council all suggest that there is an ongoing need to provide additional housing in Cheshire east. This reflective of population growth, changes in household size and composition, family breakdown and other societal changes plus patterns of migration within the UK (and beyond). Set against these 'elevating' factors are matters which serve to constrain supply; these include green belt, infrastructure limitations, highway capacity and environmental designations. Having factored these issues together it is proposed to gradually increase housing provision from

its current RSS annual total of 1150 dwellings through to an average annual provision of 1500 homes pa after 2020.

Period	2010 - 2015	2016-2020	2021-2025	2026-2030	Total
Annual average	1150	1250	1500	1500	1350
Totals	5,750	6,250	7,500	7,500	27,000

11.27 The proposed increase in housing provision over the plan period is reflective of the NPPF advice to “boost significantly” the supply of housing land and yet also recognises the low rates of building at present and the likely timelines in getting some new allocations up and running. More detail is provided on this issue within the Report to Strategic Planning Board (section 11.24ff)

Five Year Supply of Housing Land

11.28 The NPPF requires that Council’s identify a five year supply of ‘deliverable’ supply of housing land, plus a 5% ‘buffer’. The strategic sites in the Development Strategy have been chosen so that they will meet the housing needs of the area over the whole plan period – but they have also been selected so that there are sufficient sites that will improve housing supply with immediate effect. This will significantly improve the range of sites available – and ensure that a pipeline of supply is now in place.

11.29 Based on the range of sites selected, the Council can now demonstrate that a five year supply of housing land (plus buffer) has now been identified. It is proposed that this be documented in a separate housing supply paper.

Town Centres

11.30 The Strategy adopts a ‘town centre first’ approach that supports the revitalisation of the principal town centres. In particular Crewe and Macclesfield Town centres are identified as major points for growth. In Crewe this is complimented by regeneration based on the railway station – as a further ‘hub’ of growth

Green Belt & Countryside

11.31 As well as promoting new growth and development the strategy also seeks to protect and enhance the best of the Cheshire Countryside. The Council recognises that some development has to take place within the green belt in both the north and the south of the Borough. This is necessary in the exceptional circumstances of achieving sustainable development over a period of several decades. However review also allows for the potential for new green belt to be explored. An ongoing issue since the creation of Crewe as a railway town in the 19th century has been its relationship with Nantwich – the ancient major settlement in the south of Cheshire whose origins date back to the Roman era. It has long been the policy of successive Councils to protect the character of this historic town; we now propose that this is done through the medium of green belt.

11.32 The Case for reviewing Green Belt Boundaries is set out in more detail in the report to The Strategic Planning Board (section 11.35ff). Green Belt is characterised by its permanence and openness – it is intended to ensure as a

long term policy and so should only altered exceptionally via a local plan. Before green belt alteration is proposed thought should first be given to accommodating development within the main conurbation, within towns washed over by the green belt or beyond the green belt boundaries. None of those options adequately address the needs of north Cheshire looking ahead another twenty years; accordingly there are considered to be exceptional circumstances to justify green belt alteration in these areas.

- 11.33 The NPPF suggests that sustainable development can sometimes be best achieved via new settlement. This ensures that development takes place in a properly planned context with good infrastructure. Accordingly it is suggested that a proportion of development be consolidated into a new settlement near handforth. This will seek to minimise the impact on the greenbelt – sometimes termed a ‘greenbelt swap’ – but ensure that development takes place in a location where it can support and sustain existing towns.
- 11.34 In the South of Cheshire the green belt context is quite different and is drawn up to surround the Potteries towns in Staffordshire. Here green belt review is considered necessary in order to secure the dualling of the A500 road. This represents vital infrastructure that will support the regeneration of Crewe.
- 11.35 It is the ongoing growth of Crewe that provides the context for the final green belt policy alteration – the creation of a new green belt around Nantwich. New green belts should be considered only exceptionally. However the regeneration of and expansion of Crewe together with its growing economic role places continued pressure on the very limited space between the town and its small historic neighbour, Nantwich. Green Belt will once and for all ensure that the towns maintain their separate and complimentary identities
- 11.36 In addition to these green belt measures two further new countryside policies are proposed. To reduce the risk of Crewe, Sandbach, Middlewich and related villages merging into an uncoordinated conurbation, it is proposed to designate new areas of ‘strategic open gap’ that will ensure their remains openness around these towns. This will replace existing ‘green gap’ policy.
- 11.37 Elsewhere Cheshire East is proud to encompass part of the second most visited national park in the world – the Peak District National Park. To ensure that this national designation is given the best possible protection along its border, a new ‘buffer zone’ is proposed that will safeguard the amenity and visual character of the national park itself.

12 STRATEGIC SITES

- 12.1 The Development strategy is supported by the identification of land for development. This falls into several categories:
- Strategic site – where the boundaries of the site are clearly defined
 - Strategic locations – where the broad locality is known – but where further work may be necessary to specifically identify the appropriate site boundaries
 - Areas of Search. This applies to the need to identify development land well into the future. It may be most appropriate to bring forward detailed proposals through the Site Allocations document or possibly an area action plan.

- Corridors of interest. Where new road proposals are under consideration but a formalised protected line has not yet been identified the Strategy refers to 'Corridors of Interest' to describe the swathe of land where the road is likely to be located.

12.2 The strategic Sites are located for the most part within the Principal towns or the Key Service Centres. It is these towns that have the infrastructure and facilities that are best able to support new jobs, homes and other development. These larger towns have also been the subject of the recent 'Town strategies' each prepared according to neighbourhood planning principles. Consequently the vast majority of strategic sites have already been the subject of consultation as part of the Town Strategies.

12.3 Where a town Strategy has already been approved by the relevant town council the Development strategy wherever possible reflects the preferred sites or options set out in that strategy. However, in some cases the consultation process has also thrown up new sites for consideration; accordingly there are a small number of sites that have not previously been the subject of consultation. These include developments at Wardle aerodrome, Crewe Hall, Barthomley and Radway Green

13.1 POLICY PRINCIPLES

13.1 The Development Strategy is accompanied by an Emerging Policy Principles Document. This expands on many of the concepts set out in the Strategy – but also provides additional guidance. The Focus of these policies is to provide a clear framework for the determination of planning applications.

13.2 The Council has a number of tools that it can bring together to ensure the delivery of its strategic ambitions. The authority to manage and control development through the planning application process is very powerful, if used correctly and creatively it can enhance and add value to the development process. Conversely if employed clumsily or if development is uncoordinated then the economy and environment may be harmed. Consequently the Policy Principles are designed to ensure that all planning decisions, big and small are aligned with the overall objectives of the Council.

13.3 The main policy areas considered are:

- Enterprise & Growth
- Stronger Communities
- Sustainable Environment
- Connectivity

Within each section the document sets out the key strategic policies that will guide development in future.

13.4 The Document covers a wide area of policy arenas. New or amended policy areas to particularly note are in the area of health where much better recognition of planning and health links is made for the first time. In addition the document sets out a policy on renewable energy that promotes the specific advantages of Cheshire –such as geothermal heating – and down plays others such as large scale wind farms

15.0 Access to Information

The background papers relating to this report are listed in the Appendices to the Development Strategy and Policy Principles Documents

Further Information can be received from:

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Appendices:

- | | |
|-------------------|---|
| Appendix 1 | The Report to Strategic Planning Board 6 December 2012 (hyperlink below) |
| Appendix 2 | The Cheshire East Development Strategy (available on Supplementary Agenda) |
| Appendix 3 | The Cheshire East Policy Principles (available on Supplementary Agenda) |

APPENDIX 1 REPORT TO STRATEGIC PLANNING BOARD 6 DECEMBER 2012

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=279&MId=4627&Ver=4>

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	10 December 2012
Report of:	Strategic Director, Places and Organisational Capacity
Subject/Title:	Libraries Stock Procurement
Portfolio Holder:	Councillor David Brown

1.0 Report Summary

- 1.1 This report requests authorisation to procure a new libraries stock contract. The existing contract expires on 31st March 2013. The new contract will be jointly procured with Cheshire West and Chester Council's library service, with a total contract value of £4 million over three years (with the option to extend for one year).

2.0 Decision Requested

- 2.1 That the Customer Service and Libraries Manager is given delegated authority to award a new contract for libraries stock following procurement.

3.0 Reasons for Recommendations

- 3.1 The existing libraries stock contract is due to expire on 31st March 2013. A new contract is required to ensure that Cheshire East libraries continues to provide stock that meets the needs and expectations of users, and ensures that the Council is able to fulfil its statutory duty to provide a comprehensive and efficient library service.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Libraries provide a wide and diverse range of health and wellbeing activities, from Reading Groups to Health promotion activities to books on prescription, all of which require up to date stock to continue to be effective.

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

- 7.1 The annual book fund budget for Cheshire East libraries is £708k. The procurement will ensure that there is flexibility within the new contract to enable annual spend to be reduced if required either to support in-year budget pressures or as a result of changes to the book fund budget.
- 7.2 The procurement process will be an 'open' invitation to tender, in line with European regulations. This will be conducted on the Chest and in collaboration with Cheshire West.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 A new libraries stock contract will be let according to the Public Contracts Regulations 2006 and the Council's Contract Procedure Rules, in liaison with Procurement and Legal advisors.

9.0 Risk Management

- 9.1 Reputational risk is the main risk associated with any proposals to change a library service. While the role of libraries in communities is evolving, providing access to books and other media remain their core purpose.

10.0 Background and Options

- 10.1 The existing libraries stock contract expires on 31st March 2013. The procurement of a new libraries stock contract will cover the provision of books, DVDs, games and CDs. The contract will not include the provision of eBooks or specialist items such as Talking Books. A business case for providing eBooks through our libraries is currently in development but any future provision would require a separate procurement as library eBooks are provided by a small number of specialist suppliers.
- 10.2 The contract will be jointly procured with Cheshire West and Chester Council. The two library services share a library management system which means that library users are able to search for and borrow or reserve items from either library service. This provides greater choice for library users and economies of scale for each Council.
- 10.3 The proposed contract term will be three years, with an option to extend for one year, and a total contract value of £4 million (combined for Cheshire East and Cheshire West and Chester).
- 10.4 The Council provides libraries in 18 communities in Cheshire East, supplemented by a mobile library and books on wheels service for rural communities and housebound customers that are unable to access a static library. Our libraries receive 1.8 million visitors and issue over 3 million books each year.

10.5 The Cheshire East libraries strategy defines the priorities for our libraries to ensure that the Council fulfils its statutory duty while also contributing to the priorities for action set out in the Cheshire East Sustainable Community Strategy. The strategic objectives for our libraries are:

- Improve literacy
- Support informal learning
- Enable digital inclusion
- Provide information
- Promote libraries as community anchors

10.6 In May and June 2012, Cheshire East Council carried out a survey of their citizens' panel – the Influence Cheshire East (ICE) Spring 2012 Survey. The survey included a section on Libraries to assess residents' current library usage and to explore what their future requirements of libraries may be. 69% of respondents had visited a Cheshire East library within the last year, with 35% having done so at least once a month. 82% of respondents were satisfied with library services. Of those that had visited a library in the last year, 83% had visited to borrow/use books or multimedia, or buy second hand books. 77% of respondents agreed that libraries should continue to store and lend paper books as their main role and 69% of respondents disagreed that library services should become mostly digital.

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

Date of Meeting:	10 December 2012
Report of:	John Nicholson – Strategic Director, Places and Organisational Capacity
Subject/Title:	Major Change Project 6.4 – Determine Future Delivery Model for Waste Management Services
Portfolio Holder:	Cllr Rod Menlove

1.0 Report Summary

- 1.1 The identification of future service delivery options for recycling and waste is a major change project for the Council. A specialist consultancy, AMEC Environment and Infrastructure UK Ltd (AMEC) was commissioned to assess potential future service delivery options for the delivery of the Authority's household waste and recycling services. The purpose of the study was to identify a preferred option that had the potential to deliver significant savings (a reduction of at least £2m from the service's annual budget) and to highlight and assess the risks, benefits, asset and procurement implications.
- 1.2 Four service delivery options were considered:
 - i) An integrated procurement including the collection service and disposal and recycling processing contracts;
 - ii) A separate or combined procurement of the collection operation, residual disposal and recycling processing contracts;
 - iii) Creating an arms length company to run the collection operation and manage disposal and recycling contracts; and
 - iv) Retaining the in-house collection service and procuring new contracts for disposal and recycling processing.
- 1.3 The report identifies that Option (i) could potentially deliver the highest savings estimated at £3.1m compared to the 2012/13 forecast outturn position. They highlight however that all of the options scoped are considered high risk with respect to deliverability by 2014. Option (i) could not be delivered within the 31 March 2014 timescale with an earliest estimated delivery date of 7 May 2015.
- 1.4 The consultants report suggests that the timescales for Option (i) could be mitigating by letter a short-term waste disposal contract and extending our existing recycling processing contracts. They propose that the potential additional cost increase through doing this could be covered by introducing a chargeable garden waste collection service.
- 1.5 The report also then recommends the Council take the following steps to commence the procurement process;

- Commence work without delay on the Authority's procurement objectives and strategy;
- Commence work without delay on the documents bidders will require to inform their tender submissions;
- Decide on any interim/short-term measures that are required to ensure continuity of residual waste treatment/disposal arrangements;
- Review existing contracts to assess the viability and impact of extending them;
- Instigate a waste composition analysis to inform the residual waste procurement; and
- Identify any procurement frameworks that may have secured residual waste treatment/disposal capacity.

2.0 Decision Requested

- 2.1 Cabinet are required to approve Option i/ii as the preferred way forward and request that the Strategic Director Places and Organisational Capacity, and the relevant Portfolio Holders, work with the relevant members to commence the procurement exercise immediately..
- 2.2 Request that the Strategic Director Places and Organisational Capacity, in consultation with the relevant Portfolio Holders, appraise the Cabinet of the outcome of the tender exercise, and seek their approval to proceed with the contract award, at a future meeting of the Cabinet.
- 2.3 Authorise the Strategic Director Places and Organisational Capacity, in consultation with the relevant Portfolio Holders, to procure an interim residual waste treatment contract to run from April 2014 until the implementation of new overall arrangements.
- 2.4 Authorise the Strategic Director Places and Organisational Capacity, in consultation with the relevant Portfolio Holders, to extend the current dry recycling and garden waste contracts to coincide with the implementation of the new arrangements.
- 2.5 Authorise the Strategic Director Places and Organisational Capacity, in consultation with the relevant Portfolio Holders, to procure external consultancy support to deliver new arrangements.
- 2.6 Authorise the Strategic Director Places and Organisational Capacity, in consultation with the relevant Portfolio Holders, to explore alternative procurement routes to traditional procurement processes, including working with other local authorities or local authority consortia to deliver the goals of this project but in a more cost effective manner .

3.0 Reasons for Recommendations

- 3.1 In March 2014, the residual waste disposal contract expires and cannot be extended further. The garden waste composting, recycalate processing and

bulking contracts also expire in March 2014 but have more flexibility as they can be extended for a period beyond 2014.

- 3.2 There is an immediate need therefore to secure residual waste treatment and disposal capacity from March 2014 as an interim measure to bridge the gap between April 2014 and the implementation of a longer-term treatment and disposal solution.
- 3.3 A savings target of at least £2m per annum has been identified for recycling and waste from 2014/15 to realise potential revenue savings from the renewal of the major recycling and waste contracts and possible service provision efficiencies.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Members

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 Our Sustainable Community Strategy and Joint Municipal Waste Strategy seek to manage waste more sustainably promoting waste prevention, reuse and recycling.
- 6.2 Objective 7 in the Councils 2012 – 15 business plan. This requires the Recycling and Waste Service to review, assess and evaluate waste collection, treatment, and disposal to provide information about future options.
- 6.3 Outcome 4 of the Council's 2013-16 three year plan identifies the aspiration for Cheshire East to be a 'green and sustainable place'.
- 6.4 Efficiencies in the alternative delivery of waste management services may have carbon benefits.

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

- 7.1 The report demonstrates that option (i) could potentially deliver the highest savings estimated at £3.1 million compared to the 2012/13 forecast out turn position. However, full savings achievability will be identified from the tenders received, this is unlikely to be known precisely until Quarter 3 of 2014/15. AMEC highlight however that all of the options scoped are considered high risk with respect to deliverability by 2014. Option (i) could not be delivered by the end of

March 2014 through the Competitive Dialogue process; the earliest estimated delivery date is May 2015 (based on issuing an OJEU notice at the start of January 2013).

- 7.2 Due to the timetable described in 7.1 above, mitigation needs to be sought to provide a continued recycling, treatment and disposal service. This can be achieved by letting a short term waste disposal contract and extending our existing recycling processing contracts. Short term contracts tend to be relatively more expensive than long term arrangements and any extension of the existing contracts must be mutually agreed by both the contractor and the Council.
- 7.3 The estimated financial implications of the proposed procurement, plus the impact of interim solutions and one-off consultancy costs etc will be reflected in the current medium-term financial strategy and budget setting processes for 2013-16.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The procurement process undertaken will be best served by use of the Competitive Dialogue procedure. A procurement exercise of this scale will require substantial external legal and procurement resource that itself will need to be compliantly procured. The competitive dialogue procedure would take at least a year to complete depending on how many dialogue stages are required in order to refine the Council's requirements.
- 8.2 Whether the current contracts can be extended is a question of fact and the necessary due diligence will need be undertaken to ensure that the contracts can be extended without the Council breaching the Public Contract Regulations 2006.
- 8.3 This procurement is certain to involve significant HR issues and raise the possibility of TUPE transfer of the majority of Recycling and Waste staff to a private sector provider. This will involve undertaking the required consultation and the timescales for this need to be factored in to the timetable to run concurrently with the procurement process. However, a client team will need to be retained by Cheshire East to drive the strategic direction of the services forward and to continually seek to improve services through careful partnership working, contract monitoring and management.
- 8.4 Consideration should also be given to consultation requirements should the ultimately procured service result in reduced waste services to the public.
- 8.5 Alternative delivery options may involve transfer and or leasing of capital assets such as vehicle fleet and depots currently supporting the recycling and waste service.

9.0 Risk Management

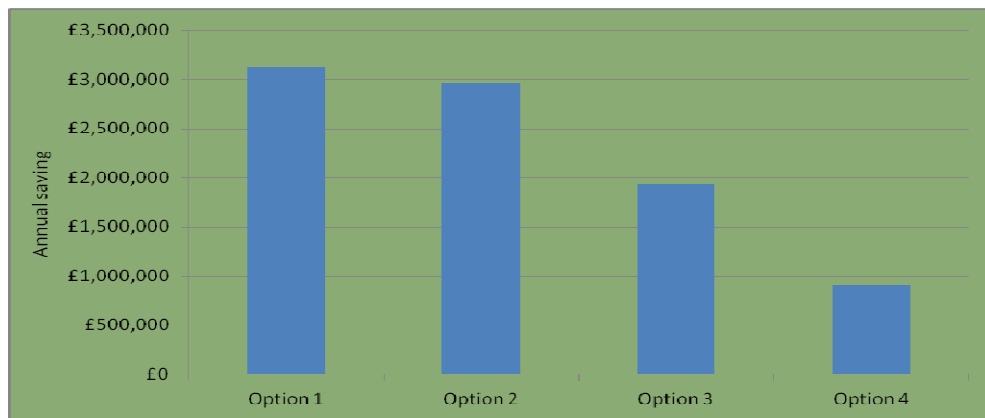
- 9.1 Insufficient time to procure, implement and mobilise new services by May 2015 resulting in reputational damage to the Council.
- 9.2 A separate residual waste treatment/disposal contract will need to be procured for the start of April 2014 to ensure the continuation of frontline residual waste services. This contract would likely be short and hence, potentially more expensive than that obtained through a full outsourcing project.
- 9.3 The current garden waste and dry recyclables contracts will need to be extended by mutual consent from April 2014 until June 2015 to ensure continuation of service. This requires agreement by both CEC and the private sector provider over the length and nature of the extension.
- 9.4 Planning permission not obtained in time/denied to provide a waste transfer facility in the north of the borough resulting in either the services in the north not being able to be delivered in an economic or environmentally sustainable manner or, a monopoly of private sector provision as currently exists, increasing the contract costs to the Council.
- 9.5 Anticipated savings not being achievable from the tenders received. This is unlikely to be known precisely until Quarter 3 of 2014/15.
- 9.6 There are significant implications for the existing work force and their Trade Unions. Early and continued engagement with staff and Trade Unions is of paramount importance in such a large, transitional project.

10.0 Background and Options

- 10.1 A report was considered by Cabinet on 20 August 2012 that outlined potential service options for the recycling and waste service, post April 2014. It asked for an indication of a preferred delivery option at that stage and sought a decision to appoint consultants to carry out a more detailed analysis on the preferred option.
- 10.2 Following a competitive procurement specialist waste consultant AMEC was duly appointed to assess four potential future service delivery options for the delivery of the authority's household waste and recycling services. The purpose of the study was to identify a preferred option that had the potential to deliver the required savings (a reduction of at least £2 million from the Service's annual budget) and to highlight and assess the risks, benefits, asset and procurement implications.
- 10.3 Four service delivery options were considered:
 - i) An integrated procurement including the collection service and disposal and recycling processing contracts;

- ii) A separate or combined procurement of the collection operation, residual disposal and recycling processing contracts;
- iii) Creating an arms length company to run the collection operation and manage disposal and recycling contracts; and
- iv) Retaining the in-house collection service and procuring new contracts for disposal and recycling processing.

- 10.4 As part of the study, the consultant undertook an exercise with Members and key officers to identify financial, strategic, political and environmental criteria against which each option could be ranked to identify a preferred service delivery option. A prioritisation exercise was undertaken to score the relative importance of these criteria. Each option was then assessed against each criterion to measure the level of applicability. This process identified that option (i) was the preferred option with option (ii) close behind.
- 10.5 The potential savings for each option are detailed in the bar graph below demonstrating that all of the options could to a greater or lesser extent provide savings against the recycling services projected 2012/13.



- 10.6 The report demonstrates that option (i) could potentially deliver the highest savings estimated at £3.1m compared to the 2012/13 forecast outturn position. They highlight however that all of the options scoped are considered high risk with respect to deliverability by 2014. Option (i) could not be delivered within the 31 March 2014 timescale with an earliest estimated delivery date of 7 May 2015.
- 10.7 The consultancy suggest that the timescales for Option (i) could be mitigated by letting a short term waste disposal contract and extending our existing recycling processing contracts. They propose that the additional cost increased through doing this could be covered by introducing a chargeable garden waste collection service.
- 10.8 Option (i) would see all the contracts (residual waste treatment/ disposal, waste collection (with fleet provision and maintenance), HWRCs, garden waste processing, dry recycalate processing and waste bulking) let as an integrated bundle. This could reduce the number of possible bidders but competition would still be present.
- 10.9 The key benefit of this option is that the contractor is in control of contract interfaces i.e. where the different contract elements interact.

This reduces or eliminates the risk of disputes arising between contractors and also reduces the number of points of contact between the contractor and Council.

- 10.10 The report also investigates other service options such as food waste collection and nappy recycling. They indicate that on their own food waste and nappy recycling would add to the cost of delivering the service. If introduced alongside other service changes such as a chargeable garden waste service or a changed frequency of wheeled bin collections however these could be introduced at little or no cost to the Authority.

11.0 Access to Information

The Executive Summary of the AMEC study is appended to this report (Appendix A). The full study can be provided by contacting the report writer:

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Designation: Waste and Recycling Manager
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Appendix A - Executive Summary

With the termination of the non-recyclable (residual) waste disposal contract in March 2014, Cheshire East Council (CEC) commissioned AMEC Environment & Infrastructure UK Ltd to assess four potential service delivery options for the procurement of its contracts and arrangements for the delivery of the authority's household waste and recycling services. The purpose of the study was to identify a preferred option with the potential to deliver required savings (a reduction of at least £2 million from the Service's annual budget) and to identify and assess the risks, benefits, asset and procurement implications. The four service delivery options were:

1. Outsourcing the collection service with an integrated procurement of disposal and recycling processing contracts;
2. Outsourcing the collection service with separate or combined procurements of the collection operation, residual disposal and recycling processing contracts;
3. Creating an arm's length company to run the collection operation and manage disposal and recycling contracts; and
4. Retaining the in-house collection service and procuring new contracts for disposal and recycling processing.

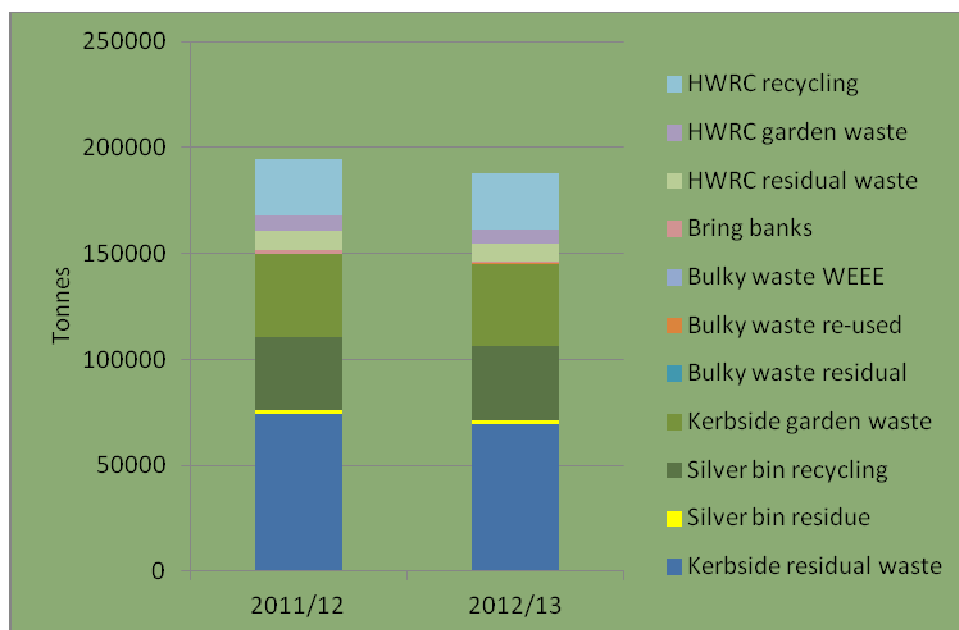
Cheshire East Council is a large unitary authority covering 116,338 hectares with around 166,110 households. These properties are forecast to generate over 188,000 tonnes of household waste in 2012/13. In 2011/12 the authority recycled and composted 52.9% of its household waste making it the highest performing unitary authority in the North West of England and the 6th highest performing unitary authority in England¹.

The figure below provides a breakdown the household waste arisings in Cheshire East. Of the 188,000 tonnes of household waste forecast to be collected in Cheshire East in 2012/13 the single largest proportion arises from the kerbside collection of residual waste (the 'black bin service') – just over 69,000 tonnes. The next two largest proportions are also generated by the kerbside collection service – garden waste and mixed recycling, both around 39,000 tonnes each.

The nine household waste recycling centres (HWRCs) generate around 42,000 tonnes of waste – the majority of which is recycled or composted.

In total CEC is projected to landfill around 77,500 tonnes of waste in 2012/13 at a cost of £7.7 million (of which just under £5 million is landfill tax).

¹ Taken from data published by Defra in November 2012 - <http://www.defra.gov.uk/statistics/environment/waste/wrfg23-wrmsannual/>



As a unitary authority Cheshire East has both waste collection and waste disposal responsibilities as defined in the Environmental Protection Act 1990 and associated regulations. In meeting its obligations the Authority has in place a number of contracts and arrangements for the collection, recycling, treatment and disposal of household waste. The key contract for the disposal of non-recyclable waste expires in March 2014 and cannot be extended.

The authority's contractual and operational arrangements for the collection, treatment, recycling and disposal of household waste are summarised in the table below. Values and costs are based on the forecast outturn position for 2012/13.

Waste Type/Facility	Operator	Contract Duration	Contract Value (2012/13 outturn forecast)	£/tonne equivalent
Residual waste disposal	FCC Environment (formerly Waste Recycling Group)	Expires 31 March 2014 with no extension options remaining	£7,698,118	£97.36
Dry recyclate processing	UPM Kymmene	Expires 31 March 2014 with extension options remaining up to three years in one year increments	-£409,992	-£10.30
Garden waste processing	CRJ Services Ltd	Expires 31 March 2014 with extension options remaining up to three years in one year increments	£969,082	£25.50
Dry recyclate bulking	Henshaws Envirocare Ltd	Expires 31 March 2014 with extension options remaining up to three years in one year increments	£480,330	£25.00
Household Waste Recycling Centres	HW Martin Ltd	Expires 31 March 2018 with an extension option	£2,854,292	£70.16

		for up to five years		
Waste Collection (including bulky waste collection, WEEE and transport)	CEC	No contract in place with the exception of the transport element which relates to in-house vehicle maintenance in the South	£9,906,997	£69.04
Fleet servicing and supply	May Gurney	Expires 31 March 2018 and relates to the supply and maintenance of the waste collection fleet in the North	Cost of this is included in the waste collection line above	
Joint Waste Team		Internal shared service team	£268,893	
Waste Strategy & Minimisation & Head of Service		Internal team	£566,858	
Forecast outturn position including the contract costs above plus other services such as Waste Minimisation and Strategy			£22,334,578	

Business Case Development

To be able to develop comparable savings profiles for each of the four service delivery options a number of assumptions had to be applied covering several aspects of each contract ‘element’. In summary these assumptions are:

- The cost of residual waste treatment taken to be £90/tonne based on the Waste and Resources Action Programme’s (WRAP) annual survey of waste facility gate fees. In this survey the most applicable technology for the treatment of residual waste is “incineration with energy recovery”. This generates an estimated saving of just over £720,000 over the current landfill baseline;
- The private sector would apply higher productivity rates to waste collection than those currently in place (in doing so employee terms and conditions may have to be altered to, for example, lengthen the working week). In identifying waste collection savings it was assumed for service delivery options 1 and 2 increased productivity would reduce operation costs by £2.5 million based on a ‘higher’ (but not the highest) productivity scenario drawn from AMEC’s knowledge of how the private sector might approach such a contract;
- There would be no change to the kerbside garden waste processing contract costs;
- Income generated from the sale of kerbside dry recyclate is increased to reflect the values quoted in the WRAP gate fees survey and taking haulage into account. In effect this produces a £6/tonne increase in income;
- The forecast outturn cost of bulking the North’s dry recyclate at a third party transfer station for 2012/13 is retained in the cost calculations as a proxy for the provision of required waste transfer facilities in the North; and

- HWRCs – no change in costs is modelled as the re-letting of this contract (in 2018) does not align with the other contracts.

Assessing the Service Delivery Options

Each of the service delivery options was explored at length, including procurement route and timescale, contract duration, market appeal, management implications, infrastructure, impact on human resources and cost estimates. Benefits and risks were also identified. Here, each option is summarised below.

Option 1 - Outsourcing the collection service with an integrated procurement of disposal and recycling processing contracts

This option would see all the contracts (residual waste treatment/disposal, waste collection (with fleet provision and maintenance), garden waste processing, dry recyclate processing and waste bulking) let as an integrated bundle. This could reduce the number of possible bidders excluding niche or specialist companies from directly bidding for the integrated contract. However, depending in contract durations and procurement timescales this still likely to generate liquid competition.

Competitive dialogue was identified as the most appropriate procurement route as it would generate flexibility and innovation where the Authority is less certain of its requirements. However, where services are well developed and the Council does not wish to see them changed dramatically competitive dialogue may be of limited benefit.

Competitive dialogue can be tailored to fit the needs of the Authority but it is not considered that in this case a full process could be run adequately in the available timescales (i.e. seeing contract closure and mobilisation for April 2014).

The key benefit of this option is that the contractor is in control of contract interfaces i.e. where the different contract elements interact. This reduces or eliminates the risk of disputes arising between contractors and also reduces the number of points of contact between the contractor and Council. An efficiency saving of 1% of total contract value has been applied to this option to recognise the benefit of an integrated procurement.

Timescale issues aside, the financial estimates indicate that Option 1 could generate estimated (like for like) revenue savings of £3.1 million compared to the 2012/13 forecast outturn position.

Option 2 - Outsourcing the collection service with separate or combined procurements of the collection operation, residual disposal and recycling processing contracts

All contracts would be let to the private sector either individually or as lots depending on their priority and inter-relationships. This approach allows for prioritisation in the letting of contracts (i.e. allowing for the residual waste contract to be let first and separately to try to meet the April 2104 deadline). Equally offering contracts in lots allows for some synergies to be developed which may result in some reduced costs.

However, evaluating lots and their inter-relationship with each other can be complex and as a result generate risks that the Authority will have to address.

This option allows, to some extent, for a 'mix and match' approach to selecting the optimum procurement process for each contract. The residual waste treatment/disposal contract could be let via competitive dialogue. If the Authority was certain about its waste collection arrangements then the restricted procedure could be adopted, and garden waste and dry recycle contracts could be bundled with collection.

The provision of waste bulking facilities in the North could equally sit within either the waste collection or residual waste treatment/disposal contracts. If these procurements were run concurrently then the waste transfer station could be included in both and the most favourable option of the two selected at the final stage. However, running the collection and residual waste treatment procurements separately but simultaneously would add complexity to the procurements in relation to interface matters.

Again, delivering the key contract within the time remaining to the expiry of the current landfill contract is tight and successful contract closure could not be guaranteed in the time available.

Timescale issues aside, the financial estimates indicate that Option 1 could generate estimated (like for like) revenue savings of £2.9 million compared to the 2012/13 forecast outturn position.

Option 3 - Creating an arm's length company to run the collection operation and manage disposal and recycling contracts

In this case the Authority would set up a 'wholly owned company' (WOC) which would then be contracted to deliver its waste and recycling contracts. The 2003 Local Government Act gives councils the power to set up WOCs to deliver services commercially under specific circumstances. The authority (or authorities if more than one is involved) will be the principle shareholder and can receive any trading surpluses as dividends (subject to corporation tax). WOCs are of particular interest to authorities who wish to commercialise their services to build up a customer base (for example in commercial waste collection, facilities management and cleaning).

In this case it was envisaged by the Authority that the WOC would let the contracts and operate the waste collection service itself. In this form the WOC could increase waste collection productivity through amending terms and conditions or operating a different commercial ethos, although the principle shareholder could have an input into how far changes went. As such the WOC could let contracts as in Option 2 which it would then manage. The Authority would then have to contract manage the WOC to ensure its obligations were met.

Deliverability within the required timescale is, again, unlikely. The formation of the WOC (which would require the development of a comprehensive business case) could be a distraction from the crucial letting of the residual waste treatment/disposal contract. The latter

could be let separately as in Option 2 but the same comments on deliverability apply. Without a driver to build competitive services such as a commercial waste offering then the benefits of setting up a WOC are unclear.

Savings were identified in this option – estimated at £1.9 million – arising from the reduction in residual waste costs and some efficiencies in waste collection (but less than those applied in Options 1 and 2).

Options 1, 2 and 3 have significant impacts for CEC staff as the waste collection service employees would be transferred to the successful contractor/WOC. The TUPE process will require considerable work to ensure staff are kept informed and that the process runs smoothly.

Option 4 - Retaining the in-house collection service and procuring new contracts for disposal and recycling processing

This is effectively mirrors current service provision and would see all contracts except waste collection being let (although a new fleet provision and maintenance contract would be required). No assumptions on improvements to productivity in the waste collection service were made (although that does not mean to say they could not be applied with a change in terms and conditions and working practices).

Savings therefore only arise from the letting of the residual waste treatment/disposal contract and from additional income generated from the sale of recycle.

Comments regarding deliverability and procurement route are effectively the same as for Option 2.

Identification of the Preferred Option

An exercise was undertaken with Members and key officers to identify financial, strategic, political and environmental criteria against which each option could be ranked to identify a preferred service delivery option. A prioritisation exercise was undertaken to score the relative importance of these criteria. Each option was then assessed against each criterion to measure the level of applicability.

This process identified that Option 1 was the preferred option with option 2 close behind. The process did not score “deliverability within timescales” as a pass/fail so effectively this criterion made little impact on the final outcome of the prioritisation.

Therefore the Authority will need to fully understand the implications of this and develop a strategy for ensuring a continuity of waste disposal/treatment for when the current contract expires.

Other Service Considerations

AMEC were asked also to investigate the estimated costs of weekly food waste and nappy waste collection services to see whether these could be introduced within any savings identified. A modelling exercise was completed and the costs summarised below:

- Weekly standalone nappy waste collection service: based on resourcing and yields identified during a service being trialled in Cheshire West and Chester the costs per annum are estimated to be £262,000 which takes into consideration avoided landfill disposal costs but excludes capital costs for receptacles; and
- Weekly standalone food waste service: the cost of this service is estimated to be £1.4 million per annum. This includes avoided landfill costs but excludes capital investment for containers (vehicle and staffing costs are included).

Costs could be reduced if the services were combined and materials collected in separate compartments on the same vehicle.

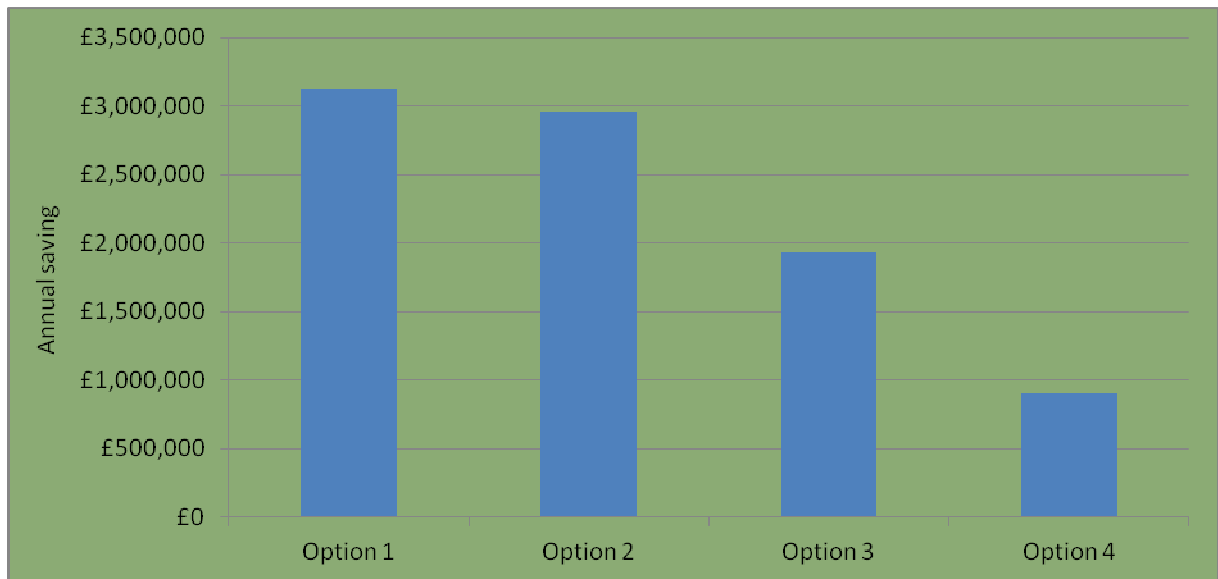
AMEC also considered the implications of introducing a chargeable garden waste collection service. This would reduce the quantity of garden waste collected at the kerbside but would potentially increase its capture at HWRCs (generating additional costs). In modelling the impacts AMEC assumed an annual subscription charge of £38.75 (the average of schemes currently being operated elsewhere) and a take up of 30% (representing around 50,000 homes). This generated a gross income of £1.9 million but required operational costs of £1.1 million plus nearly £450,000 in garden waste processing gate fees. The net position is an income estimated at £392,000 per annum.

The introduction of a chargeable garden waste service would mean the resources already accounted for in the budget would not be required – this would then see an estimated reduction of £2.4 million.

Additionally, AMEC examined any savings that might arise from other methods of working. For example, changing the waste collection frequency (for each bin) to a three weekly cycle accompanied by a weekly food and nappy waste collection service results in forecast savings of just over £1 million. This could increase further if a chargeable garden waste collection service was considered.

Key Conclusions and Recommendations

The assessment of the four service delivery options has identified that to a greater or lesser extent savings can be made against the waste and recycling service's projected 2012/13 outturn position (see the graph below). The scale of the savings depends on the option selected but could be tempered by the need to ensure continuity of the residual waste treatment/disposal contract.



It would be extremely challenging (if not unachievable) for any of the service delivery options to be delivered by April 2014. Option 1, due to its size and complexity increases the challenge further and there is a severe risk that it is undeliverable as more dialogue meetings would be required to develop the right solution.

One option that could be deliverable within the timescale (but again challenging) is to seek an interim/short term solution through letting a short term waste disposal contract and extending other contracts. This would generate the longer term savings in the order predicted could still be generated through pursuing Option 1. However, this would see costs increase in the short term (as any investment in infrastructure would have to be recovered over a shorter period) and a significant reduction in the number of likely bidders. Additional contract costs could be mitigated by, for example, introducing a chargeable garden waste collection service prior to 2014/05.

It is recommended that Cheshire East Council take the following steps to commence the procurement process:

- Commence work without delay on the Authority's procurement objectives and strategy;
- Commence work without delay on the documents bidders will require to inform their tender submissions;
- Decide on any interim/short term measures that are required to ensure continuity of residual waste treatment/disposal arrangements;
- Review existing contracts to assess the viability and impact of extending them;
- Instigate a waste composition analysis to inform the residual waste procurement; and
- Identify any procurement frameworks that may have secured residual waste treatment/disposal capacity.

Identify any short term procurement options but recognising the implications as discussed above.

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CHESHIRE EAST COUNCIL

REPORT TO: Cabinet

Date of Meeting: Monday 10 December 2012
Report of: Strategic Director, Places & Organisational Capacity
Subject/Title: Award of the LSTF Bus Service Contract
Portfolio Holder: Cllr Rod Menlove

1.0 Report Summary

- 1.1 This report seeks approval to award the contract for a new bus service in Crewe until the end of March 2015. The value of the contract is £1,093,738. The service will be fully funded through the Department for Transport's Local Sustainable Transport Fund (LSTF) and anticipated passenger revenue.
- 1.2 The new bus service forms an integral element of the council's aspirations to develop sustainable transport in Crewe. In turn, developing transport links in the town is a key element of the council's ambitious change strategy for Crewe to unlock its full economic development potential. The aim is to secure the financial sustainability of the service to support and enable long term growth and job creation through the "All Change for Crewe" programme.

2.0 Decision Requested

- 2.1 To agree the award of contract to D&G for the new Crewe town centre bus service funded through the Local Sustainable Transport Fund (LSTF) with a contract end date of 31st March 2015.

3.0 Reasons for Recommendations

- 3.1 The provision of a new town bus service is a key component of the LSTF programme approved by the Department for Transport (DfT). The fully compliant procurement procedure and tender evaluation has identified D&G as the preferred bidder. The operator is keen to explore commercial opportunities and work with the Council to sustain the service beyond the funding period and enable the longer term growth of Crewe.

4.0 Wards Affected

- 4.1 All Crewe wards.

5.0 Local Ward Members

- 5.1 All Crewe wards.

6.0 Policy Implications including – Carbon Reduction – Health

- 6.1 The delivery of LSTF measures supports the “All Change for Crewe” regeneration programme to unlock the growth potential of Crewe in a low carbon way. The LSTF will deliver sustainable transport solutions and enable smarter travel choices for those who live and work in Crewe – focusing on the “travel to work” corridor between residential areas and current and potential employment sites.
- 6.2 Encouraging increased levels of walking and cycling will have positive health benefits through increased active travel, as well as tackling congestion and improving air quality. The LSTF programme promotes access to jobs, apprenticeships, skills and training opportunities, particularly for those Not in Employment, Education and Training (NEET).

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 The service will be fully funded through the LSTF and anticipated passenger revenue until the contract end date on 31st March 2015. The contract will be on a minimum cost basis with all on and off bus revenue being credited to the Council.
- 7.2 The table below illustrates the gross contract cost, anticipated revenue and net cost. The bid to DfT was on the basis of the net cost. The estimated revenue and patronage figures are listed below for each year of operation during the LSTF funding period and beyond. The bus service will need an average of 12.6 passengers per journey to become commercially viable in the long term.

	Year 1 2012-13	Year 2 2013-14	Year 3 2014-15	TOTAL	Post- LSTF
Gross Contract Cost	£109,165	£480,279	£504,293	£1,093,738	£529,508
Anticipated Revenue	£34,165	£197,279	£275,293	£506,738	£529,508
Net Cost (claim from DfT)	£75,000	£283,000	£229,000	£587,000	£0
Required Revenue and Patronage					
Revenue per day	£475	£649	£906	-	£1,742
Passengers per day	331	453	602	-	1106
Passengers per journey	3.8	5.2	6.8	-	12.6

Notes:

1. The above figures are based on the service operating 07:00 to 18:30, Mondays to Saturdays (excluding Bank Holidays)
2. Gross Contract cost has been increased in future years in line with CEC Terms and Conditions.
3. Figures up to 2014-2015 are based on agreed LSTF funding from the DfT.
4. Figures for 2015-2016 are based on zero subsidy being available and indicate the level of patronage required for the service to be fully viable on the basis of the original timetable.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Transport Department has undertaken a procurement exercise that complies with the Public Contracts Regulations 2006 to select a service provider. The contract will operate on the Council's standard terms and conditions for passenger transport services.
- 8.2 The Council received four tenders that have been evaluated on a cost/quality scoring mechanism and MEAT (Most Economically Advantageous Tender) analysis, D&G's tender achieved the highest score.

9.0 Risk Management

- 9.1 The actual passenger use of the bus service will be closely monitored throughout the funding period with regular (initially weekly) data being provided by the operator. If the patronage targets listed in the table above are not being achieved, there will be a need to take mitigating action to either increase passenger use or reduce cost.
- 9.2 To increase passenger use, there will be an opportunity to apply a more aggressive marketing, awareness and promotional campaign in the local community. Additional incentives (e.g. introductory ticket offers) can also be extended to encourage increased use of the service.
- 9.3 If there is a need to reduce the cost of the bus service, timetable alterations will be applied. This may include reduced frequency (e.g. from 15 minutes to 20 minutes), reduced days of operation (e.g. withdrawing the Saturday service) or reducing the number of journeys provided. Using such methods, it is considered likely that a sustainable and viable bus service will eventually result, which will meet the overall objectives of promoting sustainable, low-carbon travel.

10.0 Background and Options

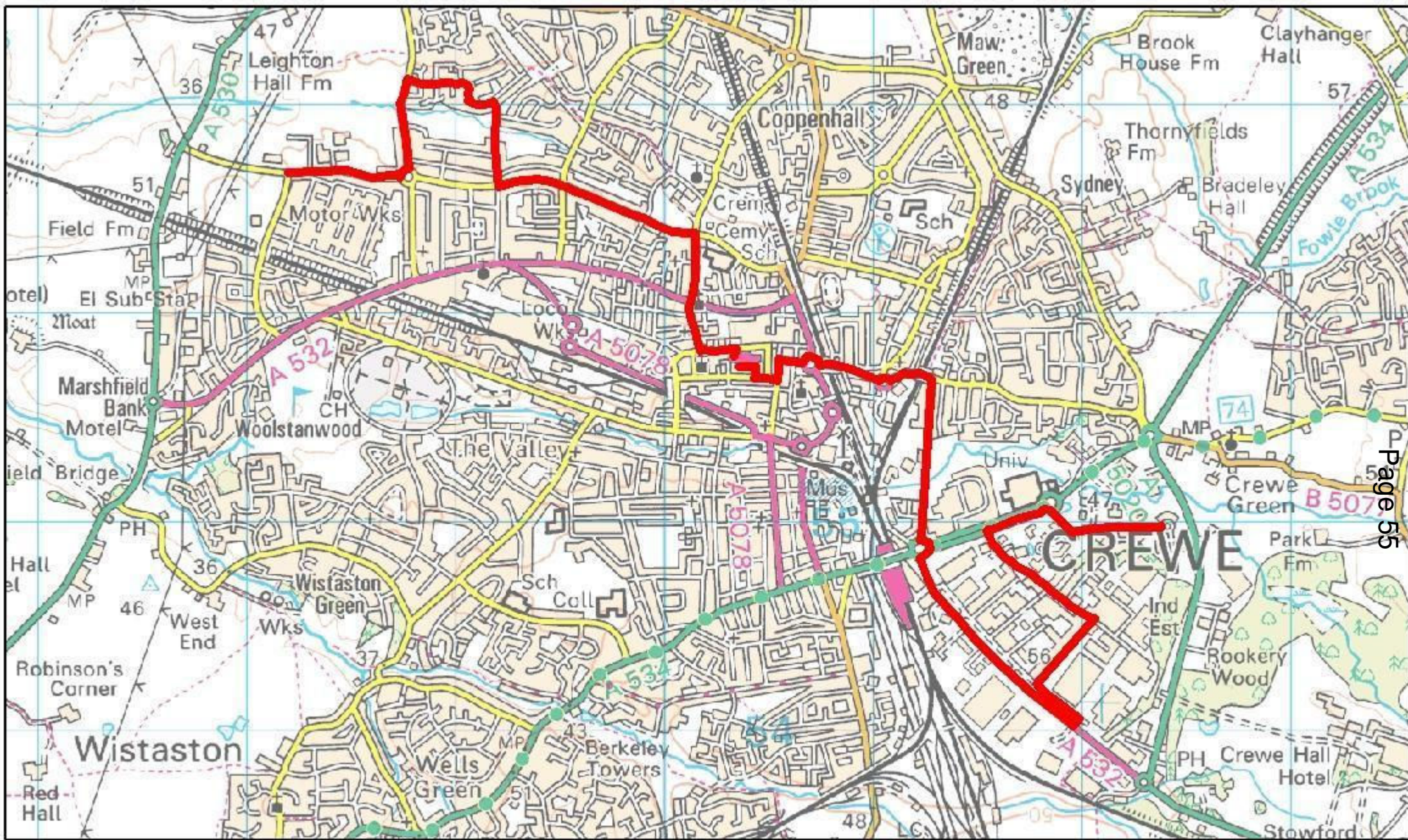
- 10.1 Crewe's bus network has evolved over time rather than being planned strategically in order to respond to growth, or potential new demand. As a result, there are a number of "gaps" in the network, including lack of a direct, high frequency service on the key travel to work corridor from the north west (residential areas) to the south east (employment area) of the town.
- 10.2 Currently bus passengers travelling along this corridor are required to change buses in the town centre, which acts as a deterrent to bus use for cross-town journeys to work. Also, bus services do not penetrate the south east quadrant area resulting in significant distances to walk from the nearest stop into the Industrial Estate and Business Park.

- 10.3 The purpose of the new bus service – pump primed through the LSTF – is to provide a new 15 minute frequency service, which provides a direct route that is currently missing in the network. The service will be fully branded with high specification vehicles, (e.g. high quality seating, WiFi) and will benefit from a high profile launch, marketing and promotional campaign. The route is key to supporting the sustainable growth of the town and accommodating the increasing demand for travel between the NW and SE as part of “All Change for Crewe”. Given the ambitious plans for development in the south east of the town, this new bus service will ensure that development can take place in a sustainable manner and reduce the impact of development on the local road network.
- 10.4 The route is designed to integrate with D&G’s existing commercial services in Crewe and have minimal impact on other town bus services. It has been decided that the service will not operate to/from Leighton Hospital as there are already 7 buses per hour between the town centre and the hospital – extending the route to serve Leighton Hospital would undermine other town centre bus services.
- 10.5 A map illustrating the route of the new service is included as Appendix 1. The key locations on the route include:
- Bentley Motors: 5,000 employees (40% living in the Crewe urban area)
 - Residential areas in the North West of the town, including areas of deprivation
 - Town centre & bus station
 - Grand Junction Retail Park
 - Crewe Gates Industrial Estate (inc Weston Road stop for the Railway Station)
 - Crewe Business Park
 - Manchester Metropolitan University
- 10.6 The service will operate 6 days per week (Monday to Saturday) starting at 07:00 and operating on a 15 minute frequency throughout the day until 18:30 in the evening. The full timetable for the service is included as Appendix 2.

11.0 Access to Information

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

Name: Jenny Marston
Designation: Policy & Accessibility Manager
Tel No: 01270 686349
Email: jenny.marston@cheshireeast.gov.uk



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Appendix 2 Bus Service Timetable

CE Crewe Business Park - Crewe - Bentley Motors

Days of operation	Monday to Saturday																							
Service number																								
Business Park, Electra Way	–	0702	0717	0732	0747	0802	0817	0832	0847	0902	0917	0932	0947	1002	1017	1032	1047	1102	1117	1132	1147	1202	1217	1232
Crewe, Bus Station (arrive)	–	0717	0732	0747	0802	0817	0832	0847	0902	0917	0932	0947	1002	1017	1032	1047	1102	1117	1132	1147	1202	1217	1232	1247
Crewe, Bus Station (depart)	0705	0720	0735	0750	0805	0820	0835	0850	0905	0920	0935	0950	1005	1020	1035	1050	1105	1120	1135	1150	1205	1220	1235	1250
Bentley Motors, Pymys Lane	0716	0731	0746	0801	0816	0831	0846	0901	0916	0931	0946	1001	1016	1031	1046	1101	1116	1131	1146	1201	1216	1231	1246	1301

Days of operation	Monday to Saturday																							
Service number																								
Business Park, Electra Way	1247	1302	1317	1332	1347	1402	1417	1432	1447	1502	1517	1532	1547	1602	1617	1632	1647	1702	1717	1732	1747	1802	1817	
Crewe, Bus Station (arrive)	1302	1317	1332	1347	1402	1417	1432	1447	1502	1517	1532	1547	1602	1617	1632	1647	1702	1717	1732	1747	1802	1817	1832	
Crewe, Bus Station (depart)	1305	1320	1335	1350	1405	1420	1435	1450	1505	1520	1535	1550	1605	1620	1635	1650	1705	1720	1735	1750	1805	1820	–	
Bentley Motors, Pymys Lane	1316	1331	1346	1401	1416	1431	1446	1501	1516	1531	1546	1601	1616	1631	1646	1701	1716	1731	1746	1801	1816	1831	–	

CE Bentley Motors - Crewe - Crewe Business Park

Days of operation	Monday to Saturday																							
Service number																								
Bentley Motors, Pymys Lane	–	0702	0717	0732	0747	0802	0817	0832	0847	0902	0917	0932	0947	1002	1017	1032	1047	1102	1117	1132	1147	1202	1217	1232
Crewe, Bus Station (arrive)	–	0713	0728	0743	0758	0813	0828	0843	0858	0913	0928	0943	0958	1013	1028	1043	1058	1113	1128	1143	1158	1213	1228	1243
Crewe, Bus Station (depart)	0700	0715	0730	0745	0800	0815	0830	0845	0900	0915	0930	0945	1000	1015	1030	1045	1100	1115	1130	1145	1200	1215	1230	1245
Business Park, Electra Way	0715	0730	0745	0800	0815	0830	0845	0900	0915	0930	0945	1000	1015	1030	1045	1100	1115	1130	1145	1200	1215	1230	1245	1300

Days of operation	Monday to Saturday																							
Service number																								
Bentley Motors, Pymys Lane	1247	1302	1317	1332	1347	1402	1417	1432	1447	1502	1517	1532	1547	1602	1617	1632	1647	1702	1717	1732	1747	1802	1817	
Crewe, Bus Station (arrive)	1258	1313	1328	1343	1358	1413	1428	1443	1458	1513	1528	1543	1558	1613	1628	1643	1658	1713	1728	1743	1758	1813	1828	
Crewe, Bus Station (depart)	1300	1315	1330	1345	1400	1415	1430	1445	1500	1515	1530	1545	1600	1615	1630	1645	1700	1715	1730	1745	1800	1815	–	
Business Park, Electra Way	1315	1330	1345	1400	1415	1430	1445	1500	1515	1530	1545	1600	1615	1630	1645	1700	1715	1730	1745	1800	1815	1830	–	

No service will operate on bank holidays

Route Description:

Electra Way, Crewe Road, Gateway, Fourth Avenue, Weston Road service road, Weston Road, Macon Way, Earle Street, Prince Albert Street, Chester Street, Market Street, Delamere Street, Tower Way, Crewe Bus Station, Victoria Street, Hightown, Broad Street, Badger Avenue, Frank Webb Avenue, Rolls Avenue, Minshull New Road, Pymys Lane Returns Pymys Lane, Minshull New Road, Rolls Avenue, Frank Webb Avenue, Badger Avenue, Broad Street, Hightown, Victoria Street, Crewe Bus Station, Tower Way, Delamere Street, Market Street, Chester Street, Prince Albert Street, Earle Street, Macon Way, Weston Road, Weston Road service road, Fourth Avenue, Gateway, Crewe Road, Electra Way.

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 10th December 2012
Report of: Director of Finance & Business Services
Subject/Title: Council Tax Base 2013/14
Portfolio Holder: Cllr Raynes

1.0 Report Summary

- 1.1 This report notifies Cabinet of the Council Tax Base for Cheshire East and identifies important changes to the calculation of the tax base for 2013/2014.

2.0 Decision Requested

- 2.1 That Cabinet, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, recommends to Council, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2013/14 as 137,122.19 for the whole area.
- 2.2 That Cabinet recommend the Cheshire East Council Tax Support Scheme to Council in accordance with Appendix A.
- 2.3 That Cabinet recommend the calculation of the Council Tax Base for Local Preceptors to Council, in accordance with Appendix B.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 Cheshire East Council is required to agree its tax base before 31 January 2013.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications including - Climate change - Health

- 6.1 N/a

7.0 Financial Implications 2013/14 and beyond (Authorised by the Borough Treasurer)

- 7.1 The calculation of the taxbase contributes to the calculation of overall funding for Cheshire East Council in each financial year.
- 7.2 The proposed reduction in the discounts to certain properties (when compared to those currently applied in 2012/2013), as detailed in the report, could generate additional annual income of £3.2m.
- 7.3 The replacement of Council Tax Benefit with Council Tax Support has the effect of reducing the taxbase, as reductions under this scheme are provided as a discount to Council Tax liability as opposed to a rebate (which was subsequently repaid to the Council via Central Government subsidy).
- 7.4 Overall costs for the Council Tax Support scheme in Cheshire East are anticipated to mirror the existing expenditure on Council Tax Benefit, less the 10% overall reduction in Government Funding for this welfare benefit. The net effect on Council Tax income is therefore nil.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 Included in report

9.0 Risk Management

- 9.1 Confirmation of the Council Tax base for 2013/14 ensures that the statutory requirement to set the Tax Base is met.
- 9.2 Estimates contained within the Council Tax Base calculation, such as the loss on collection and caseload for Council Tax Support, will be monitored throughout the year. Any significant variation will be reflected in a surplus or deficit being declared in the Collection Fund which is then shared amongst the major precepting authorities.

10.0 Background and Options

- 10.1 Cheshire East Council is required to approve its Tax Base before 31 January 2013 so that the information can be provided to Cheshire Police Authority and Cheshire Fire Authority for their budget processes.
- 10.2 The Tax Base for the area is the estimated number of chargeable dwellings expressed as a number of Band D equivalents adjusted for an estimated number of discounts, exemptions, disabled relief and appeals plus an allowance for non-collection. A reduction of 1% is included in the Tax Base calculation to allow for anticipated levels of non-collection.

- 10.3 The Local Government Finance Act 2012 allows Billing Authorities flexibility over the application of council tax discounts and premiums in respect of empty properties of the following classes:

- i) 2nd Homes
- ii) Uninhabitable property undergoing substantial renovation (formerly Class A exemption)
- iii) Property vacant for less than 6 months (formerly Class C exemption)
- iv) Property left empty for more than 2 years

This flexibility is especially important for a Council, such as Cheshire East, that has low government funding due to the high local tax base. Where flexibility has been provided in the past, in relation to unoccupied properties, the Council has also maximised the amount payable, particularly in an effort to maintain the housing supply which is currently not meeting demand.

The Council Tax base of 137,122.19 has been calculated on the basis that no discount will be awarded for classes i) – iii) and a premium of 50% charged on class iv).

- 10.4 It should be noted that the current exemptions which apply to property left vacant following the death of the occupier (Class F & FP) have not been amended and will remain in place. This affords exemption for the period up to, and for 6 months following, probate.
- 10.5 Council Tax legislation allows Billing Authorities further discretion to apply discounts locally where it considers the circumstances require. This discretion is contained in Section 13A of The Local Government Finance Act 1992. The replacement of the Class C exemption with a nil discount is not intended to discourage landlords from maintaining property standards by utilising short periods between lettings for minor refurbishment work. Proposals will therefore be developed to allow vacancy periods of up to 8 weeks to be discounted in these circumstances under the provisions of Section 13A.
- 10.6 In addition to the above changes the Government are proposing to replace the Council Tax Benefit Scheme in 2013. Each Council must develop its own local scheme to provide continuing support for local residents, but reflecting a need to make overall savings. The Council will support the local scheme through an estimated investment of c.£15.5m in 2013/2014. A non-ringfenced grant will be included in the Council's overall settlement from Central Government to reflect the costs of the scheme in 2013/2014, but with a 10% reduction compared to the costs of the 2012/2013 scheme. In future years this grant will become part of the Council's overall funding from the retention of Business Rates and will not be separately identified.
- 10.7 Pensioners are protected from local changes to the scheme and will continue under existing arrangements from April 2013. This means c.14,000 working age households, of the current c.25,000 households receiving Council Tax Benefit in Cheshire East, will be affected. The new scheme must be approved by full Council by 31st January 2013.

- 10.8 An additional report in respect of the ending of the Council Tax Benefit scheme and the introduction of the local Council Tax Support Scheme is appended to this report at **Appendix A**.
- 10.9 The tax base of 137,122.19 reflects the impact of the Council Tax Support Scheme as described in **Appendix A**, including the recommendations which are made in response to the consultation exercise carried out in late summer.
- 10.10 **Appendix B** shows a reduction in tax base for a number of Town & Parish Councils. The Department for Communities & Local Government consulted on the possibility of providing a separate Council Tax Base for Town & Parish Councils due to changes in relation to Council Tax Support. The consultation response is shown below:
- 2.5 The Government will not, therefore, apply an unadjusted council tax base to the local precepting authority or to other special items. Accordingly, the council tax base regulations will apply reductions to the calculation of the council tax base for local precepting authorities and other special items, as well as billing and major precepting authorities.
- 2.6 The Government is clear that the funding attributable to the parish precept has been provided to the billing authority and expects them to work with local parish and town councils to provide certainty over their funding.

Source:

Localising Support For Council Tax

Council tax base and funding for local precepting authorities:
Government response to the outcome of consultation

November, 2012

Department for Communities and Local Government

- 10.11 The tax base of 137,122.19 reflects the impact of the Council Tax Support Scheme, to provide the Council Tax Base for each Local Preceptor as described in **Appendix A**, reflecting the DCLG guidance above.
- 10.12 The Council will therefore communicate directly with Town & Parish Councils to clarify how this position will be managed in the medium term.

11.0 Overview of Year One and Term One Issues

- 11.1 N/a

12.0 Access to Information

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

Name: Lisa Quinn

Designation: Director of Finance & Business Services

Tel No: 01270 686628

Email: lisa.quinn@cheshireeast.gov.uk

Council Tax Base 2013/14

APPENDIX A

Date of Meeting: 10th December 2012
Report of: Director of Finance & Business Services
Subject/Title: Council Tax Base 2013/14
Council Tax Support
Portfolio Holder: Cllr Raynes

1.0 Report Summary

- 1.1 The Government are proposing to replace the Council Tax Benefit Scheme in 2013. Each Council must develop its own scheme and Cheshire East plan to continue supporting local residents through investment of an estimated £15.5m in the local scheme in 2013/2014.
- 1.2 Spending on the local scheme in 2013/2014 is estimated to be c.10% less than estimated spending in 2012/2013 in line with the overall need to reduce public expenditure as part of the national deficit reduction programme.
- 1.3 Pensioners who claim Council Tax Benefit will not be affected by these changes as their entitlements are protected and will continue under similar arrangements from April 2013.
- 1.4 The new scheme must be approved by full Council by 31st January 2013.

2.0 Decision Requested

- 2.1 The Cabinet are asked to agree the following amendments to its preferred scheme, in response to the feedback from the public consultation:
 - To increase the capital limit to £6,000
 - To consider an upper capital limit of £10,000 and introduce a tariff income of £10 for every £1k, still endorsing the principle that those with assets should pay more without the disincentive of making provision for emergencies
 - Set a maximum period of 13 weeks for backdating rather than the current 26 weeks
 - Agree to further amendments in line with feedback on the additional options described in Para 3.3 below – **Figure 2** Feedback on the additional options
 - To retain the current 'Local Scheme' where all war widows, war widowers and war disablement pensions and war pensions for surviving civil partners are full disregarded rather than the statutory £10 per week

3.0 Reasons for Recommendations

- 3.1 The recommendations have been made further to the responses received to the public consultation, which ended on 21st October 2012.
- 3.2 See **Appendix A1** for a full copy of the full responses.
- 3.3 The following summarise the responses.

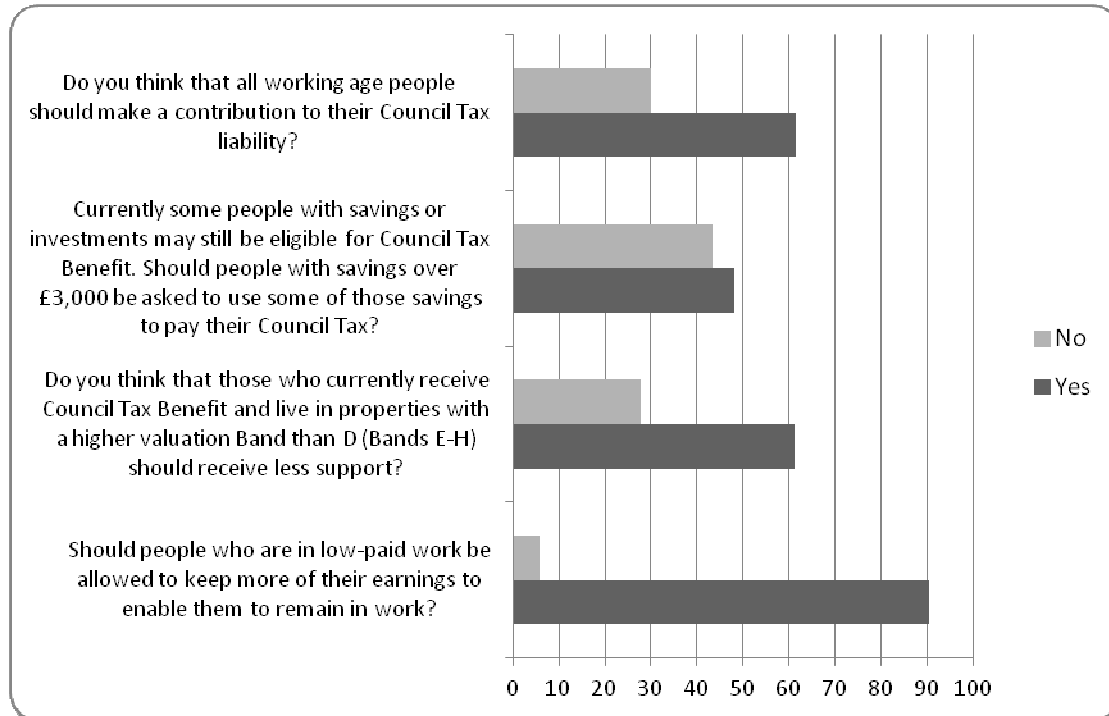


Figure 1 Feedback on the proposed schemes (%)

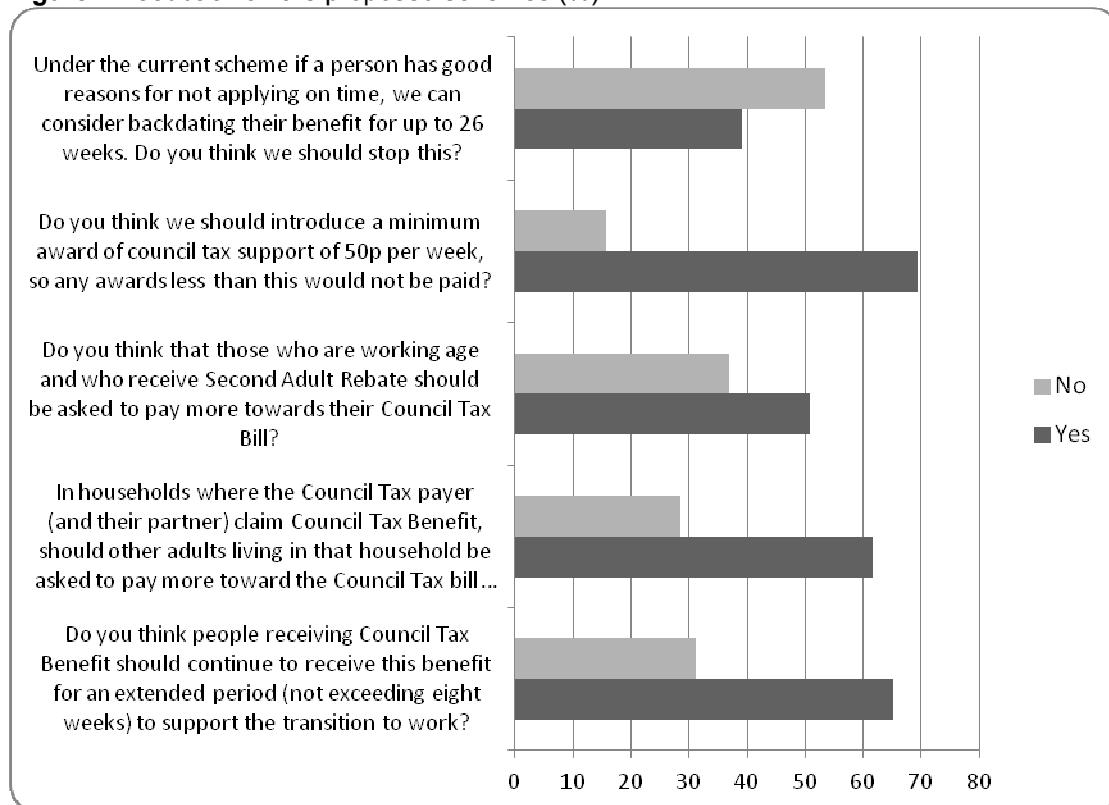


Figure 2 Feedback on the additional options (%)

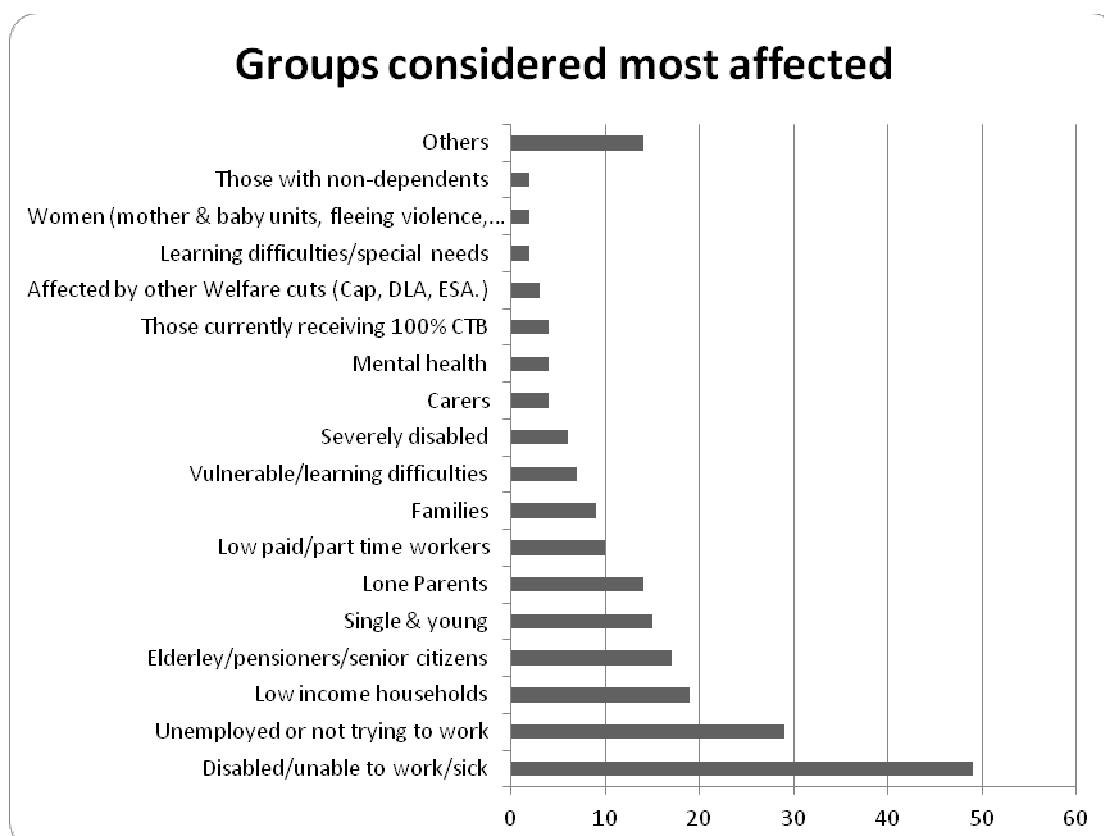


Figure 3 Feedback on the groups considered most likely to be affected (count of responses)

- 3.4 Those who are disabled/unable to work are identified as the group most likely to be affected by the proposed scheme, by those responding.

Treatment of Disability under the scheme

- 3.5 Concessions are already built into the scheme to support those who are disabled/unable to work.
- 3.6 This is broadly covered into two areas; increasing the allowances used in the assessment recognising the potential increased living expenses, and disregarding certain incomes associated with disabilities, such as Disability Living Allowance and Attendance Allowance.

Treatment of Capital

- 3.7 Under the current Council Tax Benefit arrangements, if the claimant has capital of more than £16,000 they do not qualify. However, for those of working age with capital below this, it is treated as follows:
- First £6,000 is disregarded
 - £1 per week income is taken into account for every £250 or part, above this
- 3.8 Claimants who are in receipt of Income Support, Job Seekers Allowance income based and Employment and Support Allowance income related are automatically entitled to the maximum award and

do not have to provide information to the Council on their income and savings. Their capital is treated as outlined above, so they could have capital in excess of the capital limits suggested in the proposed scheme, which could not be identified.

- 3.9 Feedback from the consultation expressed concerns that by having a single cut off, this will cause a potential 'cliff edge' and encourage people not to have some savings for emergencies, or to retain and not to disclose cash.

4.0 Wards Affected

- 4.1 All Wards are affected.

5.0 Local Ward Members

- 5.1 None specifically – all wards affected

6.0 Policy Implications including – Carbon Reduction, Health

- 6.1 A detailed Equality Impact Assessment is being prepared and will be available for Council.

7.0 Financial Implications

- 7.1 The proposed scheme, including the recommended changes outlined in 2.1, delivers the required saving, including a small contingency to allow for small changes in caseload during the year.
- 7.2 Communities and Local Government (CLG) has recently made additional funding available for Councils to bid for, if the scheme the Council introduces meets set criteriaⁱ. This funding is only available for one year.
- 7.3 Neither of the options consulted upon meet the criteria, and to comply would result in a shortfall of funding of c.£870,000. In view of this is it recommended not to amend the scheme to meet the criteria.

8.0 Legal Implications

- 8.1 Section 13A of the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, places a duty on the Council to make a scheme specifying the reductions to council tax for those:
- persons considered to be in financial need P
 - persons in classes consisting of persons whom the authority considers to be, in general, in financial need P
- 8.2 The draft scheme is attached as **Appendix A2**. This does not reflect the recommendations within this report.

9.0 Risk Management

- 9.1 If Council do not approve a scheme by 31st January 2013, the default scheme must be delivered, with the reduction in funding found from elsewhere within the Council's budget.
- 9.2 Should the approved scheme vary greatly from the scheme consulted on, or the consultation found to be ineffective legal challenge could be made.

10.0 Background and Options

- 10.1 Cabinet previously agreed the following options for the consultation:

Scheme	Description	Financial Impact
1	Rewarding work & reducing support for claimants with assets (savings and investments)	Benefit awards to claimants in work will be largely unaffected. Savings will be made by cutting support from other claimants, particularly those with higher capital or living in high banded properties.
2	Continue with a reduced existing scheme	The maximum council tax support payable will be 80% rather than 100%

11.0 Access to Information

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

Name: Liz Rimmer
 Designation: Benefits Manager
 Tel No: 01270 371448
 Email: liz.rimmer@cheshireeast.gov.uk

ⁱ www.communities.gov.uk/publications/localgovernment/localtransitionalgrant

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Summary Report

Local Council Tax Support consultation: 10th September 2012 - 21st October 2012

Total forms returned:

609



1. Should people who are in low-paid work be allowed to keep more of their earnings to enable them to remain in work?

Value	Count	Percent
Yes	495	90.5%
No	31	5.7%
Don't know	21	3.8%

Total Responses

547

2. Do you think that those who currently receive Council Tax Benefit and live in properties with a higher valuation Band than D (Bands E-H) should receive less support?

Value	Count	Percent
Yes	333	61.1%
No	152	27.9%
Don't know	60	11.0%

Total Responses

545

3. Currently some people with savings or investments may still be eligible for Council Tax Benefit. Should people with savings over £3,000 be asked to use some of those savings to pay their Council Tax?

Value	Count	Percent
Yes	261	48.2%
No	236	43.5%
Don't know	45	8.3%

Total Responses

542

4. Do you think that all working age people should make a contribution to their Council Tax liability?

Value	Count	Percent
Yes	337	61.4%
No	165	30.1%
Don't know	47	8.6%

Total Responses

549

5. Do you think people receiving Council Tax Benefit should continue to receive this benefit for an extended period (not exceeding eight weeks) to support the transition to work?

Value	Count	Percent
Yes	341	65.1%
No	163	31.1%
Don't know	20	3.8%

Total Responses

524

6. In households where the Council Tax payer (and their partner) claim Council Tax Benefit, should other adults living in that household be asked to pay more toward the Council Tax bill than they do now?

Value	Count	Percent
Yes	322	61.7%
No	148	28.4%
Don't know	52	10.0%

Total Responses

522

7. Do you think that those who are working age and who receive Second Adult Rebate should be asked to pay more towards their Council Tax Bill?

Value	Count	Percent
Yes	263	50.8%
No	191	36.9%
Don't know	64	12.4%

Total Responses

518

8. Do you think we should introduce a minimum award of council tax support of 50p per week, so any awards less than this would not be paid?

Value	Count	Percent
Yes	359	69.4%
No	81	15.7%
Don't know	77	14.9%
Total Responses	517	

9. Under the current scheme if a person has good reasons for not applying on time, we can consider backdating their benefit for up to 26 weeks. Do you think we should stop this?

Value	Count	Percent
Yes	201	39.1%
No	275	53.5%
Don't know	38	7.4%
Total Responses	514	

10. To help us complete our Equality Impact Assessment, do you think there are any groups of people in the community who would be affected more than others if everyone currently on benefit has to pay something towards their Council Tax?

Value	Count	Percent
Yes	188	37.2%
No	176	34.8%
Don't know	142	28.1%
Total Responses	506	

If yes, please provide details of who and why you think they would be more affected:Who/which groups:

Response	Count
Disabled/unable to work/sick	49
Unemployed or not trying to work	29
Low income households	19
Elderley/pensioners/senior citizens	17
Single & young	15
Lone Parents	14
Low paid/part time workers	10
Families	9
Vulnerable/learning difficulties	7
Severely disabled	6
Carers	4
Mental health	4
Those currently receiving 100% CTB	4
Affected by other Welfare cuts (Cap, DLA, ESA.	3
Learning difficulties/special needs	2
Women (mother & baby units, fleeing violence, hostels)	2
Those with non-dependents	2
Care leavers	1
50 plus	1
Those just over the means tested levels	1
Those with severe debts	1
House sharers	1
People in high banded properties	1
Those with adult children in full-time education	1
Lower socio economic groups	1
All will be affected	1
English	1
Ethnic minorities	1
Non-English speaking	1
Those living alone may lose 25% reduction	1
You as the local authority should be aware of those in the community who will be affected more. You should be able to do your own EIA.	1

11. Have you got any general comments that you wish to make about these changes or are there any other changes you

See detailed responses in Annex A

12. If you are completing this on behalf of a group, organisation or other body, please state the name and address in the box below. There is no need to complete the rest of the questions.

All daft. Don't know where you are up to with all these changes.

CARER

Environmental Health Cheshire East Council

Muir Group Housing Association Oakmere House Mere's Edge Chester Road Helsby WA6 0DJ
 Plus Dane Group.
 SHOULD BE DONE BY SQUARE FOOT SIZE OF PROPERTY NOT BY BANDS
 Wulvern
 Macmillan Benefits Adviser

13. Are you a resident of the Cheshire East Borough?

Value	Count	Percent
No	56	11.6%
Yes	428	88.4%

Total Responses 484

Postcodes	Count
CW	1
CW1	57
CW10	12
CW11	19
CW12	23
CW13	1
CW2	53
CW3	1
CW4	6
CW5	34
CW6	1
SK1	5
SK10	50
SK11	46
SK12	6
SK22	1
SK7	1
SK9	16
ST7	18
WA16	5
Homeless	1

14. Does anyone in your household receive Council Tax Benefit?

Value	Count	Percent
Yes	156	32.5%
No	317	66.0%
Don't know	7	1.5%

Total Responses 480

15. Do you or anyone in your household receive any other benefits?

Value	Count	Percent
Yes	177	36.5%
No	299	61.6%
Don't know	9	1.9%

Total Responses 485

16. Which of the following best describes your household?

Value	Count	Percent
A family with one or two dependant children	107	22.2%
A family with three or more dependant children	13	2.7%
A lone parent household	47	9.8%
A carer	5	1.0%
A household with full and/or part time workers	107	22.2%
A household that includes someone who is disabled	24	5.0%
A single person household or a couple without children	133	27.6%
Other	46	9.5%

Total Responses 482

17. Are you a service personnel or ex service personnel?

Value	Count	Percent
Yes	19	3.9%
No	465	96.1%

Total Responses 484

18. Are you a War Widow/Widower or do you receive a War Disablement pension?

Value	Count	Percent
Yes	1	0.2%
No	480	99.8%

Total Responses 481

19. What is your gender?

Value	Count	Percent
Male	159	33.8%
Female	311	66.2%

Total Responses 470

20. Are you undergoing/have you undergone gender reassignment?

Value	Count	Percent
Yes	4	0.9%
No	447	99.1%

Total Responses 451

21. What age group are you in?

Value	Count	Percent
under 16	0	0.0%
16-24	41	8.8%
25-44	193	41.6%
45-64	197	42.5%
65+	33	7.1%

Total Responses 464

22. What is your marital status?

Value	Count	Percent
Single	137	29.8%
Married/Cohabiting	244	53.0%
Civil Partnership	3	0.7%
Separated/Divorced	57	12.4%
Widowed	17	3.7%
Other - please specify:	2	0.4%

Total Responses 460

23. Do you have caring responsibilities?

Value	Count	Percent
Yes	93	21.1%
No	348	78.9%

Total Responses 441

24. What is your employment status?

Value	Count	Percent
Employee in a full time job (30 hours or more per week)	209	46.3%
Employee in a part time job (under 30 hours per week)	76	16.9%
Self-employed (full or part time)	18	4.0%
Unemployed and available for work	44	9.8%
Permanently sick/disabled	23	5.1%
Wholly retired from work	40	8.9%
On a government supported training programme (e.g. mor	2	0.4%
Full time education at school college or university	4	0.9%
Looking after the home	13	2.9%
Other - please specify:	22	4.9%

Total Responses 451

Other:	Count
Carer for wife	1
Cllr	1
ESA- NOT PERMANENTLY SICK	1
Employee on a 0 hours contract	1
HAD TO RETIRE DUE TO BRAIN SURGERY	1
ILLNESS	1
Maternity	1
Minimal part time work seeking full employment	1
Sick at the moment	1
Smp	1
Temporarily unable to work due to sickness on ESA	1
Unemployed carer	1
Unemployed with significant disability but prepared to wor	1
Why does this matter ?	1
carer	2
employed - long term sick	1

full time carer	1
made redundant	1
maternity	1
retired	1
retired from full time employment but work one day every 1	1

25. Are your day-to-day activities limited because of a health problem or disability which has lasted or is expected to last at least 12 months?

Value	Count	Percent
No	370	82.6%
Yes, affecting mobility	43	9.6%
Yes, affecting hearing	7	1.6%
Yes, affecting vision	4	0.9%
Yes, a learning disability	1	0.2%
Yes, mental ill-health	9	2.0%
Yes, another form of disability - please specify:	14	3.1%
Other - please specify	0	0.0%
Total Responses	448	

Other	Count
Aspergers	1
Born with physical disability	1
CANNOT DRIVE OR HAVE CAR NEED HELP TO SHOP	1
Cancer	1
Dyslexia	1
Treatment for cancer	1
depression	1
hearing / mobility / mental health	1
mobility	1
one mobility/one sight	1
walking	1

28. What is your Ethnic Group?

Value	Count	Percent
White - English/Welsh/Scottish/Northern Irish/British	421	93.8%
White -Irish	7	1.6%
White - Any other white background (please type in the box)	6	1.3%
Black or Black British - Caribbean	5	1.1%
Black or Black British - African	1	0.2%
Black or Black British - Any other black background (please specify)	0	0.0%
Asian or Asian British - Indian	0	0.0%
Asian or Asian British - Pakistani	0	0.0%
Asian or Asian British - Bangladeshi	0	0.0%
Asian or Asian British - Chinese	0	0.0%
Asian or Asian British - Any other Asian background (please specify)	2	0.4%
Mixed - White and Black Caribbean	0	0.0%
Mixed - White and Black African	0	0.0%
Mixed - White and Asian	0	0.0%
Mixed - Any other Mixed background (please type in the box)	0	0.0%
Other Ethnic group - Arab	1	0.2%
Other Ethnic group - other (please type in the box below)	0	0.0%
Travelling Community - Gypsy/Roma	1	0.2%
Travelling Community - Traveller of Irish descent	0	0.0%
Travelling Community - Other member of the Travelling Community	0	0.0%
Other background - please specify:	5	1.1%
Total Responses	449	

Other	Count
British	1
EU	1
French	1
German	1
Great Grandfather Irish	1

27. What is your religion/beliefs?

Value	Count	Percent
Buddhism	7	1.6%
Christianity (all denominations)	246	57.3%
Hinduism	0	0.0%
Islam	3	0.7%
Jainism	0	0.0%
Judaism	0	0.0%
Sikhism	1	0.2%
Zoroastrian	0	0.0%
No religion/Atheist	117	27.3%
Other religion - please specify:	10	2.3%
Do not wish to disclose	45	10.5%

Total Responses 429

Other	Count
Jedi	1
Not applicable	1
Spiritualist	2
agnostic	1
methodist	1

Annex A - detailed comments

11 please provide details of who and why you think they would be more affected:Why:

These people would not find it easy to manage budgeting without outside help (vulnerable, learning difficulties)

Should look for a job

Already struggling - benefit already only barely enough to live on...

As they do not have options to increase their income to deal with increased costs

As they may be unable to work to increase their income to help pay for this

Because of some disabilities nature

Because pay nothing now

Because they may be unable to raise any extra income

Benefit restrictions

Can't get out to pay bills

Can't go out to work because of caring responsibility.

DON'T GET ENOUGH MONEY TO SURVIVE

Difficult to manage on benefits anyway

Due to other benefit changes ie housing benefit

ELDERLEY

Fixed income from pensions & Benefits received

HAVE OTHER PRIORITIES

Higher wage earners should pay. Over a certain income - you should have to pay e.g. £12,000

If second adult rebate is changed

LIVING IN HIGHER VALUE AREA

LOW WEEKLY EARNINGS

Less income available, especially those on a fixed income like State Retirement Pension

Levels of council tax are very high for families in work but whose earnings are low

Low income

Low income, poor cash flow

Many are on Pension Credit or unemployed with very little chance of finding work.

Many in debt to make ends meet & relying on charity for food

Many unable to work so no other options

May need assistance to help understand and cope with the changes

Mney is already tight and it will be even worse if they have to pay 20% of ctax.

More difficult for these people to get work

No other source from which to pay

None of these groups are likely to have the money available to pay more.

Often only part time because children at school

PENSION IS HARDLY ENOUGH TO LIVE ON

PENSIONS ARE NOT ENOUGH TO SUPPORT THEM AND EXPECT THEM TO CONTRIBUTE ANY AMOUNT

Probably not possible for them to work

Reduction in all other benefits

Require help to manage their money

Savings will be sought from any group.

Scheme aimed to encourage work but not possible in this case

They will have less and less to live on

The benefit is needed to feed themselves.

The fact that benefits are also changing will raise the question of people disposable income

Their costs can be more for utilities

Their income is limited

There income is alreedy low.

These are the low paid

These people are not able to work to increase their houshold income.

These people may not have enough money to pay their Council Tax

They already have very limited income intended to be the minimum needed

They cannot afford to pay anything

They currently pay nothing so will have to find money they are not used to paying out.

They don't have much to live on as it is

They get less income to begin with

UNABLE TO EARN MORE MONEY

Won't be able to afford it

answer is obvious

are trying to pay debts not accrue more. more stress, more pressure, rise in suicide rates

as they may not be able to afford the added cost of council tax

because money is already tight

because they are on a very low income anyway

because £71p/w isnt enough to live on.

benifits set at amount demmed to live on but no reason why should get 100%

can't afford to pay

can't work

change of working. Also single parents due to high cost of child care.

cost of living

difficult circumstances, stressful, low income

have to pay more

if you council tax you should pay
low fixed incomes are not enough to pay extra bills with
low income
made homeless
might lose job through no fault of their own
more mouths to feed
no access to support to give them help with form filling and understanding a complex system
no other source of income
no work
only get a specific amount to live on, may struggle to pay this
out of work and low income households
part time worker
people on low income getting hit again
people who aren't able to work because of disability shouldnt have to pay council tax
reliant only on benefits
these people need every penny so paying 20% could be very much needed elsewhere
they get less in benefits already
they have all the on costs of a family home without joint incomes /benifits
they have never had to pay anything
they struggle now .
they would have to pay more
unable to work
unable to work or increase their income in any way
using their money for props
very little to live off anyway
very low income
would struggle to make additional payments
they may be of working age but may not be able to work and therefore wont be able to pay their council tax bill, leading to living without heating and/or food and may even become homeless
Because the support they receive at present is not enough to cover day to day living in most cases
I think people who have just been made redundant especially if they have always worked and never claimed should be helped, these plans appear to hit all new applicants aaaaaand those currently claiming will have a period of change I feel this would be unfair.
Most needy and vulnerable ... not able to control their situation and at the mercy of any measures to be applied which would be to them a retrograde step.
Because these claimants are already facing MASSIVE financial difficulties by the loss or reduction in their other income/benefits. They simply will NOT be able to afford any further reductions, and this will actually end up costing the LA more money in court fee's and letters to try and obtain what the claimant will end up owing you in C/Tax. It WON'T save you money!
Reduced work opportunities and low entry level pay for young people genrally. Care Leavers are generally living independently at a younger age than other young people and often have no choice about this.
If they are unable to work due to disability any payment will come out of their benefit so it would be the same as reducing their benefits
those who are recently out of work for genuine reasons will be those least able to cope with a lack of income
Due to proposed cap - may have paid full ctax for years but would only get limited support in proposed scheme whereas others in lower banded properties would get a higher percentage of support if suddenly lost job
Because some can't afford to put their children in nurseries. Those that don't want find a job shouldn't be given full benefit.
THEY ALREADY STRUGGLE TO HEAT THEIR HOMES AND FEED THEMSELVES PROPERLY AND THEY MAY HAVE ALREADY CONTRIBUTED TO INCOME TAX WHILST THEY MAY HAVE WORKED ALL THEIR LIVES
They have lots of outgoings and not much money coming in so money is tight as it is and any increase in bills will then cause them to struggle and make cuts on essentials like food.
The money I get for having a disability isn't going up enough for me to be able to find extra cash to pay this bill. If I had the money I would willingly pay it but I don't have the funds. I've just had a medical for the job centre and been told that due to my disability I do not need to be looking for work, but I still fall into the work age bracket.
The fact that two thirds of children in poverty are in households getting either no CTB, or partial CTB is clear evidence that CTB is badly failing low income, working-age households. For many hard working families the changes to CTB will wipe out the gains from changes to personal tax allowances.
these people receive barely enough money to leave on now without having to pay an additional expense
May have struggled for years to pay and then find they need to use the benefit system for the first time are penalised.
due to not being physically able to work where as most people will have an opportunity to gain employment
This group will not benefit from being able to keep the first £X per week income and the sick and disabled have additional living costs to bear that may not be covered by the NHS or other disability benefits
being unable to speak English will contribute to unemployment, thereby increasing the pressure on this group. However, this is not a reason to not introduce these changes
Wulvern recognise Cheshire East has difficult decisions to take but measures that impact disproportionately on families and individuals who are already struggling financially and compound measures central Government is taking on welfare reforms should be avoided. We would seek measures that simplify the process in what is already a complex benefits system yet many of the options would seem to make administration more complex and presumably costly to administer.
They will never be able to work and therefore will never be able to afford to pay council tax in any form. They struggle to survive now and if there is a shortfall in council tax they are going to struggle.
get no money for anyone else living with them, basic living allowance, may not be able to find an extra 20%
Because the government is telling those groups of people that they should be working but are cutting jobs instead of creating them, so forcing people into poverty. If all working-age people have to pay something towards Council Tax this will criminalise people and make their lives even worse.
Sometimes having extra rooms/higher band housing is unavoidable for disabled people, paying a minimum % of higher band tax will obviously impact them more
Disabled people receive benefits to live on because they can't work. Elderly have very little in many cases and carers are saving the state enough already. Why should any of these groups suffer more.

11. Have you got any general comments that you wish to make about these changes or are there any other changes you would like us to consider?

Disability people should not pay any other tax but people who claim child benefits should pay tax
Retired people with some savings should be rewarded by still being able to get some council tax benefit. The principle of everyone paying something is good
1 charge per house
4 week ep good 8 weeks to much
Abolish ctax benefit/ctax support completely for households in ctax bands F, G & H.
Abolition of benefits on second homes. Premium HB payable on homes empty over 2 years
All adults should contribute towards council tax nothing is free in this world.
Be careful. There are many deserving poor.
Council Tax arrears will increase, affecting recovery
ESA IS ONLY 71 PER WEEK, CAN'T AFFORD TO PAY COUNCIL TAX
Everyone should pay towards council tax. You can be given more on benefits than people working.
Higher earners should pay more
I dont think people with thousands in the bank should get as much help as others who dont.
I think Single Person Discount should be scrapped
I think capping the banding level is a really good idea.
I think that the valuation of properties needs to be revisited overall
IMMIGRANTS SHOULD HAVE BENEFITS STOPPED FOR THREE YEARS
Include changes for pensioners and don't penalise workers
More consideration should be given to people who work who are struggling to live day to day
NEED MORE SUPPORT
No Stop benefits for alcoholics and imigrants.
People on benefits should have to pay just as those who work.
People over retirement age should get more than 25% off if they are alone at the property.
People should be encouraged to go to work and should be given support in remain in work.
Please don't abolish the SPD for people living on their own.
Protect single parents or families with under 5's
Reduce backdating limit to less than 26 weeks.
Reduce backdating to 4 months.
Stop protecting pensioners. Let them take some of the cuts
The Council Tax is a heavy burden on single council tax payers even when they get the reduction.
The system is far too complicated - the worked examples do not make sense
Think it is important to help people who are trying to get into work.
Thinks carers and disabled should be protected.
Thinks government is targeting people on low incomes
Those on JSA should contribute and any other benefits.
Those who can afford to pay more should be asked to do so.
Why bother changing the current system at all?
a good idea to get people working and make it an incentive to work
ahouls be bands a-z think minimum award should ve £10.00
any changes put forward by government cost more to inplement in the long run
as a landlord, should be an option to pay direct to the landlord and not the tenant
ensure that even those people who are on full benefits start paying towards their bill
higher minimum award, more publicity for the scheme
important that help is targeted at people who need it, but this needs to be seen to be fair.
living on benefits is difficult
lower amount of benefits paid to those on higher incomes and with more capital
make forms easier
not all circumstances are black and white
not enough detail to know why you have only chosen these things and not other things
people on low incomes should be considered seperately and should pay a fixed sum
police reductions should be reflected on ctax balance
reforms should have been put in place years ago
should make it beneficial to work rather than being on benefits
thin k we shoul db e more active towards fraudulent claims
too harsh to have a complete capital cut off, just encourages peoplpe to take cash out
would be difficult to come to terms with, get people back into the habit of working
How can the entitlement be worked out from pensionable income when as a pensioner I am required to pay more rent for the services I need due to my age and health.
All income shoulf be taken into account including child maintenance because if there were 2parents all income would be considered
NO POINT IN GIVING BENEFITS AND THEN TAKING IT BACK, IF I AM OFF WORK ILL, I WONT HAVE ENOUGH MONEY TO SURVIVE
The Government squeeze on local authority finance is an attack on the vulnerable in society and doing nothing to create proper jobs
People living in high valuation properties should be another degree of council tax bandings to catch more people at a higher lkevel of payment.

Generally I think the questions could have been put into "plain English" as even I found them a little hard to get the point of what you were asking on first reading! The Second Adult Rebate should be made a little simpler, some self employed people do not earn the higher rate and may not even have full self employment accounts but just records of what they earn and what they pay. People in employment (mainly part time) should receive help, myself I am very grateful for it. However I believe many people who are unemployed and receive all benefits earn so much that they could actually contribute a small amount. In fact I believe all benefits that are paid out (whether housing or council tax) must be paid direct to either the housing association or the council - there should be no question or option available of it going into their own bank accounts as they may believe it is their money! Pensioners should receive all the help they should be allowed to whatever their circumstances. As for benefit entitlement of people who live in property that is classed as Band D and above, if these people are unemployed why are they housed in these properties is it because they are a large family, and they should contribute something. If they actually live in these properties and can qualify for a bit help and have fallen on hard times through no fault of their own (been made unemployed but can claim they are actively looking for work) then they should. I work part time and am very grateful for the help I receive and would find it very difficult if I had to pay the whole amount. Changing from 10 months to 12 months - if this made the contributions we had to pay a little less then why not. I am not really sure why it is paid over 10 months. I do not believe that people who have had improvements (conservatories, wet rooms, kitchens etc) should be put into higher council tax brackets. I am not really sure how the banding works but maybe properties on the same road should be the same prices? Not really sure on that point! I do not really believe that those who work in this country but are from a different country/ethnic group even travellers should be entitled to benefits of any sort especially if they send money "back home" or the families are not even living with them, travellers should not receive council benefits as firstly they will not live in brick houses but they must contribute something as once they set up a camp I believe they then have an address to receive benefits and also send their children to school, they expect the Police to help them, the Council provide for them with aid and with refuse collection so, please do not think I am being horrid to them or anything, but they should be expected to pay something and if they do not should be treated as the local residents would if they did not pay (Court orders, Eviction etc). Thank you for taking my point of view into consideration.

Glad to see pensioners are not effected, however if people retire early, this may make life difficult for them.

Council Tax Benefit should always be based on individual circumstances ie employed or unemployed, working age or retired ie pensioners. Those with state pension should pay less than those with additional private pensions. To even consider taxing savings of £3000 is ridiculous; why does The Merchant of Venice come to mind one wonders? Equally, same applies to suggested Band Ratings ie A to D favoured, E to H not. You must or at least should be aware that there are many on high incomes who choose to live in A/D homes, and those in E/H on low incomes for many reasons beyond their control. You cannot get blood out of a stone !

where there is a general need to help the council should help. Where people are just abusing the system it should be stopped. Regardless of your income, everyone uses the councils services (bin collection, library etc) and so should contribute towards it in a fair way.

I think everyone in society should contribute to it. Therefore all members of society should make some contribution to Council Tax, whether small or large. We should encourage all people of working age to work, and make it worth their while working, and therefore if possible, should help people of lower incomes to encourage them to gain work or continue working.

Firstly I am amazed at the inadequacy of the council to only inform me of this change by a letter posted 2nd class on 16.10.12 and arriving on 19.10.12 giving me only 2 days to respond before the consultation period ended on 21.10.12!!!!!! I would also have liked to express a different answer to the questions than yes or no or don't know. I think the saving threshold of £3000 is far too low. £3000 would barely cover an emergency situation. This policy will discourage people from saving and encourage people to get into debt. I agree in principle to setting a limit to the level of council tax rebate people in high band of property receive however if working people in high banded property need to move as they can't afford to live there is there going to be enough affordable accommodation within reach of their work? If not they may end up unemployed and / or homeless.

The survey in general is complicated, words like second adult, for a person who has never claimed benefits is very confusing. Also this survey seems to me that Community Charge is coming back and in my opinion will not help this country, it is in a financial mess as it is and Crewe is known as one of the worst areas for debt! Landlords need sorting they have no respect for property or the area it is in, and properties are in dire straits and need modernising and liveable and presentable.

My biggest concern is that there are a large number of individuals who work but are still on the poverty line - more so than a lot of people who are on benefits. I would not like to see them disadvantaged by any changes (any more than they perhaps already are!)

run more creches so that single young girls can work after a period of one year instead of receiving free hand outs from the pockets of older working adults

it appears clear that people on benefit are to pay more, given that benefits seem to be the only income regularly increasing year on year this does not seem unreasonable, however, how much is it going to cost to try and recover this money from people who will not need to pay

If everyone had to pay 20% there would be more collection problems/costs. The proposed capital limit of £3000 is too low - suggest £10,000 is more realistic. At £3000, there would be more admin costs as capital rose and fell from £3000.

The emphasis on rewarding work is admirable but seems to completely sideline those who genuinely can't work and will never be able to. They seem to have become the easy target for benefit cuts now, through no fault of their own temporary absence rules should still apply to those in hospital. If a person has another property they do not live in which is lower banded we should only pay benefit based on this lower band or they should not be entitled at all.

Those with capital can easily spend to get below the levels Many disabled are not able to work and so have no choice and will be hit hard

Think that families are suffering, and single people are given lots of money and are well off on benefits, split from her partner and got everything all rent tax children had hot school dinners since got back together are worse off financially.

I own my own home and live alone so I receive the 25% discount for single occupancy. This is the only benefit I have ever received and I already find it a struggle to run a property with all the other costs I have to pay ie mortgage, gas, electric. If you remove this one and only benefit I have (from someone who trying their best to stand on their own two feet), I might as well give up working and claim every benefit I can like most of the other people in this country.

£3000 is low for working age - for those who work and keep a small contingency for emergencies/lost of employment as per good financial planning advice to hold an average of 3 months of income in case of such events. For other means tests £6,000 tends to be the lower limit.

I sympathise with the local authority as you only have 90% of the budget that was available under the old scheme from government. My issue is with the ConDem's. We hear a lot of spin from Cameron claiming to be helping the most vulnerable in our society. However, his actions speak louder than his false words and it is clear that for many hard working families the changes to the CTB will hit the most vulnerable (including Disabled, Young people, Low Income Families and those with Caring responsibilities).

I believe those on sickness / disability benefits will suffer the most as already they are not eligible for certain benefits such as free prescriptions and having to pay 20% means that they will be penalised for being unfit for work. 20% of a council tax bill is a lot of money to most sickness claimants, continually taking away or cutting benefits will see more hardship amongst our communities and quite possibly an increase in crime which will have a knock on effect on public spending further. Those with properties in the highest bands should pay their way as they clearly quite capable and as known in the past have exploited every given opportunity in not paying their way,, this includes the abuse of the mobility schemes.

Council tax should be fairer, park homes and static caravans should pay less tax and people in larger homes should pay more

A plea to safeguard the most vulnerable in our community making sure that those on lower incomes and benefits do not suffer disproportionality to the more affluent.

I think if no-one had access to a council house until the age of 25, then it would stop children having children for the sake of getting a free council house with benefits so that they don't have to work for a living because they can earn more money on benefits than they can in work. I think people who work for a living find this difficult to understand, especially people who earn minimum wage and still manage to run a family on the poverty line without the aid of benefits.

Whilst I feel that change is needed I am uncertain of the long term effects the changes in Council Tax and Housing Benefit will have on us all in the long term, I think we will be looking at much more homelessness and outstanding debt for the council which may lead to inflated costs for housing people in b and b and collection of council tax arrears.

I am worried by the notion that there are two options but "CEC prefers option 1." What would it take for you to change your mind - the parallel would be with the number of councillors on the new Crewe Town Council when nothing would make you change your views (despite all evidence and representations). In general with regard to these proposals, I think they are disgraceful. The attacks on the poorest on society need to stop. The Council should be standing up to Osborne, Pickles and Duncan-Smith, not falling over themselves to see how many different groups they can hit. Some of the proposals sound like the Poll Tax. Don't you remember what a crashing disaster that was? Also, there just aren't too many jobs around so penalising those who can't get a job is doubly unfair on thousands of people in the borough. Finally, if you have to do anything, then I would suggest that those in the highest banded properties are hit hardest. Bring on the Mansion Tax (or at least a small way towards it)!

Should people who have paid full ctax for a set period (e.g 2 years) have a period of protection where they would be award full support (regardless of ctax banding) similar to the protection given to private tenants who could afford their rent when they took on their tenancy under current Housing Benefit regulations.

Perhaps efficiency savings should be considered more especially the cost of supplies and the high prices that suppliers charge, I think it is called competition Turning the heat down in council building which are like hot houses, we are told that domestically just 1degree reduction would save a fortune. Don't leave council office lights burning all night

My opinion is that those who live in higher band properties could well afford to live in them prior to applying for benefits - if they now receive benefits then encouragement to move to a more affordable property would be a way of saving money by Council.

elderly people should repay through sale of property when they die 10% a year reduction for unemployed people should be repaid gradually once in employment

I think that limiting council tax benefit to a band E is unfair - people in higher bands need support too if they fall on hard times. I think maybe it could be limited to a band E after a period of time e.g 6 months or 12 months. Backdating should be limited to one month or possibly longer in very special circumstances. Disabled people should be protected. I don't think extended payments should be increased - 4 weeks is more than enough. Second adult rebate should be preserved - especially when adult children are being encouraged to stay at home and not move out. Having a minimum benefit will keep down administration costs so is a good idea.

forms more user friendly, more face to face contact, genuine if having difficulties, less telephone contact and taking people to court so quickly

I feel that people who have worked and PAID everything they should and NEVER claimed anything for all of their working lives should be considered sympathetically, having paid into the system all of their lives it appears that the eligibility for everything including state pension is becoming further and further away, how about giving those people a 6 month leeway, to help them find their feet.

This consultation has been poorly advertised. The information on the website does not explain why Cheshire East has to impose a 20% reduction for working age claimants - I had to research myself to find an explanation. It is not fair to make those on means tested benefits which are designed to cover living expenses such as food, clothing and utilities pay an additional amount to council tax. It looks as though the proposals will raise more than the 10% shortfall in government funding because of the additional cuts suggested but this is not clear and if more could be raised then an explanation should be given. Has there been a consideration of the increased recovery costs when benefit claimants struggle to pay a council tax liability as they face significant increases in utility and food costs and possibly rent.

I feel that people who are out of work and claiming council tax benefits, and other benefits such as job seekers allowance, should have to do a designated amount of unpaid work for the council, to pay towards their allowance. This could be doing graffiti removal, litter picking, tidying grass verges, delivering meals on wheels etc. This would keep them physically active so that they are more likely to get work and get off the benefits, and would feel that they are contributing. This also would help reduce the costs of the council, yet would benefit the area and its citizens as the area would be a nicer place to live, and this may bring in more investors in the area, thus making the area better economically.

1. Scheme 1 and rewarding work Scheme 1 appears to be inspired by central government policy on welfare reform. However, the often-voiced reasoning behind that policy is flawed. The reasoning typically goes: (i) the Government needs to make savings, (ii) benefit fraud is a problem, (iii) it's only right therefore that benefit rates are cut. To the majority of those receiving out-of-work benefits who are honest, this line of reasoning is offensive. It fails to consider those who are not working through no fault of their own—in particular those with long-term sickness or disability and who are not able to work. Even if they want to, individuals in this group cannot simply take up work. Scheme 1 incentivises work. It unfairly discriminates against those who are unable to work: for these people, those rewards cannot be reached. Indeed, given that it is, in truth, a scheme for Council Tax Benefit _reduction_, it can be seen as penalising the sick and disabled. If a benefit reduction scheme is to operate in favour of those in work, it must _also_ (somehow) favour those without independent means and who, for whatever reason, cannot work. In addition, given that the purpose of this scheme is to apportion a reduction in benefit, the terminology used ("reward") is objectionable. For many people, a means-tested benefit is all that stands between them and unimaginable hardship. To describe any aspect of such a benefit as a reward or incentive ought rightly cause offence. 2. Protection of the vulnerable With the exception of pensioners, neither of the two proposed schemes seek to protect some of the most vulnerable in society: those who are unable to work due to sickness or disability and who have no income. The long-term sick or disabled typically have extra living costs to bear, many of which are not covered by the NHS and are not made up for in disability benefits. Those moving from Incapacity Benefit to Employment and Support Allowance have seen their benefit rate frozen. These and others have seen their Housing Benefit cut. Yet it appears that both reduction schemes require those with no other income to find £170 every year. If there is any to be any bias in the reduction scheme at all, it should be in favour of the most vulnerable, whether they are of pension age or of working age. 3. Respondent's personal feelings I had previously felt Cheshire East Council—and before it Macclesfield Borough Council—to be not only an intelligent and understanding authority but also an independently-minded one. That is why it is disappointing and disheartening that instead of protecting its most vulnerable residents from a disingenuous central government policy that assumes the worst about people, it is blindly adopting and taking inspiration from that policy.

I think there needs to be a review of the system with some changes, but ensure it is applied fairly and consistently with flexibility to individual cases when appropriate.

Any changes made to the status quo should be fair & reasonable The return of a poll tax based system should be avoided for happy life

make it fairer, spd not fair single people, really hard for single parents, a widow with no children not entitled to anything. home owners low income not fair

Reduce backdating to a shorter period eg 3 months. Protect those who are disabled and cannot work. I don't think those on IS/ESA should be asked to pay as it is not their fault they cannot work. Reduce savings threshold to 3 months. Reduce disregarding income eg maintenance, child benefit.

If benefits are to be withdrawn from houses above band D. why do we not also charge them more to support those who cannot afford a large home? We should increase council tax on the rich rather than the poor, and should also be reworking the band assessment, as it is very out of date and inaccurate in many cases.

Everybody should be treated the same. Any suggestion otherwise is of complete disrespect for those who could be classed as ethnics.

Glad to see that pensioners are not effected, but if you had to retire early you may find life difficult to resolve your finances. I work in CE, but live in CWAC, I am hoping to move to CE and it does concern me that you take into account that the retirement age is altering.

I think this new thing coming out in april that people have to pay for the ammount of rooms they have is really wrong . people have worked on there home .if they have extra rooms that should not affect there rent rebate ,

Page 79

I work in Cheshire East as a Macmillan Benefits Adviser. My client group is cancer patients of all ages. I am concerned that many cancer patients are of working age and would be affected by these proposed changes. Particularly if someone is self employed and unable to work due to ill health they will suffer financial hardship if Council Tax Benefit does not pay the whole liability

I would like to see an assessment of the costs of making benefits so closely related to changes in income and savings, this would need to be constantly reassessed in the light of inflation and there would be individuals immediately above/below any arbitrary line who could be winners and losers when their incomes are close. Using bank details etc encourages fraud and costs more to chase - historically there have been many examples of means testing costing more than it saves and I see no suggestion from the Council that this would give a real saving but rather a paper one

Those who have no children are still charged for all the services connected to children. They get no return for this element. Should this be a factor to take into consideration?

Stopping council tax exemption for empty properties. This would encourage more properties to become available for rent / purchase. (We are told by CEC that there is a housing shortage).

I am frustrated that I am on a low income and I am a single parent and yet I have to pay my council tax in full (excluding my 25%) I work 37 hours a week and I am £24 better off a week than when I was on benefit yet I was turned down for help with rent and council tax ... if I sat at home I would currently get it paid - I think it needs modification.

As a general principal I would support anything that eases transition into work and ensures work pays over remaining on benefit. Q4 - have answered don't know to this. If every one in work was on a living wage would have said yes. Q6 - I don't know what other adults in the household are expected to pay now. If they are not on benefit or low income, then their contribution should offset some/all council tax benefit to claimant & claimant's partner. Q9 - would support reduction to 13 weeks rather than stopping all backdating.

I think those who have lots of children and live off different benefits should be made to pay some of their benefit money back into the community.

I would like to believe that the reductions proposed will encourage people to find jobs and hope that the jobs are out there to be found. Two more council tax bands, I and J, would add income from those in larger homes with high numbers of bedrooms, and other facilities, such as extensive grounds.

I am American and not entitled to vote here, but have resided in UK since 1983 and understand the benefit scheme.

Council tax benefit should be a right for all people and people who cannot afford to pay a contribution should not be forced into worse poverty by being denied benefits.

I really hope the 25% discount for people living alone will not be removed. I have this discount, am on a low income receiving working tax credit. Having to pay full council tax would make my already tightening budget even more difficult. It would be hard to feel I'm expected to pay the same, as a single person, for using much less of the Council's services than a family of several people.

I consider that the Council Tax charges are already far too expensive for the services currently provided by Cheshire East Council. Since the authority became an unitary authority I consider that the services are significantly worse than previously. Highway maintenance is very poor, bin collection should be every week, grounds maintenance in Crewe & Nantwich area is dreadful. No investment in Crewe Town Centre at all, I avoid going into Crewe at all if possible. Poor sporting facilities and activities for youngsters. Excessive car park charges. Nantwich appears to be thriving whilst Crewe is dying on its feet. Extreme traffic congestion problems at Crewe Green and B & Q roundabouts in Crewe making travelling a nightmare.

If there was a guaranteed job for everyone who could work then restricting benefits may affect the workshy, which would be good. However, proposals penalise people who cannot get a job, for whatever reason. They are already struggling with rising food and fuel prices. The measure of a civilised country is the way it cares for its more vulnerable citizens - this Tory crowd hate anyone who is not economically productive and making profits for the rich!

Some larger families receive more than the average wage due to various tax credits but still receive maximum rebate. Perhaps this could be looked at.

I'm in Council Tax Band A, I work full time, and do not receive any benefits (in fact I'm a Welfare Reform Advisor for an RSL). I think it's absurd that you would penalise those in Council Tax Band D or above by not allowing them to claim Council Tax Support. Just because they are in a more expensive property does not mean they have sufficient financial means to support themselves. What if they are made redundant? What if they become disabled? What if they have unexpected long-term health conditions? What if they are already at risk of having their home re-possessed or are in mortgage arrears? You cannot penalise a claimant based on the value of their property. The value of their property does NOT reflect their personal circumstances. You should base any award on FACT, not assumptions. If the FACT is that they have substantial savings, then let this reflect any award.

to differentiate between home owners and tenants. I live in a band c building, but there are several apartments; why are we ALL having to pay a high amount of council tax - when it should only be paid once!

We need more jobs, less redundancies in local authorities and then we wouldn't need so much benefit paying

He wants to change the fact that women are just having babies to get around the system. He wants system to deter women from having babies just for the income and housing. They should be paying a contribution to the council tax because of the income of etc. The whole process needs to be looked at and those that are getting 7 years 'free living' should be abolished and should be asked to pay for each child that are in the property as they are getting more income than single people. They should be deterred from doing it in the first place and people who have already done it then abolish the 7 years - they should be looked at and asked to pay towards their ctax.

People on Min wage or JSA going to struggling financially, don't take into account outgoings ie water, food, gas electricity.

Cheshire East will probably have to make savings of 20% on council tax benefit expenditure because approximately 51% of claimants are of working age. This is not clearly stated in the consultation documents. Scheme 1 looks as though it will deliver savings of more than 20% so what will be done with the additional money saved. Why are there only 2 schemes considered when other local authorities offer more options. In the 4 case studies - 2 out of 3 of the workers will be worse off under scheme 1 so how can the introduction claim workers will be largely unaffected. Why not consider increasing council tax revenue by asking those who can afford their council tax bills to pay more rather than asking those who are already on the lowest of incomes to pay more. Has the council considered the increased recovery costs in trying to get council tax payments out of those who are on the lowest of incomes (and likely to see those incomes compromised further thanks to the other elements of welfare reform and increased energy and food bills) and if the council has considered these increased costs, is it really worth going ahead with a reduced rebate scheme.

The questions don't allow for comment - for example the backdating could be reduced rather than eliminated or kept at 26 weeks. Perhaps 3 months is reasonable. I think that those in higher value houses who have temporarily fallen on hard times should not be penalised - they may have paid and contributed for the rest of their lives. Perhaps a reduction in the length of time help is available would be better if a change to help available to all band levels is required.

don't agree lone working parent should be getting higher discounts as they already receive generous benefits in extra credits

I don't feel that those in larger properties above band D should have restrictions placed on the top rate as many are unable to sell property and may have large families therefore need a larger home. Transition to work extension period should remain 4 weeks and if a difficulty evident then payments should be spread longer to allow minimal effect and time to repay any money owed. Also the second adult rebate for single applicants should remain as this will place a penalty on the householders when the second applicant can't pay the extra due to low income. Savings should however be taken into account to show who has more disposable income instead of targeting those who may be trapped in expensive property.

Capital limit very low, no excess for emergencies, white goods breakdowns, car breakdowns and funeral cost. Average funeral costs would wipe out the savings.

Capital limit of £3000 seems extremely low when I worked all my life for some savings to keep hold of.

What worries me is how this will affect people who move from one area to another, as this is a local authority how much will it cost to implement?

If someone is benefit that is for health reasons - permanently i.e. their condition will not improve or perhaps get worse. They should not be affected by any changes - as these are based around encouraging people back to work and these people will never be able to go back to work.

Claimants that commit fraud should not be paid any future benefits and made to pay all the money back plus compound interest. Claimants who have Sky TV should have their benefits reduced. As I work and cannot afford it. All people from abroad who have not paid into the system should not get any benefits.

If non-deps have to make a contribution they should be billed for that. Often non-deps refuse to pay and the bill payer suffers unfair hardship.

Keep the single person 25% discount. It is outrageous that you are considering getting rid of this.

I think that people who are working should be asked to pay something towards their council tax maybe a tier system this could include people with a high income from benefits however vulnerable people should be exempt under special rules

I think that savings should be £6000, if you had just come out of work any savings below this would be quickly used up for day to day living costs. I do not feel higher bands should be restricted straight away - maybe after a year but you are penalising people who have worked hard for what they have got. Maybe they should be allowed 6/12 months at 80 % before the band restriction is brought in. Why should they have to pay more - they could find themselves in the same situation - out of work as someone in a lower band yet these lose out for trying to better themselves.

People who are not earning should not have to pay ctax - there should be percentage of earnings like an assessment of income tax rather than filling forms in.

I write to offer feedback on the proposed changes to council tax benefit on behalf of Wulvern Housing. Wulvern manage over 5200 households in Cheshire East and recognise that many of our tenants will be impacted by the Cheshire East proposals. Firstly we recognise that Cheshire East has had to make changes following the Government's decision to abolish council tax relief and request local authorities introduce a localised scheme. We further recognise the significant (10%) savings that Government expects. We also recognise that the Government has chosen to protect pensioners from any savings. The decisions Cheshire East is faced with are therefore challenging. Wulvern also understands that whilst pensioners represent a significant proportion of our tenant base they are largely also exempt from many of the welfare reforms that will start to impact on households at the same time as a new council tax scheme. The result will be an inevitable squeeze on some of our most financially challenged households. Against the above background these changes are going to present particular difficulties regardless of which of the two options Cheshire East ultimately adopts. Option 1 which looks to 'reward work and reduce support for claimants with assets' present a particular challenge for Wulvern. Over 70% of our tenants get some help currently from housing benefit (indicating they are entitled to some form of means tested benefit) and employment data shows that unemployment peaks in Wulvern's communities (e.g. Alexandra ward) compared to the rest of Cheshire East. Our tenants will face a disproportionate impact if this option was chosen. We are also concerned that changes to capital limits (moving from a tariff of £6k-£16k) to cut off at £3k will be both an administrative challenge but also is set at a level that will mean that many claimants will very quickly hit the cut off - causing confusion and potential hardship. This will be compounded when Universal Credit is introduced in October 2013 as Cheshire East will be administering a scheme with different tariffs than that being administered by Department of Work and Pensions (DWP) - one through council tax scheme and one through Universal Credit (DWP). Wulvern would prefer a scheme that mirrors existing housing benefit arrangements regarding assets. Option 2 proposes a maximum council tax support payable of 80%. We feel this represents a simpler to understand and simpler to administer scheme. Though we recognise that this will represent a significant impact on many of our tenants who will be faced by higher bills at a time when they may be feeling the squeeze of the raft of other welfare reforms. It is difficult from the consultation data to ascertain how much, in cash terms, the two options will save Cheshire East - it would have been useful to understand this in more detail and this also could be said for the other options that could be included in any of the schemes which I comment on below. 1. Rewarding work. We support the proposal to extend the 'extended payment' arrangements. 2. Non Dependant Deduction. We have some concerns about the proposed age restrictions and this being introduced at the same time as bedroom tax - we fear unknown consequences that are hard to quantify without knowing the numbers of non dependants impacted. What is clear is that claimants will have one non dependant age limit for their housing benefit claim and another for council tax scheme which will lead to confusion. The 18-24 year olds out of work will be impacted by the proposal and it does appear to be at odds with the housing benefit system which reflects the age at which qualifying benefits are uplifted at 25 (helping bridge the shortfall for 18-24 year olds). 3. Minimum Awards. Whilst we accept this is a simpler approach we have concerns for owner occupiers who will see an impact as the current approach to council tax relief ensures they have passported rights to their benefits such as grants around affordable warmth. With fuel poverty a real issue for many of our tenants we fear that there may be unforeseen consequences that disadvantage people trying to make their homes more efficient and reduce their fuel bills. 4. Abolish Second Adult Rebate. At a time when the bedroom tax is being brought in the abolishing of second adult rebate may push people into greater poverty. We are anticipating greater mobility between households as they try and off set the impact of the bedroom tax. We know that the age people leave home has dramatically increased and the impact of this may compound an issue that we predict will cause households hardship. This will typically impact on claimants really struggling to make ends meet on low incomes (rather than on passported benefits). The consultation data doesn't indicate how much Cheshire East expects to save by taking this step? In summary Wulvern recognise Cheshire East has difficult decisions to take but measures that impact disproportionately on families and individuals who are already struggling financially and compound measures central Government is taking on welfare reforms should be avoided. We would seek measures that simplify the process in what is already a complex benefits system yet many of the options would seem to make administration more complex and presumably costly to administer. Tenants already prioritise payment of council tax and Cheshire East recovery powers result in very high collection rates (over 97%). If tenants are squeezed yet further we fear will see more rental evictions with all the inherent social and financial costs to the Cheshire East community.

Please let the wealthy members of our society who will not be detrimentally affected by these proposed cuts contribute their fair share in percentage terms and not those whose income is such that they and their children have to go without what we would consider nowadays, basic needs in a civilised society.

I believe that if someone is working then they should contribute something towards the Council Tax even if only a small amount.

As I said above there are people of working age that have a disability that is preventing them having the ability to go out to work. They don't have spare cash as they only get what the government says you need to live on, where will the extra income be coming from for them to be able to make a 20% payment of their council tax bill. I also expect that at some point you will also be taking away housing benefit from people of working age. People are going to die because they will pay these bills but have no money for food or heating on the run up to winter!!!!

Being unemployed and claiming JSA does not allow a person to live and pay normal bills without them also having to pay towards council tax. I have a degree in law but was unable to get a job for a few months. I had already used my savings to keep on top of utility bills. The mode of thinking should not be that people claiming JSA are lazy! Also there should be a difference between single adults with children and single adults with no children when giving single adult rebate. A no children household should not have to pay for schooling Support for transition into work should only last four weeks given that after this they will have been paid

Cheshire East Council
Council Tax Reduction Scheme Policy
S13a (2) and Schedule 1a of the Local Government Finance Act 1992

Cheshire East Council - Council Tax Reduction Scheme Policy.....	1
1.0 Introduction to the Council Tax Reduction Scheme (Council Tax Support)	7
The scheme for working age applicants – the council's local policy.....	7
Class A.....	7
Class B.....	8
The scheme for pension age applicants – Central Government's scheme as defined by the Council	
Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012	8
Reductions attracted by classes: protection of pensioner-related awards	10
Class A Reduction (support).....	10
Class A – special provisions for state pension credit.....	10
Class B Reduction (support).....	10
Class C Reduction (support).....	10
Additional information in relation to the pension age scheme.....	11
Council Tax Reduction Scheme	14
Details of support to be given for working age applicants for the financial year 2013/2014.....	14
Sections 2- 8.....	15
Definitions and interpretation.....	15
2.0 Interpretation – an explanation of the terms used within this policy	16
3.0 Definition of non-dependant	23
4.0 Requirement to provide a National Insurance Number.....	24
5.0 Persons who have attained the qualifying age for state pension credit or who are of working age and who have a partner who has attained the qualifying age for state pension credit.....	24
6.0 Remunerative work.....	24
7.0 Persons from abroad – exempted from claiming under this scheme.....	25
8.0 Temporary Absence (period of absence)	27
Sections 9 - 11.....	29
The family for Council Tax Support purposes	29
9.0 Membership of a family.....	30
10.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.....	30
11.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household.....	31
Sections 12 – 14 & Schedule 1	32
Living Allowances (Applicable Amounts) for Council Tax Support purposes	32
12.0 Applicable amounts (Living Allowances)	33
13.0 Polygamous marriages.....	33
14.0 Applicable amount: persons who are not pensioners who have an award of universal credit.....	33
Sections 15 – 32 & Schedules 3 & 4.....	35
Definition and the treatment of income for Council Tax Support purposes.....	35
15.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage	36

16.0	Circumstances in which capital and income of non-dependant is to be treated as applicant's.....	37
17.0	Calculation of income on a weekly basis.....	37
18.0	Treatment of child care charges.....	37
19.0	Average weekly earnings of employed earners.....	41
20.0	Average weekly earnings of self-employed earners.....	42
21.0	Average weekly income other than earnings.....	42
22.0	Calculation of average weekly income from tax credits.....	42
23.0	Calculation of weekly income.....	43
24.0	Disregard of changes in tax, contributions etc.....	43
25.0	Earnings of employed earners.....	43
26.0	Calculation of net earnings of employed earners.....	44
27.0	Earnings of self-employed earners.....	45
28.0	Calculation of net profit of self-employed earners.....	45
29.0	Deduction of tax and contributions of self-employed earners.....	47
30.0	Calculation of income other than earnings.....	48
31.0	Capital treated as income.....	49
32.0	Notional income.....	50
	Sections 33 – 42 & Schedule 5.....	53
	Definition and the treatment of capital for Council Tax Support purposes.....	53
33.0	Capital limit.....	54
34.0	Calculation of capital.....	54
35.0	Disregard of capital of child and young person.....	54
36.0	Income treated as capital.....	54
37.0	Calculation of capital in the United Kingdom.....	54
38.0	Calculation of capital outside the United Kingdom.....	55
39.0	Notional capital.....	55
40.0	Diminishing notional capital rule.....	56
41.0	Capital jointly held.....	59
42.0	Not used.....	59
	Sections 43 - 56.....	60
	Definition and the treatment of students for Council Tax Support purposes.....	60
43.0	Student related definitions.....	61
44.0	Treatment of students.....	64
45.0	Students who are excluded from entitlement to council tax support.....	64
46.0	Calculation of grant income.....	66
47.0	Calculation of covenant income where a contribution is assessed.....	67
48.0	Covenant income where no grant income or no contribution is assessed.....	67
49.0	Student Covenant Income and Grant income – non disregard.....	67
50.0	Other amounts to be disregarded.....	68

51.0 Treatment of student loans.....	68
51A.0 Treatment of fee loans	69
52.0 Treatment of payments from access funds.....	69
53.0 Disregard of contribution	70
54.0 Further disregard of student's income	70
55.0 Income treated as capital.....	70
56.0 Disregard of changes occurring during summer vacation.....	70
Sections 57 – 63	71
The calculation and amount of Council Tax Support.....	71
57.0 Maximum council tax support	72
57A Minimum Council Tax Support.....	72
58.0 Non-dependant deductions	72
59.0 Council tax support taper (applies to persons defined within Class B).....	74
60.0 Extended reductions	74
60A.0 Duration of extended reduction period.....	75
60B.0 Amount of extended reduction.....	75
60C Extended reductions – movers.....	75
60D.0 Relationship between extended reduction and entitlement to council tax support under the general conditions of entitlement.....	76
61.0 Extended reductions (qualifying contributory benefits).....	76
61A.0 Duration of extended reduction period (qualifying contributory benefits)	77
61B.0 Amount of extended reduction (qualifying contributory benefits).....	77
61C.0 Extended reductions (qualifying contributory benefits) – movers	77
61D.0 Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax support under the general conditions of entitlement	78
61E.0 Extended reductions: - Movers Generally	78
62.0 - 63.0 Not used.....	78
Sections 64 – 67	79
Changes of circumstances within Council Tax Support	79
64.0 Date on which entitlement is to begin.....	80
65.0 - 66.0 Not Used.....	80
67.0 Date on which change of circumstances is to take effect.....	80
Sections 68– 74A	82
Claiming and the treatment of claims for Council Tax Support purposes	82
68.0 Who may claim	83
69.0 Procedure by which a person may apply for a reduction under an authority's scheme	83
69A.0 Date on which a claim made.....	85
70.0 Submission of evidence electronically	86
71.0 Use of telephone provided evidence.....	86
72.0 Evidence and information	86
73.0 Amendment and withdrawal of claim	87

74.0 Duty to notify changes of circumstances	88
Sections 75- 90	89
Decisions, decision notices and awards of Council Tax Support.....	89
75.0 Decisions by the authority.....	90
76.0 Notification of decision	90
77.0 Time and manner of granting council tax support.....	90
78.0 Persons to whom support is to be paid	91
79.0 Shortfall in support / reduction.....	91
80.0 Payment on the death of the person entitled.....	92
81.0 Offsetting.....	92
82 – 87 Not used	92
88.0 Diminution of notional capital.....	92
89.0 Not used.....	92
90.0 Not used.....	92
Sections 91 – 94	94
Collection, holding and forwarding of information for Council Tax Support purposes.....	94
91.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC).....	95
92.0 Collection of information	95
93.0 Recording and holding information.....	95
94.0 Forwarding of information	95
Sections 95 – 98	96
Revisions, Written Statements, Termination of Council Tax Support	96
95.0 Persons affected by Decisions.....	97
96.0 Revisions of Decisions.....	97
97.0 Written Statements.....	97
98.0 Terminations	97
Section 99.....	98
Appeals against the authority's decisions	98
99.0 Procedure by which a person may make an appeal against certain decisions of the authority	99
Section 100	100
Procedure for applying for a discretionary reduction	100
100.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act.....	101
Section 101 - 106.....	102
Electronic Communication.....	102
101.0 Interpretation	103
102.0 Use of intermediaries	103
103.0 Effect of delivering information by means of electronic communication.....	103
104.0 Proof of identity of sender or recipient of information.....	104
105. Proof of delivery of information.....	104
106.0 Proof of content of information	104

Section 107	107
Counter Fraud and Compliance	107
107.0 Counter Fraud and compliance.....	108
Schedule 1	109
Applicable Amounts (Living Allowances)	109
Personal Allowance	110
Family Premiums.....	110
Premiums	111
Disability Premium.....	111
Additional Condition for the Disability Premiums	111
Severe Disability Premiums.....	111
Enhanced Disability Premium	112
Disabled Child Premium.....	112
Carer Premium	112
Persons in receipt of concessionary payments.....	112
Persons in receipt of benefit for another	112
Amounts of Premiums.....	112
The components.....	113
Transitional Addition.....	113
Amount of transitional addition	113
Schedule 2.....	114
Not used.....	114
Schedule 3.....	115
Sums to be disregarded in the calculation of earnings.....	115
Schedule 4.....	121
Sums to be disregarded in the calculation of income other than earnings	121
Schedule 5.....	132
Capital to be disregarded.....	132

Please note:

The remaining 136 pages of this appendix can be provided on request from Democratic Services, from the contact on the front page of the agenda.

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APPENDIX B

COUNCIL TAX-TAX BASE 2013/2014

CHESHIRE EAST	BAND D EQUIVALENTS	TAX BASE 99%
Acton	119.09	117.90
Adlington	600.57	594.57
Agden	66.99	66.32
Alderley Edge	2,608.37	2,582.29
Alpraham	183.60	181.76
Alsager	4,229.57	4,187.27
Arclid	117.93	116.75
Ashley	152.28	150.76
Aston by Budworth	182.76	180.93
Aston-juxta-Mondrum	90.37	89.47
Audlem	915.47	906.31
Austerson	42.41	41.98
Baddiley	119.85	118.65
Baddington	55.49	54.93
Barthomley	93.72	92.78
Basford	88.68	87.79
Batherton	23.68	23.44
Betchton	251.91	249.39
Bickerton	119.75	118.55
Blakenhall	71.31	70.59
Bollington	2,978.94	2,949.15
Bosley	197.05	195.08
Bradwall	85.57	84.71
Brereton	564.82	559.17
Bridgemere	64.31	63.67
Brindley	66.91	66.24
Broomhall	89.50	88.61
Buerton	211.36	209.25
Bulkeley	120.36	119.15
Bunbury	609.75	603.65
Burland	275.36	272.61
Calveley	131.29	129.98
Checkley-cum-Wrinehill	46.06	45.60
Chelford	611.10	604.99
Cholmondeley	70.55	69.85
Cholmondeston	77.30	76.53
Chorley	258.33	255.75
Chorley (Crewe)	53.03	52.50
Chorlton	510.99	505.88
Church Lawton	864.80	856.15
Church Minshull	199.87	197.88
Congleton	9,385.97	9,292.11
Coole Pilate	26.18	25.92
Cranage	623.20	616.97
Crewe	12,633.28	12,506.95
Crewe Green	98.40	97.42
Disley	1,887.22	1,868.35
Dodcott-cum-Wilkesley	184.44	182.60
Doddington	14.65	14.50
Eaton	192.13	190.21
Edleston	38.37	37.99
Egerton	36.10	35.74
Faddiley	74.65	73.90
Gawsworth	806.48	798.42
Goostrey	1,060.05	1,049.45
Great Warford	444.96	440.51
Handforth	2,173.65	2,151.91
Hankelow	129.94	128.64
Haslington	2,319.02	2,295.83
Hassall	109.15	108.06
Hatherton	178.34	176.56
Haughton	98.60	97.61
Henbury	342.74	339.32
Henhull	26.09	25.83
High Legh	890.74	881.83
Higher Hurdsfield	326.28	323.01
Holmes Chapel	2,389.54	2,365.64
Hough	338.27	334.89
Hulme Walfield & Somerford Booths	160.40	158.79
Hunston	80.07	79.26
Hurleston	34.08	33.74

COUNCIL TAX-TAX BASE 2013/2014

CHESHIRE EAST	BAND D EQUIVALENTS	TAX BASE 99%
Kettleshulme	165.25	163.60
Knutsford	5,649.88	5,593.38
Lea	24.26	24.02
Leighton	1,488.73	1,473.84
Little Bollington	84.51	83.67
Little Warford	36.34	35.97
Lower Peover	73.19	72.46
Lower Withington	304.28	301.24
Lyme Handley	71.19	70.47
Macclesfield	17,625.20	17,448.95
Macclesfield Forest/Wildboardclough	111.87	110.76
Marbury-cum-Quoisley	117.28	116.11
Marton	110.99	109.88
Mere	433.86	429.52
Middlewich	4,389.02	4,345.13
Millington	106.91	105.84
Minshull Vernon	118.27	117.09
Mobberley	1,441.88	1,427.46
Moston	177.93	176.16
Mottram St Andrew	389.92	386.02
Nantwich	5,013.18	4,963.04
Nether Alderley	387.20	383.33
Newbold Astbury-cum-Moreton	345.60	342.15
Newhall	353.92	350.38
Norbury	93.74	92.81
North Rode	126.70	125.43
Odd Rode	1,892.14	1,873.22
Ollerton with Marthall	308.69	305.61
Over Alderley	214.59	212.45
Peckforton	69.35	68.65
Peover Superior	403.46	399.43
Pickmere	366.44	362.77
Plumley with Toft and Bexton	388.76	384.87
Poole	72.54	71.81
Pott Shrigley	145.87	144.41
Poynton with Worth	5,785.02	5,727.17
Prestbury	2,157.92	2,136.34
Rainow	593.21	587.28
Ridley	80.55	79.74
Rope	816.88	808.71
Rostherne	80.94	80.13
Sandbach	6,431.75	6,367.43
Shavington-cum-Gresty	1,603.68	1,587.64
Siddington	183.23	181.39
Smallwood	294.32	291.38
Snelson	81.65	80.83
Somerford	185.60	183.74
Sound	98.81	97.82
Spurstow	187.00	185.13
Stapeley	1,349.22	1,335.73
Stoke	110.35	109.25
Style	365.64	361.98
Sutton	1,123.85	1,112.61
Swettenham	167.55	165.88
Tabley	209.41	207.33
Tatton	10.92	10.81
Twemlow	98.42	97.43
Walgherton	60.49	59.89
Wardle	52.98	52.45
Warrington	110.85	109.74
Weston	902.05	893.03
Wettenhall	115.62	114.46
Willaston	1,272.05	1,259.33
Wilmslow	11,066.81	10,956.14
Wincle	95.19	94.24
Wirswall	42.65	42.22
Wistaston	2,971.65	2,941.93
Woolstanwood	244.29	241.85
Worleston	106.39	105.33
Wrenbury	431.39	427.07
Wybunbury	591.96	586.04
	138,507.27	137,122.19

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting: 10th December 2012
Report of: Lisa Quinn, Director of Finance & Business Services
Subject/Title: 3 Year Medium Term Financial Strategy 2013/2016
Portfolio Holder: Cllr Peter Raynes – Finance Portfolio Holder

1.0 Report Summary

- 1.1 This report provides an update on the Budget setting process for the Council for 2013/2014 and the progress made in the development of the Medium Term Financial Strategy for 2013/2016.
- 1.2 A number of strategic decisions are included in the report that will support the overall balancing of the Council's Budget for 2013/2014 and in the medium term.

2.0 Decision Requested

- 2.1 To note the updated medium term financial analysis, informed by the Mid Year Review of Performance reported to Cabinet on 12th November 2012, as part of the first phase of review.
- 2.2 To approve the following strategic financial decisions that contribute to the Budget Setting process for 2013/2014 and the Medium Term Financial Plan for 2013/2016, which will be subject to both internal and external consultation up to the final approved position at Council in February 2013 (detailed in Table 2):
- Increase estimated Grant Funding based on the return of national contingencies in 2013/2014 of £3.7m (related to New Homes Bonus).
 - Reduce the Capital Financing element of 'Central Adjustments' by £2.8m based on the review and reductions of the Capital Programme (subject to Council decision on 13th December 2012).
 - Apply Capital Reserves to reduce existing borrowing costs by £2.4m in 2013/2014 and enable further reductions in future years.
 - Freeze Council Tax Band D levels for a third consecutive year, making the Council eligible for additional Freeze Grant funding of c.£1.8m. Cheshire East Council Tax will again be £1,216.34 for a Band D property.
 - Increase Council Tax income by £3.3m based on the reduction in certain discounts and the revised taxbase for 2013/2014 (subject to Council decision on 13th December 2012).
 - Apply the current annual contribution to General Reserves of £1.6m, associated with the impact of Business Planning proposals in the 2012/2015 Business Plan, to the Council's base budget for 2013/2014 and future years.

- Increase the contribution to reserves by £1.3m from 2013/2014 to 2015/2016 based on the pay back of the strategic investment of reserves of £3.9m in 2012/2013.
- To commit to the investment of reserves, in excess of the risk assessed minimum level of reserves, in the Change Projects that will deliver the Council's 3 Year Plan, particularly with regard to its local economic growth ambitions.
- To approve the savings forecast from the first phase of the review of Change Projects (Appendix 7) as a contribution to balancing the 2013/2014 Budget and the 3 Year Medium Term Plan for 2013/2016, subject to appropriate consultation internally via Policy Development Groups and the Executive Monitoring Board governance arrangements and externally with the public, key stakeholders and via specific consultation mechanisms where required.

2.3 To consider the other relevant assumptions in the Council's Medium Term Financial Plan, such as Government funding estimates, that will be subject to further updating during the second phase of review in the period leading up to the setting of the Council's 2013/2014 Budget in February 2013 (Appendix 6).

2.4 To approve the initiation of the consultation / engagement arrangements on the Change Projects in the lead up to the setting of the Council's 2013/2014 Budget in February 2013, internally via Policy Development Groups and the Executive Monitoring Board governance and externally with the public and key stakeholders.

3.0 Reasons for Recommendations

3.1 The Council is developing its Budget and Medium Term Financial Strategy (MTFS) for 2013/2016. The purpose of developing a clear Financial Strategy is to show how the allocation of Council resources can support delivery of the objectives and priorities set out in our 3 Year Plan for the Council.

3.2 As noted in the October report to Cabinet, there is no doubt that funding for local government will further reduce significantly over the next 5 years, and is likely to continue to reduce beyond this timeframe to 2020. This is placing strain on local service levels as proposals to deliver the Council's priorities must reflect reductions in funding.

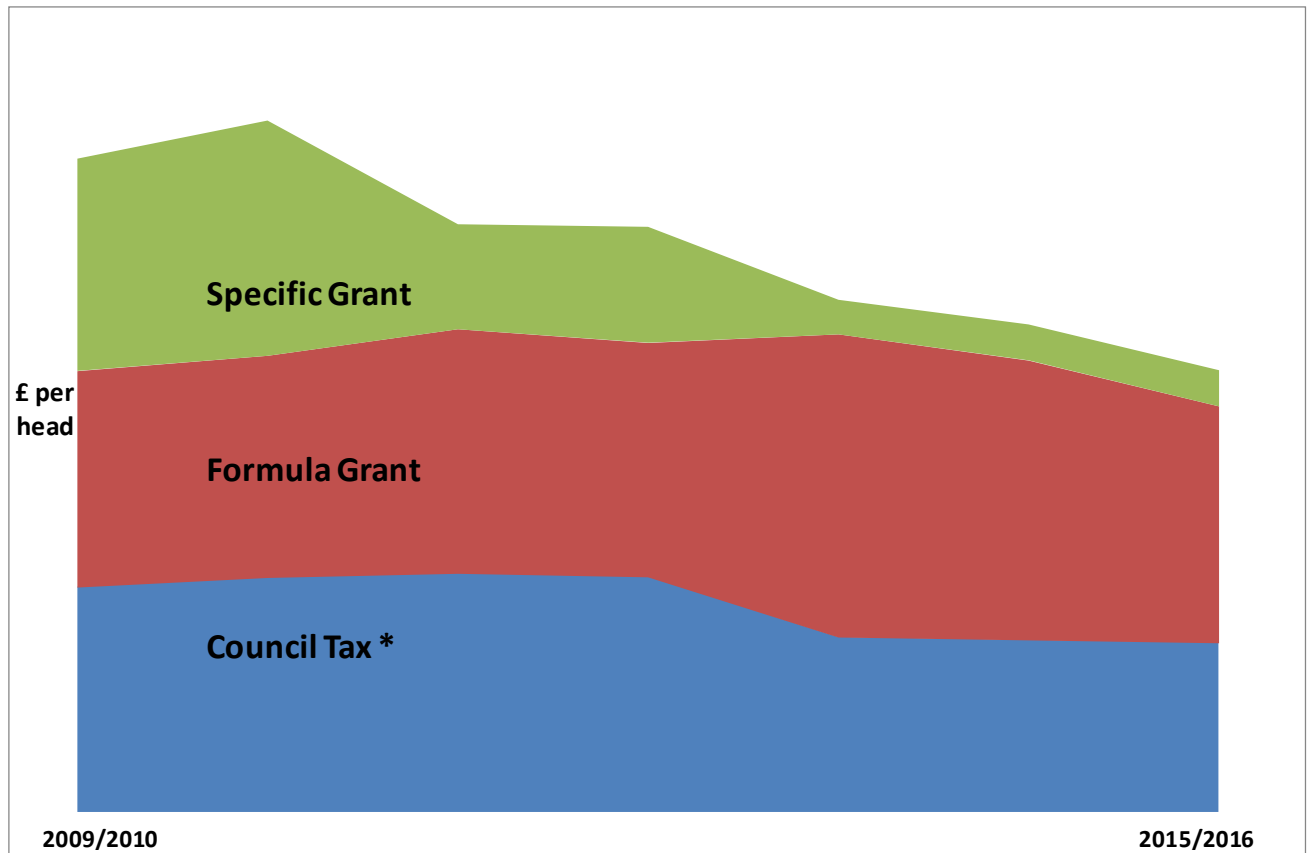
3.3 **Figure 1** illustrates the anticipated impact of reduced funding levels on the Council's spending power per head. This sustained reduction can only be managed through reviewing service levels and maximising income from existing sources.

3.4 In addition, the Council is experiencing considerable budgetary pressures as a result of increasing costs and demand for services. These were reported in the Mid Year Review of Performance to Cabinet on 12th November 2012.

3.5 The Council is doing everything it can to mitigate these pressures through:

- temporary and long term saving measures within services;
- the five measures approach (Section 10.7) to maximising the amount of funding available to the Council and ensuring any funding withheld for central costs such as capital financing is reduced to a minimum.

Figure 1) Spending power per head is reducing as funding levels are cut and population increases



* Council Tax income reduces in 2013/2014 as a result of the introduction of the local Council Tax Support scheme.

- 3.6 Developing a clear, resourced, longer-term plan, where we agree our purpose, the sort of Council we want to be, the outcomes we want to achieve for local people in Cheshire East, and our priorities for action and investment, which will maximise our ability to remain financially resilient despite undergoing significant change.
- 3.7 Moving this forward by taking a number of strategic decisions during the process will enable these to be considered in more detail and formally included in the MTFS.
- 4.0 Wards Affected**
 - 4.1 All wards.
- 5.0 Local Ward Members**
 - 5.1 All ward Members.

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

- 6.1 The Council's MTFS has strong links with the resourcing of the Council's objectives associated with carbon reduction and health improvement. The development of the 3 Year Plan will ensure that these issues remain priorities and that there are clear plans in place to address them.

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

- 7.1 These are set out within this report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 During the initiation of the budget setting process, it was identified within the corporate risk assessment that ensuring that due regard was given to equality issues was a potential risk. A full programme of equality training is taking place for all budget managers involved in either budget decisions or policy recommendations.
- 8.2 This training is mandatory and involves well over 100 employees. In addition, the Performance Development process requires every member of staff to complete a mandatory, electronic equality and diversity awareness training and this is monitored through the PDR process and the workforce development team. Cabinet Members have been made aware of the duties and issues in regard to equalities.
- 8.3 The development of the MTFS will respond to the content of the 3 Year Plan. The Plan requires Constitutional changes which are currently being progressed by the Council; in particular, development of Policy Development Groups, the establishment of an Executive Monitoring Board, and the development of the Health and Wellbeing Board. Other Constitutional changes may emerge as the detail of the 3 Year Plan and the related Medium Term Financial Strategy is finalised and agreed.

9.0 Risk Management

- 9.1 It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Appetite for risk will need to be developed for different courses of action, particularly in relation to seizing opportunities for introducing new, innovative models of service delivery, and a more locally focussed funding regime, as well as a different range of service providers. A revised approach to risk appetite and management will be further considered by Cabinet and Council as the 3 Year Plan and budget are developed over the coming months.
- 9.2 The steps outlined in this report will significantly mitigate the four main legal and financial risks to the Council's financial management:
- The Council must set a balanced Budget.
 - The Council must set a legal Council Tax for 2013/2014.
 - The Council should provide high quality evidence to support submissions for external assessment.

- Council borrowing will comply with the Treasury Management Strategy, which is underpinned by the Prudential Code.

9.3 A risk and equality assessment will be carried out by the proposing Directorate or Group for all key proposals as part of the development of detailed action plans for their implementation. This will be in line with our agreed approach to Corporate Risk Management.

10.0 Background and Options

10.1 Local authority finances in England are undergoing significant changes as part of the Coalition Government's overall deficit reduction programme. National Government grant funding for local authorities is reducing rapidly, with more reliance being placed on locally funding local services.

10.2 The annual revenue budget for Cheshire East Council is funded by a combination of council tax, service user charges, and (relatively low) Government grants.

10.3 **Table 1** sets out the financial forecast for Cheshire East Council for the period 2013/2014 to 2015/2016. This was reported to Cabinet on 15th October 2012.

Table 1: Funding available reduces by approximately £30m over the medium term

	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m
Funding				
Grant Funding	101.2	99.0	93.1	80.8
Council Tax	178.6	163.4	163.4	163.4
Central Adjustments	-27.5	-32.6	-29.9	-20.6
Funding Available to Services	252.3	229.8	226.6	223.6
Directorate Spend	252.3	254.4	233.1	234.2
Funding Gap / (Surplus)	0.0	24.6	6.5	10.6
<i>Position as at February 2012</i>	<i>0.0</i>	<i>13.1</i>	<i>7.4</i>	<i>-</i>

Source: Cheshire East Cabinet Report 15th October 2012

- 10.4 At this stage the overall "Funding Available to Services" (see Table 1) will depend upon the Council's financial planning assumptions, such as the level of Government Grant and Council Tax, interest rates and the revenue impact of capital spending. This needs to be compared to the forecast Directorate spend including any proposals for later years set out in the business plan plus any permanent pressures services are experiencing.
- 10.5 Balancing the Council's budget requires the "Funding Available to Services" to match the "Directorate Spend". This can be achieved by looking at both sides as well as income available to services through fees and charges.
- 10.6 Over the last few months the Council has undertaken a series of actions in response to the funding shortfall. These are detailed below:

Capital Visioning	A programme of meetings to review the capital programme to release funding and capacity to deliver the Council's 3 Year Plan.
Revenue Visioning	A series of meetings with Portfolio Holders, Directors and Heads of Service to systematically review each area of the budget and the scope for savings.
Star Chambers	A series of officer meetings to challenge the medium terms plans for each service area.
Central Finance Group	This Group has now met on several occasions to review the financial planning assumptions and the processes to move these forward.
Development of Change Projects	The Council has identified lead officers for each of the projects / programmes and initial business cases are being developed for review. It is expected the Change Projects will collate all the budget changes the Council needs to make for the next three years.
Collated and reported its mid-year position to Cabinet / Identified base budget pressures with a permanent impact.	A key development is the consideration of the Council's Mid Year Review of Performance at Cabinet on 12 th November 2012 and the subsequent analysis of the long term pressures on the base budget. These are considered in more detail later.

- 10.7 Through these actions the Council has developed the approach to the key financial elements as part of the Budget Setting process, which are described in more detail in **Table 2**.
- 10.8 Updates to Table 1 are provided through a structured approach using 'Five Measures' that will support balancing the financial position over the medium term. They are:

The Five Measures	
Measure One	Challenge Financial Assumptions
Measure Two	Review Local Taxation
Measure Three	Manage Reserves
Measure Four	Manage Cost Drivers
Measure Five	Manage Income

- 10.9 It must be noted that the figures provided in relation to Council funding from Government grant remain estimates at this stage. The provisional local government finance settlement (expected mid December 2012) will provide a more accurate position.

Table 2 – Update on Financial Planning Assumptions

Measure	October Position	December Position	Impact on Gap £m
Measure One Challenge Financial Assumptions	Government Grants represent the funding available from the new Business Rates Retention Scheme plus the Council's allocation of Revenue Support Grant and un-ringfenced specific grants.	No change	-
	The expectation is that grant funding will reduce by 20% over the next 3 years despite the inclusion of the new Council Tax Support Grant.		-
	Ringfenced grants are included within Directorate Spend.	Separate assumptions will be developed and submitted in due course.	-
	No growth in business rates is included and no benefit is expected from any change in employment levels that could reduce expenditure on Council Tax Support.	The position is under review to forecast anticipated business growth / improved employment over the next three year period and assess if this is sufficiently robust to be factored into the Council's MTFS from 2014/2015.	-
	No return of any Government contingencies (ie funding held back by the Government in relation to the New Homes Bonus, Local Authority Central Spend Equivalent Grant (LACSEG) and the safety net, where an element could be returned to councils but amounts and timing are unclear).	A revised approach to the New Homes Bonus contingency has been confirmed by the CLG on 21 st November 2012 where the Government will only withhold the funding required. This increases the Council's expected funding levels. Further details are provided at Appendix 1 .	-£3.7m

Measure	October Position	December Position	Impact on Gap £m
	Newly available homes are expected to increase steadily from c.600 dwellings in 2013 to c.800 in 2015. This will impact on the New Homes Bonus available to the Council.	<p>The number of new homes for the 2013/2014 calculation has been confirmed and factored into the financial scenario.</p> <p>This figure represents new band D equivalent completions. The local plan, which is being developed by the Council, reflects higher ambitions but these are still subject to examination and therefore it would not be appropriate to factor these into the Council's financial plans.</p>	-
	<p>Central Adjustments</p> <p>These are mostly detailed in the February 2012 Business Plan and include increases in borrowing costs, maintaining the Reserves Strategy and reductions in the ex-employee pension costs. Key items are shown below.</p>		
	Capital Financing Costs are included in Central Adjustments. The overall Capital Programme relates to projects that usually take more than one year to complete. At the end of each project, the Council will normally own a new asset, or have extended the life of an existing asset.	<p>As reported in the mid year review of performance on 12th November 2012, the Capital Programme has been subject to review and, subject to approval at Council on 13th December 2012, reduced. As a result, it is appropriate to reduce the provision for capital financing to £14.8m. Appendix 2 provides further details on the changes.</p> <p>Additional decisions will be made as part of phase two of the development of the Major Projects to firm up the Capital investment implications for 2013/2016 based on the Capital Visioning exercise.</p>	-£2.8m

Measure	October Position	December Position	Impact on Gap £m
Measure Two – Review Local Taxation	<p>The Capital programme is funded by a combination of borrowing, capital receipts, revenue and external contributions and Government Grants. To support further spending on capital projects will inevitably increase the demand for local borrowing, as each of the other funding sources is reducing. This increases the requirement for capital projects to generate revenue savings or be self-funding.</p>	<p>The Council currently holds a capital reserve of £16.3m as at the balance sheet date of 31st March 2012, which is planned to be used to finance capital expenditure over the next three years.</p> <p>As an alternative this may be applied to meet capital expenditure which has taken place in previous years and has been met from borrowing. The impact of this will reduce the level of revenue provision required to meet borrowing repayments in the short term. In 2013/2014 this will result in a reduction to the capital financing budget and reduce the overall revenue funding gap. Appendix 2 provides further details on the changes.</p>	-£2.4m
	<p>Capital financing costs are also reduced by applying returns on Council investments. The Treasury Management Strategy provides information on the Council's approach to investment and is updated at each quarterly review of performance.</p>	<p>No change to approach.</p>	-
	<p>The assumptions were:</p> <ul style="list-style-type: none"> - no increase in Band D Council Tax, 	<p>On 8th October 2012 central Government offered a Council Tax Freeze Grant, equivalent to a Council Tax rise of 1%.</p>	-£1.8m (Unallocated)

Measure	October Position	December Position	Impact on Gap £m
		<p>While the final level of Council Tax will not be decided until the Council meeting in February 2013, the current planning assumption of no increase means the Council would benefit from the freeze grant. Therefore, it would result in additional funding of £1.8m which could be factored into the financial planning assumptions.</p> <p>Due to the temporary nature of this funding (payable in 2013/2014 & 2014/2015 only) no decision has been made on how this additional funding will be applied. This decision will be part of the second phase of review.</p>	
	- a net nil position on the Council's collection fund,	No change.	-
	- no increase in the Council's taxbase, - no impact from changing discount levels as a result of Technical Reforms to Council Tax.	<p>Work to calculate the taxbase for 2013/2014 has now been completed and a full report recommending the taxbase to Council is included elsewhere on the Cabinet agenda. The Council is proposing to reduce the Council Tax discounts available in a number of areas relating to second homes and empty properties. These changes have been factored in to the Council's taxbase calculations.</p> <p>Further details are provided at Appendix 3 and the taxbase report (elsewhere on this agenda) provides full details. Subject to Council approval on 13th December, this will be factored into the MTFS assumptions.</p>	-£3.3m

Measure	October Position	December Position	Impact on Gap £m
	- no funding from supplementary business rates or Business Improvement Districts.	No change.	-
	Income from Council Tax is expected to reduce by £15.2m (8.5%) to reflect the new arrangements for awarding Council Tax Support (formerly Benefit) which will be treated as a discount on the bill. Council Tax Support is partially funded by Government Grant. The revised taxbase takes account of the new scheme.	The Consultation process has completed. The taxbase report (elsewhere on this agenda) provides full details and a summary is provided in Appendix 3 .	-
Measure Three – Manage Reserves	The Council's Reserves Strategy was published alongside the Business Plan in February 2012.	It is proposed that the £1.6m impact of Business Planning Proposals is not contributed to reserves, but instead applied to Service budgets.	-£1.6m
		It is proposed that an additional annual contribution of £1.3m is made to reserves from 2013/2014 to 2015/2016 to reflect the requirement to pay back the strategic investment of reserves of £3.9m in 2012/2013.	+£1.3m
		Appendix 4 shows an update of the Reserves Strategy following the publication of the Council Statement of Accounts for 2011/2012, the 2012/2013 Mid Year Review and the above proposed changes.	

Measure	October Position	December Position	Impact on Gap £m
	Total impact of Funding Changes	(excluding Council Tax Freeze Grant)	-£12.5m
Measures Four & Five – Manage Cost Drivers and Income	The Directorate Level Spend, shown in Table 1, reflects the position after existing spending plans have been implemented (as contained in the Business Plan agreed in February 2012).	<p>The Council has reported its Mid Year Review of Performance to Cabinet on 12th November 2012.</p> <p>The costs of providing care and delivering key services such as transport and waste collection are being driven up by demand and inflation, and income from Council charges are also lower than budgeted in most areas. At present the Council is therefore forecasting a budget overspend in 2012/2013.</p> <p>Further analysis has been completed to assess the long term impact of the 'Emerging Pressures' described in the report and any associated 'Remedial Actions'. The results of this work are set out in the Base Budget Review described at Appendix 5.</p>	<p>+£31.5m</p> <p>Less</p> <p>-£8.5m</p>
	Policy Proposals identified for later years and reflected in the February 2012 Business Plan would be delivered in full.	Roll Forward proposals have been reviewed and the impact is a reduction in the expected growth. Further details are provided at Appendix 6 .	-£4.9m
	The assumption is also that spending will reduce sufficiently to cover the Funding Gap from previous years.	No change to assumptions.	-
	Change Projects	The Council is developing its response to the list of Change Projects agreed by Cabinet on 15 th October 2012 as part of the 3 Year Plan. Further details of the schemes and their	-£5.2m

Measure	October Position	December Position	Impact on Gap £m
		impact is shown at Appendix 7 .	
	Cost of Investment	<p>In 2012/2013 the Council introduced a successful method for acknowledging the one off costs required to deliver major programmes and projects. The results were reflected in the business plan and temporarily funded from reserves.</p> <p>It is intended that this process is repeated for the 2013/2016 budget setting process. At this stage the Change Projects reflect Cost of Investment bids of £3.1m (Appendix 7) and other bids reflecting existing items in the business plan and new requirements of £1m as detailed in table 3.</p> <p>All these bids are subject to review and no decision has been made on how these items will be funded. However the strategic application of reserves will be considered.</p>	<p>+£3.1m</p> <p>+£1m</p> <p>(not included)</p>
	Total Impact of Directorate Changes (excluding Cost of Investment)		+£12.9m
	TOTAL IMPACT OF CHANGES		+£0.4m

Table 3 – Other Cost of Investment Bids (as referred to in Table 2)

Directorate	Proposals	2013/2014 £'000
Children and Families	Affordable models of care	100
Places and Organisational Capacity	Automatic toilets buy out - deferred from 2012/2013	446
	Highways: NRSWA Permit Scheme - Links to Additional Savings	100
	Salt Saturation Installation - Links to Additional Savings	100
	Spatial Planning: Local Development Framework Public Enquiry Examination	150
	Assets: 2013/2014 - Investment Portfolio, land holding costs prior to disposal - 1 year	100
	Strategic Planning: Local Plan Site Allocation additional resource	250
Corporate Services	ICT Strategy staffing structure changes	30
One off COI		1,276
<u>Offset by</u>		
Places and Organisational Capacity	A one-off reduction in the Waste Minimisation budget	-100
	A one-off removal of the recycling credits	-53
	A one off removal of a former post.	-105
	Transport: Local Sustainable Transport Fund - one off benefit re grant funding - reduction in Pay	-75
One off Savings		-333
TOTAL Cost of Investment		943

Source: Cheshire East Finance

Summary Position

10.10 Table 4 below sets out the summary position after accounting for the changes detailed in table 2.

Table 4 – Summary Position

	2013/14
	£m
Funding Available to Services	229.8
Funding Issues:	
New Homes Bonus contingency	3.7
Reduced Capital Financing	2.8
Reduced costs of borrowing	2.4
Council Tax Freeze Grant	Not yet allocated
Final Taxbase	3.3
Use of Reserves - service pressures	1.6
Repayment to Reserves (cost of investment over 3 years)	-1.3
Total changes	12.5
Sub total - available funding	242.3
Directorate Spend	254.4
Permanent Pressures	31.5
Permanent Mitigations	-8.5
Roll Forward Review	-4.9
Change Projects	-5.2
Total changes	12.9
Sub total - Directorate Spend	267.3
Revised Gap	25.0

Source: Cheshire East Finance

Developing the Council's Response to the Funding Shortfall

10.11 The Council is pursuing several key strands to close the funding shortfall for the next three years. These are detailed below.

Challenge the Base Budget

10.12 The pressures and mitigations identified through the review will be challenged in detail to ensure the impact on services is understood and agreed.

Review Funding Assumptions

- 10.13 Review the changes to local government finance (such as grant funding, Council Tax and central adjustments) to maximise the income available to services. **Appendix 8** provides further details on this issue. This includes the Council's budget setting principles which steer decisions on the final set of proposals. These principles are in draft form and are being reviewed in light of feedback received.

Develop Change Projects

- 10.14 On 15th October Cabinet received a report detailing the 3 year Council plan and the "Change Projects" it would be taking forward. A list of the Council's priorities and Change Projects is included at **Appendix 7**. These projects will continue to be developed in advance of Council in February. It is anticipated that additional proposals will come forward, including additional capital investment, as the 3 Year Plan and Medium Term Financial Strategy are considered further.

Equality Impact

- 10.15 In line with the Equality Act 2010 which sets out the Public Sector Equality Duty, the Council will evaluate all options in terms of their impact.

Timetable and Consultation

- 10.16 The timetable to deliver the 3 Year Council Plan and the supporting Financial Strategy will be the same for each of the two elements and result in two key reports to Council in February 2013. These will take the form of:
- A Leader's Report setting out how the Council's resources will be used to deliver its priorities.
 - A Budget Report setting out how these ambitions will be funded.
- 10.17 A timetable setting out the key Member meetings leading up to Council in February is attached at **Appendix 8**.
- 10.18 Over the next 2-3 months the Council will communicate and consult widely, both internally and externally, about our proposals for change and our medium term financial strategy.

Externally

- Details of the Council's 3 Year Plan priorities and the Change Projects will be communicated widely to residents, businesses, and partner organisations. This will be focused on the Council's website and also using existing consultation networks and mechanisms such as business forums, voluntary sector networks, and feedback from the citizens panel.
- Consultation with town and parish councils will continue, building upon the feedback received from the town and parish conference held in November. This conference focused on the "new deal" between Cheshire East Council and local town and parish councils, and how this needs to influence joint working in the future.

Internally

- Members – change proposals will be considered by Policy Development Groups and by the Corporate Scrutiny Committee. Individual Change Projects will be taken through the Council’s new project gateway process. This will involve challenge and quality assurance through the Technical Enabler Group (TEG) before consideration at the Executive Monitoring Board (EMB).
- Staff – we will build on the good progress made since the launch of the “new deal for staff” communication. This includes staff roadshows, discussion boards, and team discussions.

11.0 Access to Information

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

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Appendix 1 – New Homes Bonus Contingency

1. In October 2012 the Council assumed no return of any Government contingencies (ie funding held back by the Government in relation to the New Homes Bonus, Local Authority Central Spend Equivalent Grant (LACSEG) and the safety net, where an element could be returned to councils but amounts and timing are unclear). This was based on the CLG Business Rates Retention Consultation exercise conducted over the summer and modelling undertaken by the Society of County Treasurers.
2. This situation in relation to the amount held back for new homes bonus has now developed. The CLG have consulted on a revised scenario where only the amount of grant required to fund the scheme in 2013/2014 is withheld by the Government.
3. The balance is then allocated to councils as part of their baseline funding.
4. The CLG issued a Business Rates Retention Policy Statement on 21st November 2012 confirming that approach will be used.
5. This has resulted in confirmation of additional funding for the Council of £3.7m.
6. This does not impact on the Council's expected New Homes Bonus grant which is receivable based on the number of new homes or properties brought back into use.
7. This remains subject to confirmation through the provisional local government finance settlement expected in December 2012.

Appendix 2 – The Capital Financing Budget

1. **Table 2.1** (below) shows the Capital Programme as reported in the Mid Year Review of Performance to Cabinet on 12th November 2012. Overall £42.4m of expenditure in the existing Capital Programme has been recommended for reduction or deferral.

Table 2.1 – Summary Capital Programme

	Original Forecast Budget @ FQR 2012/16 £m	Amendments to Original Forecast Budget 2012/16 £m	Amended Original Forecast Budget 2012/16 £m	Budget Reductions £m	Budget Deferrals £m	SCE's £m	Revised Total Forecast Budget 2012/16 £m
Children & Families	31.2	0.0	31.2	-4.3	-4.3	0.3	22.9
Adults	5.3	6.0	11.3	0.0	-9.8	0.1	1.6
Places & Organisational Capacity	92.0	27.1	119.1	-15.2	-2.2	3.3	105.0
Corporate Services	41.0	-6.6	34.4	-6.6	0	40.4	68.2
	169.5	26.5	196.0	-26.1	-16.3	44.1	197.7

Source: Cheshire East Finance

Funding Sources

	Original Total Forecast Budget £m	Revised Total Forecast Budget £m	Variance £m
Grants	73.7	70.0	-3.7
External Contributions	2.1	43.3	41.2
Linked/Earmarked Capital Receipts	3.4	3.4	0.0
Supported Borrowing	3.3	1.7	-1.6
Non-Supported Borrowing	74.8	47.0	-27.8
Revenue Contributions	1.0	0.6	-0.4
Capital Reserve	37.7	31.7	-6.0
	196.0	197.7	1.7

Source: Cheshire East Finance

2. The revised programme will be recommended to Council for approval on 13th December 2012. As a result of this reduction in the programme, the borrowing requirement has reduced by £32m, this has the impact of reducing the provision for capital financing in 2013/2014 by **£2.8m** to £14.8m.
3. A key aim of the Capital Challenge process is to create capacity for new schemes to come forward and the new spending plans for the capital programme will be included in the Budget Report to Council in February 2013.
4. Further work has continued to focus on decisions around the most appropriate methods for funding capital expenditure. An exercise has recently been completed with the Council's treasury advisors, Arlingclose to establish the most cost effective

method of financing the capital programme and make adequate provision for the repayment of debt in future years.

5. The methodology for applying capital receipts to finance capital expenditure has been considered as part of this exercise. In accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 23(b) an option available to the Council is to use capital receipts it currently holds in reserve and apply them to finance capital expenditure which has taken place in previous years and has been met from borrowing.
6. This method is available to Council's wishing to use capital receipts to reduce debt repayment charges to revenue and will reduce the level of revenue provision required for the repayment of debt in 2013/2014 by a further **£2.4m**.
7. The programme of asset disposals will aim to maximise available capital receipts in 2013/2014 and future years for the ongoing financing of the capital programme. The balance of capital expenditure that is not funded by grant, external contributions or capital receipts will be met by Prudential Borrowing. The level of revenue provision required for debt repayment in 2014/2015 will therefore increase accordingly and will be reflected in the Medium Term Financial Strategy.
8. The Treasury Management Strategy will reflect the above changes and will be reported to Council in February 2013.
9. A key aim of the Capital Challenge process is to create capacity for new schemes to come forward and the new spending plans for the capital programme will be included in the Budget Report to Council in February 2013.
10. We are now working through a Capital Visioning approach, which takes a longer term view of Cheshire East's capital investment plans, based on the Local Plan, economic growth ambitions, internal and external infrastructure ambitions and development opportunities.
11. Additional decisions will be made as part of phase two of the development of the Major Projects to firm up the Capital investment implications for 2013/2016 based on the Capital Visioning exercise.

Appendix 3 – The Council's Taxbase

1. The October MTFS assumed no increase in the Council's taxbase, ie the number of Band D equivalent properties used to set the Council Tax. This approach recognised that increases in the taxbase through new build for example may be countered by increases in the award of discounts and / or demolitions.
2. Work to calculate the taxbase for 2013/2014 has now been completed and a full report relating to the issues is included elsewhere on this agenda.
3. For 2013/2014 the taxbase has been affected by three main issues:
 - the normal growth in properties
 - the impact of the technical reforms to reduce certain discounts
 - the impact of the new Council Tax support scheme.
4. After incorporating those factors the taxbase position is

	2013/2014 Estimated	2013/2014 Final	Change
Tax base (Band D)	146,807.37	149,907.17	3,099.80 (+2.1%)
Impact of CTS (Band D)	-12,436.00	-12,784.98	
Total Tax base (Band D)	134,371.37	137,122.19	2,750.82 (+2.0%)
Band D Council Tax (£)	1,216.34	1,216.34	
Council Tax Income (£m)	163.4	166.7	3.3 (+2.0%)

5. The October position included council tax income at £163.4m. This was derived by multiplying the 2012/2013 taxbase after the estimated impact of the Council Tax Support scheme by the average Cheshire East Council Tax for a Band D property as per the above table.
6. Using the same methodology applied to the calculated taxbase for 2013/2014 this results in an increase of £3.3m.

Appendix 4 – Reserves Strategy Update

1. The Council manages financial reserves to protect against risk and support investment. The minimum level of reserves reflects emergency requirements, but also the fact that in-year spending may exceed in-year funding. If risk can be reduced then the minimum level will also reduce accordingly.
2. However, the reliance on local funding sources and the overall reducing levels of Government funding means that both risks and investment on innovation may increase in the short to medium term. This uncertainty means that a cautious approach needs to be adopted and reserves should provide a sufficient “cushion” against unforeseen changes which impact negatively on the Council’s finances.
3. **Table 4.1** shows an update of the Reserves Strategy following the publication of the Council Statement of Accounts for 2011/2012 and the 2012/2013 Mid Year Review.
4. The table includes a line in relation to “- Amounts held for Strategic Purposes”. This reflects the Council’s ambition to use reserves to assist with developing Change Projects to deliver a sustainable budget in future years.
5. Earmarked Reserves are set aside for specific, often statutory, purposes. They have been reviewed regularly in the last two years and there is no expectation that significant sums will be released back to General Reserves in the medium term.
6. School balances stand at c.£15m at March 2012 representing an increase of £5m on the position as at March 2011. The Council is not able to access these balances (unless there is a negotiated position with schools) and as such they are not reflected in table 4.1 or in the Council’s medium term financial planning.

Table 4.1: Updated Reserves Strategy at Mid-Year

Detail	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Estimated Balance @ 1st April	11.4	12.5	15.0	15.0
Projected Increases in Reserves				
- Planned Contribution to Reserves	7.6	9.6	6.1	1.6
- Pay back of 2012/2013 Cost of Investment		1.3	1.3	1.3
Projected Use of Reserves				
- Funding Supplementary Revenue Estimates	-0.3			
- Estimated Impact of 2012/2013 Spending	-6.2			
- Funding contribution to Base Budget Pressures		-1.6	-1.6	-1.6
- Amounts held for Strategic Purposes / Growth Fund		-6.8	-5.8	-1.3
Sub total changes	1.1	2.5	0	0
Forecast General Reserves @ 31st March	12.5	15.0	15.0	15.0
Risk Assessed Minimum Level **UNDER REVIEW**	15.0	15.0	15.0	15.0
(Under achievement of Risk assessed minimum) / Un-Allocated Balance	-2.5	0.0	0.0	0.0
Earmarked Reserves at 31st March 2012	£m			
- Insurance Reserve - Cheshire County Fund	1.7			
- Insurance Reserve - Cheshire East Fund	1.4			
- PFI Equalisation Reserve	0.9			
- Carry Forwards by Service Managers	0.8			
- Invest to Save Reserve	0.7			
- Other items	2.8			
Total Earmarked Reserves (excl Schools)	8.3			
Reserves held by Schools at 31st March 2012	£m			
Note: Schools reserves are not available except where there is a negotiated position with Schools.				
- Primary	9.6			
- Secondary	4.4			
- Special	1.0			
Total Schools Reserves	15.0			
Source: Cheshire East Finance				

Appendix 5 – Base Budget Review

1. The Council reported its Mid Year Review of Performance to Cabinet on 12th November. This demonstrated that the Council was experiencing pressures in a number of areas and was actively mitigating these pressures in a number of ways to arrive at a net forecast overspend.
2. The Council has undertaken a piece of work to determine the permanent pressures and permanent mitigating actions going forward into 2013/2014.
3. The permanent pressures are set out in **table 5.1** below.

Table 5.1 – The Council is experiencing £31.5m of permanent pressures for 2013/2014

Directorate	2013/2014 Pressures £m	Comments re pressures
Children and Families	5.5	Children's placements £3.6m Children's staffing £0.8m Transport £1.1m
Adults	11.0	Individual Commissioning care costs £7.6m Strategic Commissioning Networks / Pool Contracts £2.1m / Unachieved Redesign Reductions £0.8m Care4CE earlier reductions £0.3m Business Management and Challenge earlier reductions £0.2m
Adults - Grant forecast adjustment	6.1	This includes a base correction in Adults for grant receivable.
Places and Organisational Capacity	8.0	Waste and Streetscape pressures re: frontline operational costs, contract pressures and income shortfalls. New growth relates to exceptional inflation in Assets relating to utility costs.
Corporate	0.7	Various pressures including additional training and restating lost posts.
Central Items	0.2	This represents funding for contractually required increments which are under review.
Total	31.5	

Source: Cheshire East Finance

4. This is offset by long term remedial actions which results in the net position detailed in **Table 5.2** below.

Table 5.2 – After mitigating action the Council has reduced the pressure to £23m

Directorate	2013/2014			Comments re Mitigation
	Net Position £m	Mitigation £m	Net Position £m	
Children and Families	5.5	(2.9)	2.6	Early Intervention £2.1m Transport £0.8m
Adults incl grant base correction	11.0	(4.3)	6.7	Care4CE efficiencies £0.3m Hold growth £3.0m Hold inflation £0.4m Reduce Third Sector Contracts £0.1m Reduce commissioned external provider contracts £0.4m Business Management and Challenge £0.1m
Places and Organisational Capacity	8.0	(1.3)	6.7	Waste - Landfill Contract - impact of reduced tonnage and savings in Libraries
Corporate	0.7	0.0	0.7	-
Central Items	6.3	0.0	6.3	-
Total	31.5	(8.5)	23.0	

Source: Cheshire East Finance

These will be factored into the funding shortfall.

Appendix 6 –Roll Forward Proposals

Proposals	Original Roll Forward £000	Change £000	New Roll Forward £000	Reason for Change
Children and Families				
Review Disability / Short Breaks Placements	-200	200	0	Most of the original proposals have been incorporated into the Council's change projects
Rationalise Residential Provision	-780	580	-200	
Invest in Fostering & Support	100	-100	0	
Rationalisation of Home to School Transport	-619	-6	-625	
Total Children and Families	-1,499	674	-825	
Adults				
Care4CE - Hollins View	360	-360	0	This scheme has been deferred until 2016/2017.
Removing voids from Supported Living Tenancies	-300	300	0	No further void reductions are anticipated beyond 2012/2013, pending the activity within the Change Projects incorporated in the business planning process.
Invest in new Service Business Systems	125	-125	0	Overtaken by Change Projects
Impact of increasing demand / costs	5,900	-4,900	1,000	An assessment of the level of retained growth, both of care costs and inflation has been undertaken. The overall level of care cost growth is assessed at £4m per annum with a base inflationary requirement of £1.9m per annum, a total of £5.9m per annum. In 2013/2014, following the work with Red Quadrant and review activity with Skylakes the requirement has been reduced to £1m for care cost growth. In 2014/2015 the requirement increases to £3m and £5m in 2015/2016. These later years will be reviewed and updated taking account of progress with the reviews currently underway.
Transport reduction savings	-500	0	-500	This relates to the redundancy costs associated with the removal of Council Fleet Transport. The changes are anticipated to be completed during 2012/2013, allowing the budget to be removed from 2013/2014 onwards.
Total Adults	5,585	-5,085	500	
Places and Organisational Capacity				
Waste disposal - decreased / increased running costs	823	-161	662	Amended due to lower Growth in terms of Tonnage & Rate
Waste disposal - diversion from landfill	-475	362	-113	Reduced Saving: Only 10kt can be diverted in 2013/2014 through collaboration with another local authority.
Waste disposal - HWRC site review	1,500	-1,500	0	Deleted. Capital Scheme removed through capital review but may be deferred to 2014/2015
Waste Collection & Recycling - Route Optimisation	26	0	26	Retained
Local Service Delivery - Transfers	-39	39	0	Deleted - this related to Yr 2 assets transfers re Public Conveniences but some sites are remaining
Transport: Concessionary Fares + Local Bus exceptional inflation	293	43	336	Lower inflation forecast
Neighbourhood Policing transfer of Grant to P&CC	-150	0	-150	Retained
Car Parking developments	-36	36	0	Deleted pending further review of options and costs
Review Leisure Centre operations	-75	75	0	Deleted - a review of joint use leisure centres is not achievable due to legal constraints
Other Policy Proposals	-12	0	-12	Retained
Spatial Planning: Local Development Framework Public Enquiry Examination	150	-150	0	Deleted - to be treated as a one off item
Planned Programme of Inspections	400	0	400	Retained
Increase in Energy Consumption Budgets	510	-510	0	Deferred to later years
Energy Consumption Invest to Save project	-330	270	-60	Amended due to longer pay back period
Caretaking & Cleaning Review	-100	0	-100	Retained
Reductions in street lighting energy costs	-125	54	-71	Amended due to a delay in starting the scheme
Reduce Council's subsidy to Tatton Park	-341	211	-130	Amended due to a delay in starting elements of the programme
Other: Hsg review HIA service	-25	25	0	Deferred to later years
Other: Assets reduce illuminated signs/lighting	-10	0	-10	Retained but under review
Other: VE remove Nantwich food a7 drink festival subsidy	-5	0	-5	Retained
Other: VE NIC income generation	-30	30	0	Deferred to later years
Other: External funding team	0	-50	-50	Brought forward from 2014/2015
One off Grants to Town and Parish Councils	-209	0	-209	Retained but under review
Total Places and Organisational Capacity	1,740	-1,226	514	

Proposals	Original Roll Forward £000	Change £000	New Roll Forward £000	Reason for Change
Corporate Services				
Insurance re-tendering and efficiencies	-150	0	-150	Retained
Investment in a Training Facility	-50	50	0	Original ambitions to establish a trading company for the delivery of a training facility at Tatton Park have been scaled down to ensure that there is a model that is achievable and a stronger business case can be made. A pilot programme is being developed but we are applying caution at this stage by removing the income generation from the plan until delivery can be proved.
Optimisation of Revenues and Benefits Service Delivery	-100	0	-100	Retained
Investment in Core System Stability	650	0	650	Retained
ICT Harmonisation of Contracts / Sweating Assets	-50	0	-50	Retained
Develop Separate Legal Entity - Finance	-500	500	0	Original plans related to the implementation in 2012/2013 of a Separate Legal Entity for the major Shared Services are being re-examined through a new Business Case, which is included in Change Project 7.1. On this basis the original planned savings have been removed and the revised plans will be updated in Change Project 7.1 - subject to Member decision in January 2013.
Other Policy Proposals	-78	0	-78	Retained
Develop Separate Legal Entity - HR/OD	-175	175	0	As above
Other Policy Proposals	27	0	27	Retained
Total Corporate Services	-426	725	299	
Total 2013/2014 Policy Options	5,400	-4,912	488	

Source: Cheshire East Finance

Appendix 7 – Council Priorities and Change Projects as at 10th December 2012

Ref	Change Project	Description of Projects(s)	Cost of Investment			Cost			Saving			Net		
			2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
1.	Local economic development													
1.1	Investment in existing and new road infrastructure	Investment in improving road conditions. Also key new road infrastructure projects including Congleton Link Road; Poynton Relief Road, Crewe Green Link Road, and Crewe regeneration projects						200	(200)			(200)	0	200
1.2	Investment in high speed broadband network for Cheshire East	Connecting Cheshire - To provide a minimum of 90% superfast broadband coverage across the four Cheshire authorities, with the ambition to achieve 100% through European Grant Funding										0	0	0
1.3	Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme	To deliver jobs growth and regeneration for principle town centres and market towns across Cheshire East				500						500	0	0
2.	Developing affordable, and sustainable local models of care for vulnerable children and adults													
	All four 'Change Project' areas in this category are covered by this project	To design future care and support models across Children's and Adults' services in ways that will help achieve increased levels of independence and reduce the need for longer term support.	500						(870)	(1,420)	(200)	(870)	(1,420)	(200)
3.	Focusing services on early intervention and prevention													
	All four 'Change Project' areas in this category are covered by this project	Investment in early intervention activities which prevent individuals requiring support and services for the longer term.	400						(1,600)	(1,000)	(1,000)	(1,600)	(1,000)	(1,000)
4.	Responding to the changing education and learning environment													
	All four 'Change Project' areas in this category are covered by this project	Good education provision is vital, both for the success of individuals and to stimulate and drive a thriving local community and economy. Changing national priorities and local need mean that the authority needs to develop a number of initiatives to address these issues together with exploiting opportunities for improvement and driving efficiencies	400						(600)	(350)	(100)	(600)	(350)	(100)

Ref	Change Project	Description of Projects(s)	Cost of Investment			Cost			Saving			Net		
			2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
5.	Securing housing that is locally-led, community-based and that meets local needs													
5.1	Develop a new delivery model for the housing service	Reshaping of existing housing service to maximise efficiencies										0	0	0
5.2	Better integrate housing across all Council services	Better integrate housing across all Council services, ensuring it supports independent living and health improvement								(300)		0	(300)	0
6.	Redefining the Council's role in core place-based services													
6.1	Develop new delivery models for frontline place-based services	(a) To identify future delivery options of 'in-house' leisure facilities which affords the Council maximum flexibility and reduces burden on the taxpayer	300				100					0	100	0
		(b) To extend the scope of the Highways Services Contract by inclusion of Streetscape & Parking Maintenance activities currently undertaken by the Council							(250)	(200)		(250)	(200)	0
6.2	Total Transport change project	Continued development of affordable transport options, including sustainable staff travel										0	0	0
6.3	Develop a new model for sustainable library services and community hubs	To implement a range of operating models for libraries, reflecting the scale of demand in different communities. Opportunity for further community involvement and shared assets.	50	150	100				(100)	(600)	(300)	(100)	(600)	(300)
6.4	Determine future delivery model for waste management services	Developing and implementing an alternative delivery models for the different Waste & Recycling service.	725								(2,000)	0	0	(2,000)

Ref	Change Project	Description of Projects(s)	Cost of Investment			Cost			Saving			Net		
			2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
7.	Service efficiency and redefining the corporate core													
7.1	Develop a more affordable model of corporate services with key subject expertise, to enable better strategic commissioning and delivery of frontline services	To deliver a comprehensive review of the business model and structures for the corporate support functions Performance; Research & Consultation; Marketing & Publicity; Workforce Development and Procurement.								(450)		0	(450)	0
7.2	Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	The project will support the major schemes and programmes of work across the Council as well as the day to day operations, based on our service objectives to provide - "Fit for purpose" ICT services which enable and support effective and reliable service delivery. - A cost effective ICT infrastructure that reduces duplication, streamlines business processes, offers best value and delivers a return on investment. - Safe and secure technology that reduces risks, repels external threats and complies with relevant legislation. - A future-proof, proactive and innovative commissioning service for all ICT investment. (figures received from Children's, Families and Adult's)	200						(250)	(250)	(500)	(250)	(250)	(500)
7.3	Continue targeted business improvement reviews to find efficiency savings from all services	Business efficiency and effectiveness (figures received from Children's, Families and Adult's).	100						(450)	(100)		(450)	(100)	0
7.4	Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Rationalisation of current Council operational asset portfolio to consolidate delivery of services into fewer buildings, releasing efficiencies in overheads, reducing carbon emissions and generating capital receipts as sites are released.	50						(1,500)			(1,500)	0	0

Ref	Change Project	Description of Projects(s)	Cost of Investment			Cost			Saving			Net		
			2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
8.	Workforce planning													
8.1	Further develop employment and working practices to enable flexible and agile working	(a) To enable the design and implementation of a contribution based pay scheme to replace the current incremental progression scheme	230									0	0	0
		(b) To further develop employment and working practices to enable flexible and agile working.	50									0	0	0
		(c) To enable a fundamental review of evaluated jobs / roles with a view to reducing them and grouping them into families.										0	0	0
8.2	Identify changing skills requirements over medium term and equipping the organisation with these skills	To enable the design and implementation of a contribution based pay scheme to replace the current incremental progression scheme	70			100						100	0	0
8.3	Manage workforce turnover so that vacant posts, where appropriate, are used to provide efficiency savings, whilst retaining staff with essential skills	To design, agree and implement a process which will enable the Council to identify and delete appropriate posts that become vacant, thereby achieving reductions through natural wastage.										0	0	0
			3,075	150	100	600	100	200	(5,820)	(4,670)	(4,100)	(5,220)	(4,570)	(3,900)
														(13,690)

Note:

- The Cost of Investment is one off and not included within the totals.
- Cost and Savings represent permanent changes to Budgets.

Appendix 8 – Meeting the Financial Challenges – December Update

Options related to each of the Five Measures are set out below.

Measure	December Position
Measure One Challenge Financial Assumptions	<p><i>Additional funding may be possible from the following:</i></p> <ul style="list-style-type: none"> - Business growth (1% business rates growth = £0.3m additional income). - Return of Government contingency funding (up to 13% of current funding levels). - Additional new homes (every additional band D property equates to £1,400 of bonus funding). - Improved employment levels which will reduce the call on Council Tax Support. - Baseline and Grant funding levels <p><i>Funding Available to Services can also change if the following areas are adjusted:</i></p> <ul style="list-style-type: none"> - Revenue costs of the Capital Programme. <p>This issue has already been subject to a Capital Visioning Review by the Leader of the Council and the Portfolio Holder for Finance. The results of this review were reported in the Mid-Year Review (November 2012) and approval for a revised programme will be sought at December Council.</p> <p>Further work is underway with the Council's treasury management advisers to consider altering the profile of debt repayment.</p> <ul style="list-style-type: none"> - Contributions to/from reserves.

Measure	December Position
Measure Two Review Local Taxation	<p><i>The Council can review current funding assumptions:</i></p> <ul style="list-style-type: none"> - Acceptance of the Council Tax freeze grant results in additional income of £1.8m for 2013/2014 and 2014/2015. - Changes in the taxbase. Subject to approval by Council the growth in the taxbase resulting from new build and changes to Council Tax discounts equates to £3.3m of additional funding. - Impact on collection rates can generate a surplus or a deficit. - The consultation on Council Tax Support has closed and supported the Council's scheme to deliver the necessary level of saving. This has been factored into the updated taxbase which is subject to Council approval. - Introducing a business rate supplement for specific purposes (1p on the multiplier = £2.1m). - Introducing business improvement districts for specific purposes.
Measure Three Manage Reserves	<p><i>The Reserves Strategy 2012/2015 can be reviewed to reconsider:</i></p> <ul style="list-style-type: none"> - Risks associated with medium term spending plans. - Other emerging risks which may require funding from reserves. - The strategic use of reserves to support innovation.
Measures Four & Five Manage Cost Drivers & Income	<p>The Council's 3 Year Plan 2013/2016 will almost certainly necessitate major changes to the way services are delivered and funded to achieve the required outcomes.</p> <p>In order to manage the difficult budget setting decisions necessary over the next few months, a set of principles have been developed which will be applied consistently to guide these during the budget process.</p>

Measure	December Position
	<p>These principles have been refined and are currently :</p> <ol style="list-style-type: none"> 1. We will be policy-led and stick to our decisions. 2. We will make decisions based on evidence of need, with due regard to our equality duty and on what works. 3. We are planning for at least 3 years. 4. We must be a more productive and affordable organisation. 5. We will stop doing some things to focus on those that matter most to local people. 6. We will invest in innovative new ways of providing services. 7. We will ensure that those who provide services, whether in-house or externally, give real value-for-money. 8. We will promote self-reliance and capacity in local communities to reduce demand on public services. 9. We will focus our limited resources on prevention and early intervention. 10. We will invest in infrastructure to promote local economic growth and access to job opportunities. <p>These are in draft form and may be updated during the Budget setting process in light of comments received.</p>

Appendix 9 – Detailed Timetable

Month	Meeting	Action
December		
7	Corporate Scrutiny	To allow cross party input into Council tax base issues of Council tax support and technical reforms.
10	Cabinet	To make recommendations to Council on Council tax base (incl Council tax support and technical reforms) and consider MTFS Report
13	Council	To approve Council tax base (incl Council tax support and technical reforms) and approve recommendations regarding investments in roads
January		
7	Cabinet	
9	Member Briefing	To receive budget briefing
Mid	Finance Portfolio Holder	Formally approve NNDR1 Return
31	Audit and Governance Committee	Consider Treasury Management Strategy
February		
4	Cabinet	To recommend to Council approval of budget / 2013/2014 Capital Programme / Leader's Report / Treasury Management Strategy / indicative Council tax resolution
21 / 28	Council	To approve the budget / 2013/2014 Capital Programme / Leader's Report / Treasury Management Strategy / Council tax resolution

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	10 th December 2012
Report of:	Director of Finance and Business Services
Subject/Title:	Annual Governance Report – Cabinet Response
Leader:	Cllr Michael Jones, Leader of the Council

1.0 Report Summary

- 1.1 The Annual Governance Report (Appendix 1) was presented by the Audit Commission to the Audit & Governance Committee on 27th September 2012. The Annual Governance Report (AGR) includes four recommendations intended to improve the Council's arrangements to secure value for money.
- 1.2 It was recognised by the Audit Commission that the Council was already in the process of implementing improvements that are in tune with their recommendations. The Leader of the Council (the Leader), Cllr Michael Jones, recognised the need to provide clearer strategic direction and political leadership as he took on his new role in early summer. The Council has been on a strong path of improvement ever since and plans to continue with even greater improvement during this financial year and beyond.
- 1.3 The Leader, Cabinet and in particular the Portfolio Holder for Finance and the Portfolio Holder for Performance have taken ownership of the Action Plan in response to the recommended improvements and are working with the interim Chief Executive and Corporate Management Team to drive this improvement.
- 1.4 The Audit Commission Annual Audit Letter (AAL) will be reported to Council on 13th December 2012, including the Council's approved response to the AGR recommendations for improvement. The AAL provides even greater recognition of the progress made by the Council in securing value for money this financial year and the strategic and ambitious direction of travel through a new vision for Cheshire East.

2.0 Decision Requested

- 2.1 To approve the Council's response (Appendix 2) to the Audit Commission Annual Governance Report recommendations intended to improve arrangements to secure value for money.

3.0 Reasons for Recommendations

- 3.1 It is important for Cheshire East Council to demonstrate its commitment to improvement and to its new vision for the future (3 Year Plan attached at

Appendix 3). It is clear that significant progress had already been made by the Council ahead of the Audit Commission AGR and this is evidenced in the comprehensive response provided in Appendix 2.

- 3.2 Cabinet is making a clear statement of intent in making this decision and is sending a strong message that 'we are on with it', utilising the ideas, skills and expertise of Cheshire East Members and officers.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 There are no direct policy implications associated with this decision.

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

- 7.1 There are no direct financial implications associated with this decision.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Audit Commission is required under Section 5 of the Audit Commission Act 1998 to satisfy it that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires it to report to the Council its conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

9.0 Risk Management

- 9.1 By identifying an Action Plan in response to the Audit Commission recommendations for improvement, and demonstrating the achievement against the Action Plan, the Council is mitigating the risk of an adverse Value for Money conclusion for 2012/13.
- 9.2 By making the approval of the Council's response a Cabinet decision, the Leader is recognising the importance of the response and its relevance to the Council's plans for improvement. In addition the Audit Commission Annual Audit Letter will be reported to Council on 13th December 2012, again demonstrating the importance of addressing the Audit Commission's improvement messages.
- 9.3 Cabinet also recognises the role of the Audit & Governance Committee in gaining assurance from the improvements to governance arrangements,

processes and internal controls. The Committee will receive a progress report on the Action Plan at its meeting on 31st January 2012. Again this assists the mitigation of an adverse Value for Money conclusion for 2012/13.

10.0 Background and Options

- 10.1 The Annual Governance Report (Appendix 1) was presented by the Audit Commission to the Audit & Governance Committee on 27th September 2012. The Annual Governance Report (AGR) includes four recommendations intended to improve the Council's arrangements to secure value for money:

Recommendation 1

Members need to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.

Recommendation 2

The Council needs to implement planned improvements in business planning and programme/project management processes providing a clear link to agreed priorities – including robust option appraisal and financial analysis before projects begin. This should also include relevant aspects of recognised effective programme/project management arrangements for all projects.

Recommendation 3

The Council needs to develop longer term financial plans clearly aligned to business priorities and supported by deliverable savings plans. These plans should also ensure that reserves are used appropriately and are maintained in line with the Council's own assessment of the financial risks it needs to manage. The quality of financial forecasting in some areas also needs to improve.

Recommendation 4

The Council needs to improve performance monitoring and reporting. This should include agreeing a set of relevant local performance indicators that reflect its priorities. Those indicators should then be reported alongside the national indicators and integrated with robust financial information to support member and officer decision making.

- 10.2 The Council's Action Plan in response to the above recommendations is provided at Appendix 2. The response clearly sets out the progress already made by the Council ahead of the reporting of the AGR and also clearly demonstrates the further actions planned to address any areas of weakness.
- 10.3 The primary areas of focus for the Action Plan are provided in the response to Recommendation 1, owned by the Leader. The planned action includes:

- The development of policies, based on the vision for Cheshire East, which will drive the achievement of the Council's 3 Year Plan for 2013/16 (Appendix 3).
- In developing the Council's policies, recognising the need to make tough decisions on the future delivery of Services and being prepared to see them through.
- The setting of a robust 3 Year Budget for 2013/16 that is affordable, deliverable and sustainable.
- The development of a strategic 3 Year Capital Programme for 2013/16 with an emphasis on investment in external and internal infrastructure, development of new Service delivery models and invest-to-save opportunities.
- The development of a major 3 year programme of transformational change in service delivery by March 2013, out of which we can identify a major savings plan.

10.4 The Action Plan also focuses on achieved and planned improvements including:

- The development and implementation of the new Project Gateway model, including the new Executive Monitoring Board and the Technical Enabler Group.
- The full implementation of the corporate Project Management Framework by March 2013, including effective communication of the new model and a strong training programme underpinned by user friendly guidance.
- The Directorate reviews of key Services and delivery models as part of the development of the 2013/16 transformational change programme.
- The completion of the review of Performance Management and the implementation of its recommendations by the end of March 2013.

10.5 The Audit Commission Annual Audit Letter will be reported to Council on 13th December 2012. It welcomes the Council's response to its recommendations and provides a balanced and positive view of the Council's prospects for improvement and its strong and strategic direction of travel.

10.6 It is therefore recommended that Cabinet approve the attached Action Plan (Appendix 2) in response to the Audit Commission recommendations intended to improve arrangements to secure value for money.

11.0 Access to Information

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

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Designation: Director of Finance and Business Services
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Annual governance report

Cheshire East Borough Council

Audit 2011/12

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS foundation trusts), local police bodies and other local public services in England, and oversees their work. The auditors we currently appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

Contents

Key messages	2
Financial statements.....	2
Value for money (VFM).....	2
Before I give my opinion and conclusion	5
Independence	5
Next steps.....	5
Financial statements	6
Opinion on the financial statements.....	6
Significant risks and my findings.....	7
Significant weaknesses in internal control	8
Other matters	9
Internal Audit.....	10
Whole of Government Accounts	10
Value for money	11
Securing financial resilience	11
Securing economy efficiency and effectiveness	13
Recommendations.....	16
Fees.....	18
Appendix 1 Draft independent auditor's report	19
Appendix 2 Uncorrected errors and uncertainties	22
Appendix 3 Corrected errors	23
Appendix 4 Draft letter of management representation	24
Appendix 5 Action plan	27
Appendix 6 Glossary	28

Key messages

This report summarises the findings from the 2011/12 audit which is now complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

I have completed most of my audit work and expect to issue an unqualified opinion on the Council's financial statements on 28 September 2012.

The Council has improved its closure of accounts process this year. The statements received on 30 June 2012, were supported by much better audit trails and working papers. The finance team implemented the recommendations from the last two audits including important improvements to quality assurance arrangements. This has all helped to reduce the number of errors identified during the audit and improve the overall quality of the accounts.

The accounts presented for audit contained no material errors and far fewer other errors than in previous years. The accounts were amended for seven reclassification errors and a number of changes to disclosures within the supporting notes. A full list of the changes to the accounts is included at appendix 3.

Value for money (VFM)

I have completed most of my audit work and expect to be able to issue my VFM conclusion on the 28 September.

I have some concerns about whether Cheshire East Council has proper arrangements to secure value for money in its use of resources. I expect to issue a qualified opinion that draws attention to weaknesses identified in the Council's arrangements for securing value for money.

While the Council has adequate arrangements in place to secure financial resilience my work has identified areas where further improvements can be made. I also conclude that the Council has adequate arrangements for securing economy efficiency and effectiveness except for:

- weaknesses in its arrangements to develop business proposals and manage significant projects. These weaknesses undermine the Council's ability to show that it is prioritising resources within budgets and achieving sustainable cost reductions alongside greater efficiencies and improved productivity.

With the exception of these matters, I am satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

The Council continues to face financial pressures and now needs to review and improve its own arrangements for securing financial resilience. Since its inception in April 2009 the Council has had to manage unplanned budget pressures each year. This pattern is continuing in 2012/13 – in its first quarter report the Council identified pressures of £22 million. While savings plans are in place to address this pressure a budget gap of £7.7 million still remains.

Over this same period the Council used its reserves to manage its overall financial position. General fund reserves are no longer adequate to support in year pressures and are now below the Council's own assessment of the financial risks it faces. While the use of reserves to date has been planned it is clear that their continued use to support budget pressures is not sustainable.

In the past two years the Council planned to deliver savings of £50 million. To help identify robust plans to deliver those savings the Council revised its business planning process. This, together with the Council's budgeting process, is the main mechanism for identifying savings and growth areas. But weaknesses in the application of these processes are undermining the Council's ability to show that it provides value for money. In summary, the Council approves too many small projects that are not clearly aligned to its stated priorities. It is also clear that the translation of ideas and proposals into approved schemes is not robust. Used appropriately, effective business planning and budget setting processes should help the Council to develop robust proposals.

The Council has started to implement a gateway process which should address the problems identified in its project and programme management arrangements. It is also revisiting the business proposals agreed as part of the 2012/13 budget to ensure they remain appropriate and are supported by robust delivery plans.

In January 2012 the Council's, (then), Chief Executive and Leader commissioned internal audit to do a review of the decision to build a waste transfer station at Lyme Green, Macclesfield.

A number of the issues raised in the critical internal audit report on Lyme Green link directly to the weaknesses in the Council's business planning and budget setting process set out in this report. It is also clear that internal audit identify a number of important governance and internal control issues – including compliance with the Council's constitution, its corresponding standing orders and financial procedure rules. The Council accepted all of the recommendations in the critical internal audit report. In June 2012 the Council's staffing committee also approved the appointment of an independent investigator to consider the actions of the officers involved. That investigation should be concluded later this year.

I have reviewed the actions taken by the Council since the Lyme Green issues emerged in January 2012. I am satisfied that the Council is strengthening its governance and internal control processes. At this time I do not plan to take any further action. I will however ensure that the incoming auditor is aware of the issues raised – including the conclusions of the independent investigator.

I have agreed a small number of high level recommendations, with the interim Chief Executive, to improve the Council's arrangements to secure value for money (page 16 and appendix 5). Some of my recommendations link closely to those made by internal audit on Lyme Green which the Council is in the process of implementing.

The most significant of my recommendations is the need for Members to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) – Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Council during 2011/12.

Next steps

I ask the Audit Committee to:

- take note of the adjustments to the financial statements included in this report (appendices 2 and 3);
- approve the letter of representation (appendix 4), on behalf of the Council before I issue my opinion and conclusion; and
- Agree the Council's response to the proposed action plan (appendix 5).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

I have yet to complete my work in the following areas at 20 September:

- receive sufficient information to complete my work on the cash flow statement;
- collection fund;
- final review procedures; and
- agree the final changes to the financial statements with officers.

In addition, I have not completed my work on the Council's whole of government accounts return.

I will update the Audit and Governance Committee on 27 September 2012. At this stage I do not expect to need to issue an updated report in advance of those meetings.

Uncertainties and uncorrected errors

I found three uncertainties in the accounts. I have accepted the Director of Finance and Business Services' decision not to amend the accounts for these issues.

- The Council assumes a 99 per cent collection rate in respect of current year Council Tax and NNDR debtors. No doubtful debt provision has been raised in respect of the balance. If such a provision was made the total money set aside would increase by £225,000.

- The second uncertainty relates to the inclusion of debts, and the associated doubtful debt provision of £580,000, in respect of Highways debtors inherited from Cheshire County. Some of these debts date back to 2001 and may no longer be collectable. The Council should review its provision for these debts and consider writing them off where appropriate.
- The doubtful debt provisions for Council Tax and NNDR debtors may be understated. The Council does not have a complete age analysis of these debts and is therefore unable to assess the adequacy of these provisions.

I also found two errors that I have not asked the Council to correct.

- Investment properties are understated by £325,000 for assets previously omitted from the asset register.
- Surplus assets are overstated by £318,000 because no depreciation was charged in the year.

While these items are not significant I draw them to your attention as the amounts involved exceed my trivial reporting threshold.

Corrected errors

My audit identified no material errors in the accounts presented for audit. Officers amended the accounts for seven reclassification errors. A number of other amendments were made to disclosures within the supporting notes. The quality of the accounts presented for audit was much improved from previous years. This contributed to the significant reduction in the volume of errors identified during the audit. (I reported five material and 59 other corrected errors last year.)

Summaries of the uncertainties, uncorrected and corrected errors are attached at appendices 2 and 3.

Significant risks and my findings

In my January 2012 Audit Plan I identified one significant risk relevant to my audit of your financial statements. Table 1 summarises my work to address that risk.

Table 1: **Risks and findings**

Risk	Finding
<p>In year financial pressures and their potential impact on reserves increased the risk of financial misreporting which may impact on the true and fair presentation of the financial statements.</p> <p>As a consequence I am also unable to rebut the presumption of fraud in income recognition.</p>	<p>I reviewed the effectiveness of management controls in place to reduce the risks of financial misreporting and fraud in income recognition. I undertook extended testing on material journals and income and expenditure cut-off.</p> <p>My testing did not find any material errors.</p>

Risk	Finding
	I also reviewed the application of significant accounting treatments used in preparing the accounts against the Council's stated accounting policies. There are no matters that I wish to bring to your attention.

Significant weaknesses in internal control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice.

My responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

I have tested the Council's controls only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. The weaknesses I have identified during the audit are only those that are relevant to preparing the financial statement. I also reported these weaknesses to you last year.

I explain in table 2 the Council's response to the weaknesses and the action I took at my audit to reduce the risks to acceptably low levels. The Director of Finance and Business Services is giving priority to resolving the control issues in 2012/13.

Table 2: Internal control issues and my findings

Description of weakness	Findings
<p>Access to the general ledger</p> <p>Some staff have access to main financial systems without effective controls being in place. This increases the risk of unauthorised and inappropriate entries being made in the general ledger and other key financial systems.</p>	<p>As in 2010/11 multiple access privileges for some staff to main financial systems remain an issue. It reduces the effectiveness of segregation of duty controls and increases the risk of unauthorised access to the Council's financial systems. Together with Cheshire West, the Council improved access controls in 2011/12 and further changes have been made since 1 April. Internal Audit performed substantive testing in these risk areas and concluded that transactions were processed correctly.</p> <p>I have reviewed and re-performed a small sample of Internal Audit's work to gain the assurance I need for my audit. I found no instances of inappropriate access.</p> <p>The Council still needs to bring the risk of unauthorised access down to an acceptable level.</p>

Description of weakness	Findings
<p>Reporting differences between Oracle and Northgate (the Council Tax and NNDR systems).</p> <p>The Council introduced the Northgate system in December 2010 – replacing the three systems operated by the former district councils. Northgate are working with the Council to resolve the remaining implementation issues.</p>	<p>Last year, I identified differences between the cash receipts and refunds balances reported by Northgate for NNDR and Council Tax and those reported in Oracle. There were also differences between Northgate reports used to support the NNDR3 claim and the collection fund. The finance team carried out work during 2011/12 to improve the quality of the year end reports.</p> <p>This year, my testing of the collection fund and NNDR3 claim found improvements in these areas with two exceptions:</p> <ul style="list-style-type: none"> ■ the aged Council tax and NNDR debtors list does not agree to the arrears total on the system; and ■ the year end Control Summary report includes significant adjustments incorrectly classified as write offs. <p>The Council should continue to review year end reports to ensure that reports are accurate and complete.</p>

Other matters

I am required to communicate to you significant findings from the audit and other matters that are important to your oversight of the Council's financial reporting process.

Quality of your financial statements

There were marked improvements in the quality of the accounts presented for audit and in the working papers. In addition the response time to audit queries and the quality of supporting evidence was significantly better than in previous years. These improvements resulted from stronger quality assurance arrangements around the production of the accounts which helped to reduce delays in the progress of the audit. The finance team needs to continue to develop its closedown and ongoing audit support arrangements so that the overall process can be completed efficiently.

Annual Governance Statement

The Council's Annual Governance Statement meets CIPFA's requirements. During 2011/12 the Council's Corporate Governance Group strengthened the processes for compiling the statement and for obtaining assurance from service managers. The disclosures set out in the statement are consistent with the information I am aware of from my audit of the financial statements and also from my value for money work.

Letter of representation

Before I issue my opinion, auditing standards requires me to ask you and management for written representations about your financial statements and governance arrangements. The draft letter of representation is attached, appendix 4.

Internal Audit

During the year, I have been able to place reliance on the work of internal audit in respect of controls and substantive testing on a number of financial systems. Before placing reliance, I reviewed the scope and adequacy of the testing to check that it met appropriate standards.

Where relevant I have reviewed other pieces of their work to inform my VFM conclusion.

Whole of Government Accounts

Alongside my work on the financial statements, I have also reviewed and reported to the National Audit Office on your Whole of Government Accounts return. The extent of my review and the nature of my report were specified by the National Audit Office. I have no matters to report at this stage. If necessary, I will update members on the outcome of my work in this area on 27 September.

Value for money

I am required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my Audit Plan dated January 2012, I reported to you a small number of risks that were relevant to my conclusion. I updated my assessment of those risks and my planned work in June 2012. I set out below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified.

I have some concerns about whether Cheshire East Council has proper arrangements to secure value for money in its use of resources. I expect to issue a qualified opinion that draws attention to weaknesses identified in the Council's arrangements for securing value for money.

I conclude that:

- while the Council has adequate arrangements for securing financial resilience I have also identified areas for improvement; and
- the Council has adequate arrangements for securing economy efficiency and effectiveness except for:
 - weaknesses in its arrangements to develop business proposals and manage significant projects. These weaknesses undermine the Council's ability to show that it is prioritising resources within budgets and achieving sustainable cost reductions alongside greater efficiencies and improved productivity.

My opinion will, however, conclude that with the exception of these matters, I am satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012. I include my draft conclusion in appendix 1.

Securing financial resilience

In my Audit Plan, and subsequent update, I identified the risk that the Council fails to deliver its planned budget and savings proposals. In response to this risk I reviewed the Council's arrangements for:

- ensuring the robustness of underlying budget assumptions;
- monitoring and reporting core budget and savings proposals; and
- compilation, monitoring and reporting of the capital programme.

The findings from my work are set out below.

The Council continues to face financial pressures and now needs to review and improve its own arrangements for securing financial resilience. Since its inception in April 2009 the Council has had to take remedial action each year to manage significant in year budget pressures. This has involved restructuring departments and a repeated focus on reducing costs. In 2010/11 the Council also had to react to the emergency budget set by the new Government.

In its mid-year performance report for 2011/12 the Council reported budget pressures of £16 million. In the report to November Cabinet officers identified remedial action to reduce the forecast overspend to £9.4 million. By quarter three officers were reporting pressures of £11 million with remedial action to reduce the over spend to £7 million. At the year end the Council reported an over spend of £10.5 million (including abortive costs on the Waste and Housing PFI projects of £1.7 million). This pattern is continuing in 2012/13 – in its first quarter report the Council identified pressures of £22 million. While savings plans are in place to address this pressure a budget gap of £7.7 million still remains.

In part, the additional pressures arise because of the high volume of proposals approved by the Council during its business planning and budget setting processes. In summary the Council approves too many small projects that are not clearly aligned to its stated priorities. It is also clear that the translation of ideas and proposals into approved schemes is not robust. In turn, savings intended to flow from the Council's business planning process are delayed and in some cases not delivered. This places additional pressure on managers to find savings on other areas and is not sustainable.

Weaknesses in the application of the Council's business planning processes also impact upon its capital programme. The Council reported slippage of £20 million in its 2011/12 capital programme. The original programme totalled £76 million – based on the business proposals prepared during the business planning cycle. At the year end, officers carried out a review to identify which schemes to carry forward into 2012/13. This exercise highlighted a number of reasons for slippage including:

- delays in scoping schemes;
- revisions to business cases; and
- insufficient resources to deliver planned schemes in year.

The Council's arrangements for reporting and monitoring revenue and capital spend continued to develop this year. While quarterly Cabinet reports agree to the Council's underlying financial systems there are weaknesses in forecasting in some areas. The responsibility for accurate forecasting lies with the service and project managers. Some of the variability in the quality of forecasting may be due to time pressures or lack of experience. I note that financial reports have changed for 2012/13 so that they are now consistent with the layout of the budget and focus on key areas.

Although the capital programme was revised during the year, the volume of slippage was significant. Clearly the business planning process needs to ensure that as business cases and delivery plans are developed, capital monitoring reports are updated with budget and profiling changes on a timely basis. I make further comments on the Council's business planning processes below.

Since 2009 the Council has recognised the need to increase the level of resources allocated to key areas including adult services. It has also used its reserves to manage its overall financial position. The Council has a reserves strategy in place, supported by an annual assessment of the strategic risks it faces. Over the last three years that strategy has included the planned use of reserves to support the costs of restructuring the Council. In 2009, reserves totalled £47 million, (General Fund £23 million). At 31 March 2012 reserves total £19.7 million, (General Fund £11.4 million).

General fund reserves are no longer adequate to support in year pressures and are now below the Council's assessment of the financial risks it faces. While the use of reserves to date has been planned, it is clear that their continued use to support in year pressures is not sustainable beyond this financial year.

During 2011/12 the Council continued to develop its financial management and monitoring arrangements. The Council's business planning process was refreshed during the year with further changes planned for 2012/13.

While I have concluded that the Council has adequate arrangements for securing financial resilience I have also identified areas for improvement. These are summarised as recommendations on page 16.

The Council has recognised the need to improve its arrangements to secure financial resilience. A recent presentation to Cabinet began to outline the key areas for change including the need to plan over a longer timescale and to agree what services to deliver and at what cost. The Council is also introducing a 'gateway' process for approving and monitoring significant projects.

Securing economy efficiency and effectiveness

In my Audit Plan, and subsequent update, I identified the risk that the Council's planned changes in services would not deliver the anticipated efficiencies and/or savings. In response to this risk I carried out work to assess the Council's arrangements for:

- developing business proposals – including project management and project governance; and
- ensuring that those plans are managed and monitored effectively to achieve the savings within agreed timescales.

In the past two years the Council planned to deliver savings of £50 million. To help identify robust plans to deliver those savings the Council revised its business planning process. For 2011/12 this led to a range of proposals including a £10 million investment in Adults and Children's Services – offset by reductions in other areas.

The main mechanism for identifying savings – as well as growth areas – is the Council's business planning and budget setting process. The business proposals are prepared by officers and cover a wide range of projects. They are then scrutinised as part of the business planning process, designed in part, to test their relevance against corporate objectives. Approved projects are then included in the annual budget. Officers subsequently prepare more detailed delivery plans. For large transformational schemes, or major capital projects, this should include drawing up detailed business cases – including option appraisal analysis – supported by comprehensive project plans. Used appropriately, this process should help the Council to develop robust proposals. However, ongoing pressures to find additional in year savings together with significant slippage in the capital programme demonstrate weaknesses in this process.

I reviewed a sample of business proposals covering a range of service areas. The information provided to support the proposals is inconsistent and I found many examples of projects with limited information at both the initial and later stages. Without clear consistent arrangements for developing business cases, options appraisals and delivery plans the Council continues to struggle to deliver its budget proposals.

Strengthening the links between projects and corporate objectives, coupled with post implementation reviews and more emphasis on benefits realisation will require changes in the performance information reported to Cabinet and Corporate Management Team (CMT). To date Cabinet receive quarterly performance reports based on national performance indicators, (PIs). There is no direct link between these PIs and the Council's corporate objectives and agreed programmes of work. Reports to CMT include some details on benefits realisation – focusing entirely on the achievement of savings. The Council needs to improve its performance reporting at both member and officer level. For example, the Council needs to agree a set of relevant local performance indicators that reflect its priorities. Those indicators should then be integrated with robust financial forecasting information to support member and officer decision making.

In early 2012, the Council commissioned an internal review of its project and programme management arrangements. The review found that the Council needs to:

- improve how it articulates what it wants out of projects and programmes and establish clear links with their corporate objectives;
- strengthen the scrutiny of business cases;
- ensure that resource planning captures the true costs of the project – failure to define all resource implications at an early stage can lead to delays and bottlenecks in delivery;

- ensure that services use agreed project management tools effectively; and
- undertake post implementation reviews to check that planned project benefits are delivered.

The Council has started to implement a gateway process which should address the problems identified in its project and programme management arrangements. The planned improvements should ensure that projects only proceed on the basis of robust plans. The Council is also revisiting the business proposals agreed as part of the 2012/13 budget to ensure they remain appropriate and are supported by robust delivery plans. The gateway process is intended to cover major projects above £250,000. It will also include other projects – dependent upon assessed risk. The Council still needs to consider how it will ensure that the management of smaller projects also improves.

In January 2012 the Council's, (then), Chief Executive and Leader commissioned internal audit to do a review of the decision to build a waste transfer station at Lyme Green, Macclesfield. The critical internal audit report concluded that:

in the main, appropriate Council procedures are in place to prevent financial and legal irregularities, achieve compliance with Officer Delegations, Standing Orders, EU procurement Rules and ensure effective reporting to Members, in this instance there is evidence that officers failed to comply with many of these arrangements.

The Council accepted all of the recommendations in the report. In June 2012 the Council's staffing committee also approved the appointment of an independent investigator to consider the actions of senior officers. That investigation should be concluded later this year. I note also that the Audit and Governance Committee will monitor the implementation of the agreed action plan – the first update report will be considered on 27 September 2012.

The Lyme Green project raises a number of project governance and internal control issues that link directly to the weaknesses set out in this report in the Council's business planning and budget setting process. Lyme Green is also one of the significant governance issues identified in the Council's Annual Governance Statement for 2011/12.

I have reviewed the actions taken by the Council since the Lyme Green issues emerged in January 2012. In addition, I undertook specific testing on delegated decisions in 2011/12. My work did not find any further evidence of non compliance with EU requirements. However the guidance available to officers setting out when and how to use decision notices is unclear. I note also that the Council is strengthening its governance and internal control processes by:

- updating its processes to clarify the circumstances in which officers can use delegated decisions. More detailed schemes of delegation within service areas have also been revisited and updated. These changes will be reflected in the Constitution as necessary;
- introducing procedures to ensure that non compliance is reported to the Corporate Management team for action;
- recognising the need to improve officer awareness of financial procedure rules and the associated schemes of delegation; and
- strengthened arrangements to ensure that in-house planning advice is robust and separate from the Council's statutory planning responsibilities.

Since January 2012 I have received letters and emails from members of the public concerned about Lyme Green. While I was not involved in the detail of the internal audit investigation the Council kept me fully informed of emerging issues and its response to those issues. I am satisfied that the Council will strengthen its governance and internal control processes as set out above and that it will continue to implement internal audit's recommendations. I have carefully considered whether to take any further audit action in response to the issues raised by Lyme Green. I have concluded that I do not. I will however ensure that the incoming auditor is aware of the issues raised – including the conclusions of the independent investigator.

Recommendations

I have agreed the following high level recommendations, with the interim Chief Executive, to improve the Council's arrangements to secure value for money. Some of them link closely to the recommendations made by internal audit on Lyme Green – which the Council is in the process of implementing.

Recommendations

- R1** Members need to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.
- R2** The Council needs to implement planned improvements in business planning and programme/project management processes providing a clear link to agreed priorities – including robust option appraisal and financial analysis before projects begin. This should also include relevant aspects of recognised effective programme/project management arrangements for all projects.
- R3** The Council needs to develop longer term financial plans clearly aligned to business priorities and supported by deliverable savings plans. These plans should also ensure that reserves are used appropriately and are maintained in line with the Council's own assessment of the financial risks it needs to manage. The quality of financial forecasting in some areas also needs to improve.
- R4** The Council needs to improve performance monitoring and reporting. This should include agreeing a set of relevant local performance indicators that reflect its priorities. Those indicators should then be reported alongside the national indicators and integrated with robust financial forecasting information to support member and officer decision making.
-

Fees

I reported my planned audit fee in the January 2012

Audit Plan.

I have agreed with the Director of Finance and Business Services a revision to the fee because of the matters highlighted in this report relating to the completion of my value for money conclusion.

Table 3: **Fees**

	Original scale fee (£)	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit	£358,650	£341,750	£341,750
Claims and returns		£97,994	£50,172
Additional fee			£20,000
Total		£439,744	£411,922

The Audit Commission has paid a rebate of £27,340 to reflect attaining internal efficiency savings, reducing the net amount payable to the Audit Commission to £314,410.

Appendix 1 Draft independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE EAST COUNCIL

Opinion on the Council financial statements

I have audited the financial statements of Cheshire East council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Cheshire East Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Finance and Business Services and auditor

As explained more fully in the Statement of the Director of Finance and Business Services Responsibilities, the Director of Finance and Business Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Business Services and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the

explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Cheshire East Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Conclusion on Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Council has proper arrangements for:

- securing financial resilience; and

- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In considering the Council's arrangements for challenging how it secures economy, efficiency and effectiveness, I identified weaknesses in its processes to develop business proposals and manage significant projects. These weaknesses undermine the Council's ability to show that it is prioritising resources within budgets and achieving sustainable cost reductions alongside greater efficiencies and improved productivity.

Qualified conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, with the exception of the matter reported in the basis for qualified conclusion paragraph above, I am satisfied that in all significant respects Cheshire East Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Cheshire East Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Appendix 2 Uncorrected errors and uncertainties

I identified the following errors during the audit which management have not addressed in the revised financial statements.

		Statement of comprehensive income and expenditure		Balance sheet	
Item of account	Nature of uncertainty	Dr £	Cr £	Dr £	Cr £
Council Tax and NNDR doubtful debt provision (Note 21)	Potential understatement of provision resulting from incomplete aged debts analysis.	£0 - £1.5m			£0 - £1.5m
Council Tax and NNDR doubtful debt provision (Note 21)	No provision for % of CT and NNDR debtors assumed uncollectable in current year	£225,000			£225,000
Debtor impairment	Very old debts now provided for – query collectability			£580,000	£580,000
Investment Properties (Note 14)	To recognise assets previously omitted from the asset register	£325,000	£325,000		
Property Plant & Equipment (Note 12)	Depreciation not charged on surplus assets	£318,000			£318,000

Appendix 3 Corrected errors

I identified the following errors during the audit which management have addressed in the revised financial statements.

		Statement of comprehensive income and expenditure		Balance sheet	
Item of account	Nature of error	Dr £'000s	Cr £'000s	Dr £'000s	Cr £'000s
Investments (Note 19a)	Reclassification from short term to long term investments			1508	1508
Defined benefit pension schemes (Note 47)	Reclassification from past to current service costs			2946	2946
Revaluation Reserve (Note 26a) and PPE (Note 12)	Correction of overstatement of impairments recognised in both the revaluation reserve and PPE			1188	1188
Note 21 Current debtors: Benefits Claimants comparative	Correction of misclassification			351	351
Grant Income (Note 42)	Correction to amount disclosed of DSG credited to services in year			1486	1486

The accounts were also corrected for:

- Cashflow – amendments to analysis of adjustments to deficit on provision of services for non cash movements; and
- Grant Income (Note 42) – corrections to analysis of capital grants.

Appendix 4 Draft letter of management representation

Cheshire East Council – Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other [insert relevant details directors of Cheshire East Council] the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Council Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

The effects of uncorrected financial statements misstatements summarised in the attached schedule are not material to the financial statements, either individually or in aggregate.

Supporting records

I have made available all relevant information and access to persons within the Council for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Council.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other Council. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Specific Representations**Academy Conversions**

Within Cheshire East, there are eight schools which have converted to Academy status, and one school which has converted to Free School status as at 31 March 2012.

Knutsford High School converted to Academy status on 1 April 2012 and an Academy order has been received for Eaton Bank High School, which is expected to convert to Academy status on 1 September 2012. Changes as a result of these Academy conversions from 1 April 2012 will be captured in the 2012/13 financial accounts as appropriate.

Apart from the specific governance issues listed in the Annual Governance Statement there are no other issues to bring to your attention.

Related party transactions

I confirm that I have disclosed the identity of the Council's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Cheshire East Council

I confirm that this letter has been discussed and agreed by the Audit & Governance Committee on 27 September 2012.

Signed

Name: Lisa Quinn

Position: Director of Finance and Business Services

Date

Appendix 5 Action plan

Recommendations

Recommendation 1

Members need to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.

Responsibility

Comments

Recommendation 2

The Council needs to implement planned improvements in business planning and programme/project management processes providing a clear link to agreed priorities – including robust option appraisal and financial analysis before projects begin. This should also include relevant aspects of recognised effective programme/project management arrangements for all projects.

Responsibility

Comments

Recommendation 3

The Council needs to develop longer term financial plans clearly aligned to business priorities and supported by deliverable savings plans. These plans should also ensure that reserves are used appropriately and are maintained in line with the Council's own assessment of the financial risks it needs to manage. The quality of financial forecasting in some areas also needs to improve.

Responsibility

Comments

Recommendation 4

The Council needs to improve performance monitoring and reporting. This should include agreeing a set of relevant local performance indicators that reflect its priorities. Those indicators should then be reported alongside the national indicators and integrated with robust financial information to support member and officer decision making.

Responsibility

Comments

Appendix 6 Glossary

Annual Audit Letter

Letter issued by the auditor to the Council after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Council's systems of internal control that supports the achievement of the Council's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Council is required to prepare, which report the financial performance and financial position of the Council in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Council Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of a Council and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Council establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of 'significance' applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Council. This term includes the members of the Council and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Council must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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Audit Commission Recommendations

Audit Commission - Recommendation 1

Members need to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.

Cheshire East Responsibility: Leader of the Council (the Leader)

Cheshire East Comments:

The need to provide clearer strategic direction and political leadership was recognised by the new Leader in early summer as he took on his new role. The Leader also recognised that the previous three years were about forming Cheshire East and that these were difficult and challenging times, in the midst of economic uncertainty and significant reductions in funding. It is felt that not enough recognition was given in the Audit Commission's report to the specific historic and continuing underfunding issues faced by Cheshire East. This underfunding relates to a lack of recognition of the aging population in the area, above national trend, the pockets of deprivation in the main towns and also the rural nature of the Borough. The uncertain times are here to stay in the medium to long term but the new Cabinet have been building a strong platform during the summer and into the autumn upon which the vision for Cheshire East can be set for the next three years and beyond. This vision in the form a 3 Year Plan was reported to Cabinet on 15th October and is a new dawn of openness, transparency and inclusiveness. The Leader has also taken strong action with regard to the Council's Project Management arrangements, as detailed in the responses to Recommendations 2 and 4 below. The message is 'we are on with it', utilising the ideas, skills and expertise of Cheshire East Members and officers.

The key initiatives that have been undertaken in the first half of the financial year are:

- The development of a vision for Cheshire East that will define the core purpose of the Council, the outcomes that we are striving to achieve for local people and our priorities for action over the next three years.
- The development of a governance framework to support the implementation of Policy Development Groups and a redefinition of the Scrutiny arrangements.
- The implementation of a more significant role for Portfolio Holders in decision making.
- The Capital Visioning exercise, including a fundamental review of the existing Capital Programme and a focus on the priorities for future investment over the next five years.
- The development and implementation of the new Project Gateway model, including the new Executive Monitoring Board and the Technical Enabler Group.

Further Action:

- The development of policies, based on the vision for Cheshire East, which will drive the achievement of the Council's 3 Year Plan for 2013/16.
- In developing the Council's policies, recognising the need to make tough decisions on the future delivery of Services and being prepared to see them through.
- The setting of a robust 3 Year Budget for 2013/16 that is affordable, deliverable and sustainable.
- The development of a strategic 3 Year Capital Programme for 2013/16 with an emphasis on investment in external and internal infrastructure, development of new Service delivery models and invest-to-save opportunities.
- The development of a major 3 year programme of transformational change in service delivery by March 2013, out of which we can identify a major savings plan.
- The aim is that for 12/13 and beyond this will lead to strong delivery and therefore a clear demonstration that Cheshire East provides value for money in the delivery of needed and targeted services.

Audit Commission - Recommendation 2

The Council needs to implement planned improvements in business planning and programme/project management processes providing a clear link to agreed priorities – including robust option appraisal and financial analysis before projects begin. This should also include relevant aspects of recognised effective programme/project management arrangements for all projects.

Cheshire East Responsibility: Cabinet and CMT

Cheshire East Comments:

Cabinet and Corporate Management Team have provided a clear steer on how the Council's 3 Year Plan is to be developed and where the Budget setting process needs to improve to ensure that there is a clear link to the agreed priorities. Again, this was set out in the report to Cabinet on the 3 Year Council Plan on 15th October. There is a strong commitment to work much more closely with all Members through the emerging Policy Development Groups. An all Member briefing took place on 3rd October 2012.

The new Project Gateway model has been developed over the summer and autumn periods and is now being implemented and embedded. The new model is bringing about a more robust discipline to the management of major Projects and Programmes across the Council but will also ensure that the process is simple and agile. A key aspect of effectively operating the Project Gateway is the formation of a high level, Member-led Governance Group called the Executive Monitoring Board (EMB). The EMB has taken on the challenge role as part of the development of the Council's Budget setting proposals and the monitoring of their delivery. One of the key aims of the EMB will be to provide consistent and robust direction for all major Projects and Programmes in Cheshire East through the Project Gateway model. The EMB met on a monthly basis since its first meeting on 29th August 2012. It is supported by a Technical Enabler Group (TEG) comprising of key corporate enablers supporting major Projects and Programmes and a Programme Office (PMO). The TEG supports the EMB by assessing the technical feasibility and options of proposals from the perspective of all relevant professional disciplines.

The EMB is comprised of the following members:

Portfolio Holder for Performance (Chair)
 Portfolio Holder for Finance (Vice-Chair)
 Strategic Director for Places and Organisational Capacity
 Strategic Director for Children, Families and Adults
 Director of Finance and Business Services

In attendance to support the Board:

Organisational Change Manager (PMO Lead)
 Corporate Finance Officer
 Heads of Service as appropriate

The EMB will essentially perform two streams of work:

Stream 1 – Review and Challenge of proposals as part of the Council's 3 Year Planning process
 Stream 2 – Quality assurance and monitoring of progress

Underpinning the above governance has been the development of the Council's Project Management Framework through the Council wide Project Management Group. Good progress has been made with regard to the implementation of the framework and the delivery of the associated guidance and training. There has also been significant action taken to date in each Directorate to introduce a more disciplined

approach to Project and Programme management. This is now linking in well with the introduction of the Project Gateway model and the improvements in financial forecasting.

Further Action:

- The further development of the Technical Enabler Group (TEG) to support the EMB, the first meeting of TEG took place on 4th October 2012.
- The full implementation of the corporate Project Management Framework by March 2013, including effective communication of the new model, for all projects not just major projects, and a strong training programme underpinned by user friendly guidance.
- The completion of detailed business cases for proposals coming from the 3 Year planning process for 2013/16, based on strong options appraisal, robust financial analysis and capacity to deliver, through TEG and EMB.
- The identification of existing major Projects and Programmes for review and monitoring by EMB.
- Introduction of robust 3 year business plans for individual services across the Council, building on previous approaches to service planning. These will clearly identify, amongst other things, key projects and programmes and will ensure that Services have the capacity and capability to deliver these projects and programmes.

Audit Commission - Recommendation 3

The Council needs to develop longer term financial plans clearly aligned to business priorities and supported by deliverable savings plans. These plans should also ensure that reserves are used appropriately and are maintained in line with the Council's own assessment of the financial risks it needs to manage. The quality of financial forecasting in some areas also needs to improve.

Cheshire East Responsibility: Portfolio Holder for Finance and CMT

Cheshire East Comments:

The Portfolio Holder for Finance, as part of the vision for Cheshire East, has already determined that a longer term approach to financial planning is required to ensure that the Council continues to demonstrate and achieve financial resilience. The 2013/16 Budget will be policy led, based on the priorities set out in the 3 Year Council Plan and will incorporate a change delivery plan based on robust business cases made through the Executive Monitoring Board. The Budget will be balanced over the three-year period, backed up by a strong assessment of risk and opportunity and a clear demonstration that the organisation has the capacity to deliver its plans.

The current Reserves Strategy is risk assessed and recognises the uncertainty in the economic environment, the volatility of central government funding and the national and local pressures faced by the Council. It has been necessarily cautious with regard to the planned application of reserves, with some strategic use to enable savings and key projects, but mainly planned growth to safeguard the future difficulty in balancing within the current Comprehensive Spending Review cycle and beyond. The Reserves Strategy for 2013/16 will still be based on uncertainty but with a stronger and more deliverable transformational change programme and savings plan there will be a greater opportunity to use reserves strategically to address both short term and long term challenges.

The current year budget pressures were identified very early in the financial year, therefore affording as much time as possible to tackle the underlying pressures and strengthen savings delivery plans. Monthly Performance reports were in place from April, produced through the Council's corporate performance system CorVu. The monthly reports include key local performance indicators, a forecast of the year-end financial position and a risk assessment of the delivery of savings plans for each Directorate. The 1st Quarter Performance report to Cabinet clearly set out the financial challenge for the Council for 2012/13.

There is also a significant amount of work being undertaken by each Directorate to understand the base budget and Service activity. The main focus has been to identify the key cost drivers in each Service area in order to identify where cost can be removed and where Services can be developed and improved. This work is also addressing the need to provide more accurate and meaningful financial forecasts based on strong Service based commitment information. In addition a number of corporate and Service specific initiatives have been undertaken to examine new services delivery models.

The partnership between the Finance Team and Directorate Management Teams has been strengthened throughout the current financial year through the implementation of the Finance Reporting Centre (FRC). In excess of 40 pilot Budget managers have been working with the Finance Team to test the first wave of dedicated reports based on the key reports used by managers. The FRC is now being rolled out across the organisation and is also being further developed to incorporate additional reporting requirements such as payroll forecasting and capital analysis.

Further Action:

- The agreement of a 3 Year Council Plan for 2013/16 to enable a longer term financial plan, including a strategic approach to investment.
- The setting of a balanced 3 Year Budget for 2013/16 and a resilient and risk assessed Reserves Strategy.
- The review of the approach to monthly and quarterly integrated performance reporting by March 2013 to ensure that key local indicators are determined by the priorities set out in the 3 Year Council Plan and that financial forecasts are based on consistent and robust financial forecasting.
- The Directorate reviews of key Services and delivery models as part of the development of the 2013/16 transformational change programme.
- The rollout of the Finance Reporting Centre during 2012/13 along with the further improvement and development of the reporting package.

Audit Commission - Recommendation 4

The Council needs to improve performance monitoring and reporting. This should include agreeing a set of relevant local performance indicators that reflect its priorities. Those indicators should then be reported alongside the national indicators and integrated with robust financial information to support member and officer decision making.

Cheshire East Responsibility: Portfolio Holder for Performance and CMT

Cheshire East Comments:

The Portfolio Holder for Performance, as part of the vision for Cheshire East, has already determined that the Council's Performance Management Framework requires strengthening and re-focusing based on the Council's priorities and identified outcomes for the public, communities and businesses in Cheshire East to be set out in the 3 Year Council Plan. The Council's Performance Management framework will address the need to demonstrate to the public and key stakeholders that the Council is achieving what it set out to do and is delivering value for money in the Services that it provides. The framework will also address the need to demonstrate that the organisation is performing from a business perspective and that Services should be continually striving for improvement and greater efficiencies. Local indicators will be developed, which will be set of outcome measures. This will be driven by the 3 Year Council Plan and based on the six identified key outcomes.

Early on in the year, a review of the Performance Management Framework commenced and is progressing under the management of a cross service steering group. The review is addressing:

- The existing Performance Management Framework.
 - The suite of indicators in use, both those required nationally and those developed locally.
-

-
- The systems for performance measurement and monitoring.

The actions and work undertaken as described under Recommendations 2 and 3 above are also relevant to this recommendation and are therefore repeated below.

The new Project Gateway model has been developed over summer and autumn periods and is now being implemented and embedded. The new model will bring about a more robust discipline to the management of major Projects and Programmes across the Council. A key aspect of effectively operating the Project Gateway is the formation of a high level, Member-led Governance Group called the Executive Monitoring Board (EMB). The EMB has taken on the challenge role as part of the development of the Council's Budget setting proposals and the monitoring of their delivery. One of the key aims of the EMB will be to provide consistent and robust direction for all major Projects and Programmes in Cheshire East through the Project Gateway model. The EMB has been meeting on a monthly basis since its first meeting on 29th August 2012. It is supported by a Technical Enabler Group (TEG) comprising of key corporate enablers supporting major Projects and Programmes and a Programme Office (PMO).

The current year budget pressures were identified very early in the financial year, therefore affording as much time as possible to tackle the underlying pressures and strengthen savings delivery plans. Monthly Performance reports were in place from April, produced through the Council's corporate performance system CorVu. The monthly reports include key local performance indicators, a forecast of the year-end financial position and a risk assessment of the delivery of savings plans for each Directorate. The Mid-Year Performance report to Cabinet clearly set out the financial challenge for the Council for 2012/13.

There is also a significant amount of work being undertaken by each Directorate to understand the base budget and Service activity. The main focus has been to identify the key cost drivers in each Service area in order to identify where cost can be removed and where Services can be developed and improved. This work is also addressing the need to provide more accurate and meaningful financial forecasts based on strong Service based commitment information. In addition a number of corporate and Service specific initiatives have been undertaken to examine new services delivery models.

The partnership between the Finance Team and Directorate Management Teams has been strengthened throughout the current financial year through the implementation of the Finance Reporting Centre (FRC). In excess of 40 pilot Budget managers have been working with the Finance Team to test the first wave of dedicated reports based on the key reports used by managers. The FRC is now being rolled out across the organisation and is also being further developed to incorporate additional reporting requirements such as payroll forecasting and capital analysis.

Further Action:

- The completion of the review of Performance Management and the implementation of its recommendations by the end of March 2013.
 - The completion of the development of a new set of outward facing and outcome based local indicators to be reported on a quarterly basis from 2013/14.
 - The completion of the development of a new set of internal business performance indicators to be reported on a monthly basis from 2013/14.
 - Introduction of robust three-year business plans for individual services for 2013/16 across the Council, building on previous approaches to service planning.
 - The further development of the Technical Enabler Group (TEG) to support the EMB, the first meeting of TEG took place on 4th October 2012.
 - The identification of existing major Projects and Programmes for review and monitoring by EMB.
 - The review of the approach to monthly and quarterly integrated performance reporting by March 2013
-

Appendix 2

to ensure that key local indicators are determined by the priorities set out in the 3 Year Council Plan and that financial forecasts are based on consistent and robust financial forecasting.

- The Directorate reviews of key Services and delivery models as part of the development of the 2013/16 transformational change programme.
 - The rollout of the Finance Reporting Centre during 2012/13 along with the further improvement and development of the reporting package.
-

2013
2016**OUTCOME 1***Our local communities are strong and supportive*

Individuals and families are self-reliant and take personal responsibility for their quality of life. Communities are cohesive, with a strong sense of neighbourliness. There is genuine civic pride and mutual respect.

OUTCOME 2*Cheshire East has a strong and resilient economy*

Cheshire East is known as a good place to do business – we attract inward investment, there is access to a high quality workforce and our businesses and visitor economy grow, to create prosperity for all.

OUTCOME 3*People have the life skills and education they need to thrive*

Children and young people get a good start in life, and are prepared for the world of work. Everyone is equipped to live independent, self-sufficient lives, and to realise their particular talents and abilities.

OUTCOME 4*Cheshire East is a green and sustainable place*

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

OUTCOME 5*People live well and for longer*

Local people have healthy lifestyles and access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental wellbeing.

OUTCOME 6*Cheshire East is a good place to live and work*

Across rural and urban communities, there is decent housing, clean and safe neighbourhoods, vibrant town centres, good access to services, and employment opportunities which provide a sufficient income for everyone.

Our Purpose

To serve the people of Cheshire East through:

- > Fulfilling our community leadership role well
- > Ensuring quality and value in public services
- > Safeguarding the most vulnerable in society

What sort of a Council do we want to be?

- > A Council which enables and supports communities, families and individuals to flourish and be self-reliant
- > A Council that works in partnership with others to ensure the best outcomes for local people
- > A Council that ensures services are delivered in the way which gives the best value for local people
- > A responsible Council which uses its enforcement powers to deter and prevent behaviour which does not benefit our local communities

Our Values

- > We strive to get it right first time
- > We act with integrity, we deliver on our promises
- > We are open, honest and accountable

2013 2016

Our principles to underpin budget decisions

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works
- We are planning for at least three years
- We must be a more productive and affordable organisation
- We will stop doing some things to focus on those that matter most to local people
- We will invest in innovative new ways of providing services
- We will ensure that those who provide services, whether in-house or externally, give real value-for-money
- We will promote self-reliance and capacity in local communities to reduce demand on public services
- We will focus our limited resources on prevention and early intervention
- We will invest in infrastructure to promote local economic growth and access to job opportunities

Priorities

1. Local economic development	1.1 Investment in existing and new road infrastructure 1.2 Investment in high speed broadband network for Cheshire East 1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme
2. Developing affordable and sustainable local models of care for vulnerable children and adults	2.1 Improve the local market of care providers, including fostering and adoption 2.2 Next phase of development of Care4CE service 2.3 Improve local provision for learning disabilities 2.4 Create new integrated health and care models
3. Focusing services on early intervention and prevention	3.1 Reducing unnecessary demand in adult and children services through promoting self-sufficiency 3.2 Create new service delivery models to prevent recourse to acute and costly services later 3.3 Better information/signposting for care users and carers 3.4 Maximise the impact of the Health and Wellbeing Board for local residents
4. Responding to the changing education and learning environment	4.1 Develop self-sustaining schools 4.2 Improve adult skills for work 4.3 Improve the range of special school provision 4.4 Pursue the development of a new University Technical College
5. Securing housing that is locally-led, community-based and that meets local needs	5.1 Develop a new delivery model for the housing service 5.2 Better integrate housing across all Council services 5.3 Ensure housing services support independent living and health improvement
6. Redefining the Council's role in core place-based services	6.1 Develop new delivery models for frontline place-based services 6.2 Total Transport change project 6.3 Develop a new model for sustainable library services and community hubs 6.4 Determine future delivery model for waste management services
7. Service efficiencies and redefining the corporate core	7.1 Develop a more affordable model of corporate services with key subject expertise, to enable better strategic commissioning and delivery of frontline services 7.2 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery 7.3 Continue targeted business improvement reviews to find efficiency savings from all services 7.4 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives
8. Workforce planning	8.1 Further develop employment and working practices to enable flexible and agile working 8.2 Identify changing skills requirements over medium term and equipping the organisation with these skills 8.3 Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	10 th December 2012
Report of:	Strategic Director Places and Organisational Capacity
Subject/Title:	Regulation of Investigatory Powers Act (2000) (RIPA) – Revision of Policy and Procedures
Portfolio Holder:	Cllr Peter Raynes

1.0 Report Summary

- 1.1 The Regulation of Investigatory Powers Act (RIPA) provides a regulatory framework to enable public authorities to obtain information through the use of certain covert investigatory techniques. The Protection of Freedoms Act 2012, which came into force on 1st November, 2012, has implications for the way in which the Council carries out covert surveillance and the existing RIPA Policy and Procedures have been revised to take account of this.

2.0 Decision Requested

- 2.1 Cabinet is requested to approve the revised RIPA Policy and Procedures.

3.0 Reasons for Recommendations

- 3.1 The Council is required to comply with the necessary legislation and regulations and ensure that its policies and procedures reflect the latest changes.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

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

- 7.1 Should the Council breach an individual's human rights in undertaking surveillance, then the individual may subsequently sue the Council.

Additionally, failure to comply with the legislation and the regulations would restrict the Council's ability to carry out surveillance and so reducing the risk of successful prosecutions in the future.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The legal processes which must be adhered to under the Regulation of Investigatory Powers Act 2000 are all set out in the policy appended.

9.0 Risk Management

- 9.1 If the Council fails to comply with the legislation and regulations, then there are reputational risks as well as the financial and legal risks identified in 7.0 and 8.0 above.

10.0 Background and Options

- 10.1 The Protection of Freedoms Act, which came into force on 1st November, 2012, now requires public authorities to acquire judicial approval to use covert surveillance techniques. It also restricts the use of surveillance to the investigation of offences which attract a custodial sentence of six months or more. Consequently, it has been necessary to review the existing RIPA policy and procedures to take account of the requirements of the Act, and the revised document (Appendix 1) is attached to this report. The changes to the legislation regarding RIPA have come about partly as a result of the perceived overuse of the powers by some local authorities for the investigation of offences, such as dog fouling, fly tipping, etc. It should be noted that Cheshire East Council has to date used RIPA powers very rarely, and only as a last resort, when the offence was serious and when every other investigation option had been considered.

11.0 Access to Information

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

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Compliance and Customer Relations Manager
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SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

POLICY AND PROCEDURES

1st November, 2012

1.0 INTRODUCTION

The Regulation of Investigatory Powers Act (RIPA) provides a regulatory framework to enable public authorities to obtain information through the use of certain covert investigatory techniques.

The Protection of Freedoms Act 2012, which comes into force on 1st November, 2012, requires that applications to use covert surveillance techniques must have prior judicial approval. In addition, restrictions limiting the use of surveillance to the investigation of offences which attract a custodial sentence of six months or more have been introduced for certain types of surveillance activity.

The existing RIPA Policy and Procedures were drafted in 2009, but have now been revised, as follows, to take account of the requirements of the new legislation.

2.0 BACKGROUND

An individual has rights, freedoms and expectations, which are guaranteed by the European Convention and the Human Rights Act 1998. Respect for these rights is fundamental to the operation of government within the UK. Using RIPA powers can conflict with an individual's human rights, and so it is imperative that, when investigating wrongdoing, certain conditions are met in each case, in order that successful prosecutions can be made.

In particular, RIPA requires that covert techniques are only used when it is necessary and proportionate to do so. Compliance with RIPA will significantly reduce the likelihood of any surveillance carried out by the Council being unlawful, and therefore subject to legal challenge.

Surveillance by a public authority is likely to constitute an infringement of an individual's rights and freedoms. However, by following the authorisation procedures set out by RIPA, Officers of the Council are ensuring that they can demonstrate that the surveillance is necessary for a purpose permitted by the Human Rights Act 1998 and that it is a proportionate measure to take, given all the circumstances.

Cheshire East Council will, on occasion, need to use covert surveillance in order to carry out its enforcement functions effectively. Examples of enforcement activities which may require the use of RIPA include benefit fraud, planning enforcement, licensing enforcement, trading standards, environmental health and community safety investigations. RIPA powers can be used where it is demonstrated that viable alternatives to obtaining evidence to mount a prosecution have been considered, but

are not appropriate. A local authority may only use covert surveillance for the purpose of the prevention or detection of serious crime.

3.0 USE OF COVERT SURVEILLANCE IN LOCAL AUTHORITIES

Local authorities are not authorised to carry out any form of intrusive surveillance. **Intrusive surveillance** is defined in Section 26 (3) of RIPA as:

- covert surveillance, which is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle, or is
- carried out by means of a surveillance device (e.g. a listening or tracking device in a person's home or in his/her private vehicle).

Local authorities are restricted to three techniques they are permitted to undertake within covert surveillance, i.e.

- using 'directed' surveillance
- deploying a Covert Human Intelligence Source (CHIS)
- acquiring communications data.

Before using any of these three techniques, the local authority is required to obtain the authorisation of a senior officer of the Council, and, additionally, ensure that an order granted by a Justice of the Peace, approving the RIPA authorisation, is in place.

3.1 Types of surveillance available to Local Authorities

'Directed Surveillance' is essentially covert surveillance in places open to the public. It is defined as

- Covert
- Likely to obtain private information
- Carried out in a publicly accessible place
- Pre-planned against a specific individual or group
- Conducted otherwise than as an immediate response to events

It includes surveillance by person or device to:

- Observe someone's movements
- Eavesdrop on conversations
- Photograph or film people or events
- Track vehicles

A further restriction has been placed on the use of directed surveillance to prevent local authorities using this for low-level cases. The Protection of Freedoms Act 2012 introduces a crime threshold, whereby local authorities will only be able to use this power when investigating offences which attract a custodial sentence of six months

or more. (See Annex A for examples of offences which meet the Directed Surveillance Crime Threshold.)

3.2 A ‘Covert Human Intelligence Source’ (CHIS) can be either an undercover officer or a member of the public acting as an informant. The CHIS is someone who

- establishes and maintains a relationship for a covert purpose
- covertly uses the relationship to obtain information or to provide access to information from another person
- covertly discloses the information derived from the relationship to the Council

Where the CHIS is under 18, special risk assessments need to be carried out for each case.

3.3 Access to Communications Data.

Under RIPA, the Council is limited to accessing only service user and subscriber data, i.e. the ‘who’, ‘when’ and ‘where’ of a communication – not the actual content.

4.0 APPLYING THE RIPA PRINCIPLES

4.1 The tests of necessity and proportionality

Use of covert surveillance should only be authorised if the Authorising Officer is satisfied that the action is both **NECESSARY** for the prevention or detection of serious crime and **PROPORTIONATE**. The Human Rights Act defines a measure or action as proportionate if it:

- impairs as little as possible the rights and freedoms (of the individual concerned and of innocent third parties), and
- is carefully designed to meet the objectives in question, is not arbitrary, unfair or based on irrational considerations.

4.2 Collateral intrusion

In the case of both directed covert surveillance and the use of a covert human intelligence source, the Authorising Officer must also take into account the risk of intrusion into the privacy of persons other than those who are directly the subject of the investigation or operation. This is termed “collateral intrusion”. Officers carrying out the surveillance should inform the Authorising Officer if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. Consideration should be given to whether the authorisation should be amended and re-authorised or whether a new authorisation is required.

5.0 PROCEDURES FOR IMPLEMENTING COVERT SURVEILLANCE

5.1 General

All covert surveillance must be properly authorised and recorded, the tests of necessity and proportionality must be satisfied, and the potential for collateral intrusion must be considered and minimised

Any officer intending to undertake covert surveillance or use a covert human intelligence source must only do so if other means of obtaining it have been considered but are not viable

Embarking upon covert surveillance or the use of a covert human intelligence source without authorisation, or conducting covert surveillance outside the scope of the authorisation, will not only mean that the “protective umbrella” of RIPA is unavailable, but may result in disciplinary action being taken against the officer/officers involved. It may result in the criminal investigation being compromised as the evidence will be considered to have been obtained unlawfully.

All relevant Council contracts issued to contractors/subcontractors must include a term that this policy and associated procedures are to be observed when operating on behalf of the Council.

Directed surveillance may only be carried out on residential premises if a member of the public has requested help or made a complaint to the Council, and if written permission to conduct the surveillance has been obtained from the householder or tenant from whose premises the surveillance will be carried out.

5.2 Closed Circuit Television (CCTV) systems are not normally within the scope of RIPA. However, if they are used for a specific operation or investigation, or if automatic facial recognition by means of CCTV is used, authorisation for the use of directed surveillance must be obtained.

5.3 Officers able to make authorisations

Under the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources Order 2010 (2010/521), the role of Authorising Officer for local authorities is restricted to the Chief Executive and Directors. In the case of Cheshire East Council, the Head of Human Resources and Organisational Development is also an Authorising Officer. For applications for directed surveillance and the acquisition of communications data, the Authorising Officers for the Council are, similarly, the Chief Executive and members of the Corporate Management Team. The Head of Legal and Democratic Services is not an Authorising Officer, as this post assumes responsibility as the Monitoring Officer, to ensure that the Council complies with the requirements of RIPA legislation.

In cases which require the use of a CHIS, or cover confidential information, e.g. it is subject to legal privilege or confidential personal information, which is particularly sensitive, the Authorising Officer is the Chief Executive or, in his or her absence, a Director. Authorising Officers should not be responsible for authorising

investigations or operations in which they have had or are likely to have any direct involvement. When such authorisation is required, this should be sought from an alternative Authorising Officer, as appropriate.

5.4 Authorisation for access to communications data

The legislation requires that a Home Office accredited person, a Single Point of Contact (SPOC), facilitates the acquisition of the communications data requested. The SPOC can be either an officer of the council or a member of an external organisation. Local authorities are permitted to use the services of the National Anti Fraud Network (NAFN) to scrutinise applications and provide advice, to ensure the Authority acts in an informed and lawful manner. By doing this, the Authority avoids the requirement of appointing an individual officer who has received Home Office accreditation. The accredited officers at NAFN scrutinise applications independently and, following final approval from the Justice of the Peace, acquire the communications data on behalf of the Council. The use of NAFN is to be reviewed on an annual basis.

5.5 The role of the Investigating Officer

It is the responsibility of the Investigating Officer to present the facts of the application, i.e.

- the crime to be investigated and the offence/sentence it attracts
- the reasons why it is proposed to conduct the investigation covertly
- what covert tactics are requested and why
- on whom the covert surveillance will be focused and who else may be affected by it
- how it is intended to conduct the surveillance

5.6 The role of the Authorising Officer

It is the role of the Authorising Officer to:

- demonstrate his/her satisfaction with the intelligence on which the application is made
- assess the facts of the application and pass judgement on whether the surveillance is necessary and proportionate in what it seeks to achieve
- ensure the application states explicitly what is being authorised, against which subjects, property or location. It is his/her responsibility to ensure those who conduct the surveillance are clear on what has been sanctioned.

In order to give proper consideration to the potential for collateral intrusion, the Authorising Officer must fully understand the capabilities and sensitivity levels of equipment intended to be used and where and how it is to be deployed. He/she may require a Privacy Impact Assessment to be prepared.

5.7 The role of the Justice of the Peace

Under the Protection of Freedoms Act 2012, and with effect from 1st November 2012, authorisations/applications will not come into effect unless and until approval by a Justice of the Peace has been obtained. Applications to a Justice of the Peace for an order, approving the granting or renewal of a RIPA authorisation, will include the signed detailed authorisation form, along with a Judicial Application for Approval form, to be completed by the local authority, and an order which the Justice of the Peace will complete in order to record his/her decision

The role of the Justice of the Peace is to examine the RIPA form, consider the justification for use of the technique, cross-examine an attending Local Authority representative, if it is necessary to clarify particular points, and, finally, record his/her decision

The form and supporting papers must by themselves make the case. It is not sufficient for the Justice of the Peace to rely on oral evidence, where this is not reflected or supported. The Council's Investigating Officer will be required to attend as the local authority representative to answer any queries the JP may have.

5.8 Outcomes

The order which the Justice of the Peace will complete, reflecting his/her decision, will identify one of the three following potential outcomes:

- Approval granted
- Approval refused - the Council may not use the covert technique but may re-apply if significant new information comes to light or if technical errors in the initial application have been addressed.
- Refuse and Quash – the council may not use the covert technique. This decision might be used where the JP is of the opinion the application is fundamentally flawed.

5.9 The role of the Borough Solicitor

The Borough Solicitor is designated as being responsible for the integrity of the process as follows:

- Ensuring compliance with all relevant legislation and with the Codes of Practice.
- Engagement with the Inspectors from the Office of the Surveillance Commissioner when they conduct their inspections, and, where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner.
- Monitoring authorisations and conducting a quarterly review of applications, authorisations and refusals, and reviewing renewals and cancellations.

5.10 The role of Members

It is considered good practice for Members to undertake a formal scrutiny role

in relation to RIPA, and review the Council's use of it on an annual basis. However, they should not be involved in making decisions on specific authorisations.

The Borough Solicitor should ensure that an Annual Report regarding the Council's use of RIPA is submitted to the Council's Audit & Governance Committee. The report should include details of the overall number and type of authorisations granted and the outcome of the case, where known. In addition, the report should provide a breakdown of the same information by service or groups of services, as appropriate.

The report should also include the results of the most recent inspection conducted by a representative of the Office of Surveillance Commissioners, where applicable (inspections may take place bi-annually).

6.0 PROCEDURES FOR GAINING APPROVAL

6.1 General

At departmental level, the application for authorisation must be in writing (electronically typed) and on the appropriate form, which must be completed in full. Officers should ensure that they use the current form available on the Home Office website (<http://security.homeoffice.gov.uk/ripa/>).

Before applications are authorised, they must be forwarded to the Customer Relations and Compliance Team, Places and Organisational Capacity, to be checked and recorded in the **Central Record of Authorisations**. A unique reference number will be allocated at this stage. Officers requesting authorisation for directed surveillance should complete a risk assessment, which should be submitted with the authorisation request.

Officers requesting authorisation to use a covert human intelligence source ("CHIS") must always complete a risk assessment and submit it with the authorisation request

6.2 Document retention

All relevant documentation, including a copy of the authorisation, a record of the period over which surveillance has taken place, any risk assessment, notebooks, surveillance logs and other ancillary documentation should be retained at departmental level for a period of six years from the date of commencement of the surveillance, at which point they should be securely destroyed.

6.3 Duration of authorisations

Authorisation of directed surveillance will cease to have effect (unless renewed) either on specific cancellation (within the period of 3 months) or at the end of a period of three months (directed surveillance) or twelve months ("CHIS"), beginning with the day on which the authorisation took effect.

6.4 Reviews

Regular fortnightly reviews of authorisations should be undertaken by the Authorising Officer to assess the need for surveillance to continue. All reviews should be completed using the appropriate form. It is important to note that reviews cannot broaden the scope of the original authorisation, but can reduce it for minor changes.

6.5 Renewals

If, at any time before an authorisation would cease to have effect, the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, he may renew it in writing. Renewals may also be granted orally in urgent cases and they can last for a period of 72 hours. All applications for the Renewal of an Authorisation for Directed Surveillance should be on the appropriate form, which must be completed in full.

6.6 Cancellations and handling of surveillance material

The Authorising Officer (or Investigating Officer in the first place) who granted (or last renewed) the authorisation must cancel it, if he is satisfied that the activity no longer meets the criteria for which it was authorised, or that it has fulfilled its objective.

If the Authorising Officer is no longer available, this duty will fall to the person who has taken over the role of the Authorising Officer. On cancellation of an authorisation, the Authorising Officer must be satisfied that the product of any surveillance is properly retained and stored, or destroyed. If the surveillance product is of no evidential or intelligence value, it should be destroyed without delay, in accordance with Data Protection requirements. If the surveillance product is of potential evidential or intelligence value, it should be retained on the legal file, in accordance with established disclosure requirements, commensurate with any subsequent review.

6.7 Cessation of activity

As soon as the decision is taken that the authorised activity should be discontinued, the instruction must be given to those involved to stop all surveillance of the subject, or to cease using the covert human intelligence source. Documentation detailing the date and time when any cancellation instruction was given by the Authorising Officer should be retained for a period of six years, at which point it should be securely destroyed.

6.8 Central Record of Authorisations

The Customer Relations and Compliance Team is responsible for ensuring that a Central Record of Authorisations is maintained. This must be updated whenever an authorisation is granted, renewed or cancelled. The record should be made available to the relevant Commissioner or an Inspector from the Office of Surveillance Commissioners, upon request. These records should be securely retained for a period of three years from the ending of the authorisation, at which point they must be securely destroyed. It is necessary that the original hand signed (wet signature)

authorisation is maintained within the Central Record of Authorisations, to provide a valid audit trail for court purposes. The Monitoring Officer should review and sign this Record on a quarterly basis.

With regard to **‘directed’ surveillance** the Central Record of Authorisations will contain a copy of the authorisation, together with the following information:

- the type of authorisation
- the date the authorisation was given
- the name of the Authorising Officer
- the departmental reference number of the investigation or operation
- the title of the investigation or operation, including a brief description and
- names of subjects, if known
- the date of approval from Magistrates Court
- whether the urgency provisions were used, and if so why
- in the case of a self authorisation by the Authorising Officer, a statement in writing that he/she expressly authorised the action (only in exceptional circumstances)
- if the authorisation is renewed, the date of renewal and who authorised it, including the name of the Authorising Officer
- whether the investigation or operation is likely to result in obtaining confidential information
- the date of cancellation of the authorisation
- where collateral intrusion may be an issue, a copy of the Privacy Impact Assessment

With regard to a **covert human intelligence source (“CHIS”)**, the Central Record of Authorisations must contain the following additional information:

- a copy of the authorisation, together with any supplementary documentation and notification of the approval given by the Authorising Officer
- a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested
- the reason why the person renewing an authorisation considered it necessary to do so
- the date of approval from the Magistrates Court
- any urgent authorisation which was granted or renewed orally (in an urgent case) and the reason why the case was considered urgent
- the risk assessment made in relation to the source (“CHIS”)
- a record of the results of any reviews of the authorisation
- the reasons, if any, for not renewing an authorisation
- the reasons for cancelling an authorisation - cancellations are to be completed on the appropriate form
- the date and time when any instruction was given by the Authorising Officer to cease using a “CHIS”
- where collateral intrusion may be an issue, a copy of the Privacy Impact Assessment

With regard to applications for **Communications Data** the Central Record of Authorisations will contain

- a copy of the authorisation together with the following information:
- the Applicants name and designation
- the Operation name including brief description of the nature of the operation and names of subject if known
- the Designating officer
- the name of accredited SPOC
- the date the authorisation was given by Designating Officer
- the date approval from the magistrates Court

6.9 Additional requirements for authorisation of covert human intelligence sources only

6.9.1 Covert human intelligence sources may only be authorised if the following additional arrangements are in place:

- There is an employee of the Council with day to day responsibility for dealing with the source and, for the source's security and welfare, there is a Senior Officer who has general oversight of the use made of the source.
- An officer who is responsible for maintaining a record of the use made of the source; these records will contain any matters specified by the Secretary of State. The Regulation of Investigatory Powers (Source Records) Regulations 2000 (SI 2000/2725) set out these matters.
- Records disclosing the identity of the source and the information provided by him/her will not be made available to others except on a need to know basis.

6.9.2 Vulnerable individuals (i.e. a person who is in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care or protect himself against significant harm or exploitation) may be authorised to act as a CHIS only in the most exceptional circumstances.

6.9.3 Authorisations for juvenile sources (under 18) should only be granted if the provisions contained in The Regulation of Investigatory Powers (Juveniles) Order 2000 (SI 2000/2793) are satisfied. Any authorisation should be granted by the Chief Executive or (in his/her absence) a Director. The duration of an authorisation for the use or conduct of juvenile sources is one month.

6.9.4 If a juvenile source (under 18) is to be used, the Authorising Officer is responsible for obtaining the written consent of the parent or guardian or the person caring for the juvenile, unless to do so would compromise the juvenile's welfare or safety. The Authorising Officer is also responsible for ensuring that an appropriate adult is present at any meeting. An appropriate adult is a parent or guardian, a person who has assumed responsibility for the wellbeing of the CHIS or, in their absence, a person who is responsible for the wellbeing of the CHIS and who is over 18, who is neither a member of, nor employed by, the Council.

6.9.5 On no occasion should the use or conduct of a source under 16 years of age be authorised to give information against his parent or any person who has parental responsibility for him/her. The processing of information obtained as a result of surveillance should be restricted to specified employees. Only relevant senior managers should have access to the information collected to enable appropriate action to be taken. They must respect the confidentiality of all information and only disclose the information to other appropriate senior managers where further action is required.

6.9.6 When a CHIS is used, a “Handler” (who can be an Officer of the Council), and who must have received appropriate training, should be designated as having the day to day responsibility for dealing with the CHIS. This responsibility should also extend to the security, safety and welfare of the CHIS. In addition, a “Controller” should be designated to have the general oversight of the use made of the CHIS. These requirements also apply in cases in which the CHIS is an officer of the Council. The officer requesting authorisation for the use of a CHIS must also complete a risk assessment and submit it to the Authorising Officer, together with the authorisation request.

6.10 Test purchases of sales to juveniles

When a young person carries out test purchases at a series of shops/off licences, it is necessary to obtain an authorisation for ‘directed’ surveillance; it is not necessary to prepare authorisations for each premises to be visited, providing each is identified at the outset, but in all cases, it is necessary to prepare a risk assessment in relation to the young person and to have an adult on hand to observe the test purchase.

7.0 Training

Regular training sessions for Authorising Officers and Investigating Officers should be arranged internally. No officer who has not attended a training session will be permitted to instigate or authorise any application for the use of RIPA powers.

8.0 Review of policy

This Policy and Procedures should be reviewed annually, or sooner if necessary (e.g. in the event of legislation being amended or revoked).

For further guidance please see the relevant Home Office guidance available from The Home Office website <http://www.homeoffice.gov.uk/> or contact the Compliance Unit.

Rose Raine
Senior Customer Relations and Compliance Officer

Annex ~~B~~ A**EXAMPLES OF OFFENCES WHICH MEET THE DIRECTED SURVEILLANCE CRIME THRESHOLD**

Primary or Secondary Legislation	Provision	Maximum Penalty	Jurisdiction to enforce
EXAMPLES OF OFFENCES MEETING THE RIP A CRIME THRESHOLD WHICH ATTRACT A MAXIMUM CUSTODIAL SENTENCE OF AT LEAST SIX MONTHS IMPRISONMENT			
Gambling Act 2005	Section 37 Any person using premises to provide gambling facilities	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission
Gambling Act 2005	Section 242 Making a machine available for use without licence/permit	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission
Gambling Act 2005	Section 258 Promoting a non-exempt lottery without an operating licence	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission
Gambling Act 2005	Section 259 Facilitating a non-exempt lottery	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission
Gambling Act 2005	Section 260 Misusing profits of lottery	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission
Gambling Act 2005	Section 261 Misusing profits of exempt lottery	6 months imprisonment and/or level 5 fine	Licensing Authority Gambling Commission

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	10 December 2012
Report of:	Borough Solicitor
Subject/Title:	Revised Statement of Gambling Principles
Portfolio Holder:	Councillor Paul Findlow

1.0 Report Summary

- 1.1 The Gambling Act 2005 requires local authorities to prepare and publish a statement of the principles that they propose to apply when exercising their functions under the Act during the three year period to which the statement applies.
- 1.2 The Council is required to review its existing statement of principles and publish the revised version by no later than 31st January 2013. In preparing a revised statement the Council must undertake a consultation exercise with stakeholders.
- 1.3 The purpose of this report is to give the Cabinet the opportunity to pass comment on the content of the Statement of Principles in accordance with the Council's Budget and Policy Framework Procedure Rules.

2.0 Recommendation

- 2.1 That Cabinet resolves to support the content of the Statement of Principles as set out in appendix 1 and recommend formal adoption by full Council.

3.0 Reasons for Recommendations

- 3.1 The Statement of Principles under the Gambling Act 2005 forms part of the Council's Policy Framework. Therefore, in accordance with the Framework Procedure Rules, the Cabinet should consider the content of the Statement, any consultation responses, any recommendations by other Council committees and then make a recommendation to full Council.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 The decision within 2.0 seeks approval for a draft policy following consultation having taken place with relevant stakeholders.

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

- 7.1 No financial implications have been identified.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 By virtue of section 349 of the Gambling Act 2005 ('the 2005 Act') the Licensing Authority is required to prepare and publish a statement of the principles that it proposes to apply in exercising its functions under the 2005 Act during the three year period to which the policy applies. Whilst statements must usually be revised and published in respect of every period of three years, the Local Government (Structural Changes) (Transitional Arrangements) (No 2) Regulations 2008 confirms that the statement of principles approved in 2009 satisfied the requirements of the Gambling Act 2005 as regards the three year period commencing on 31st January 2010. For this reason the Council's statement must be reviewed and republished by no later than 31st January 2013.
- 8.2 The Statement of Principles forms part of the Council's Policy Framework. As such, the final decision to approve a statement of principles or a revision of the statement rests with full Council. In addition, in developing a revised statement of principles, the Authority must comply with its Budget and Policy Framework Procedure Rules (as set out within the Constitution).
- 8.3 Sub-section 349(3) of the 2005 Act prescribes that in preparing a revision of a statement a licensing authority is required to consult:
- (a) the chief officer of police for the authority's area;
 - (b) one or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area; and
 - (c) one or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the 2005 Act.
- 8.4 The drafting of the Statement of Principles must take into account the requirements of The Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006 ('the 2006 Regulations'). In addition, the Gambling Commission's Guidance to Licensing Authorities ('the Guidance') prescribes that in determining its policy, the Licensing Authority must have regard to the Guidance and give appropriate weight to the views of those it has consulted.
- 8.5 Regulation 7 of the 2006 Regulations prescribes that before a revised statement comes into effect the authority must advertise the publication of the statement by way of a notice published on the authority's website and in one

or more of the following places: (i) a local newspaper circulating in the area covered by the statement; (ii) a local newsletter, circular or similar document circulating in the area covered by the statement; (iii) a public notice board in or near the principal office of the authority; (iv) a public notice board on the premises of public libraries in the area covered by the statement.

- 8.6 Consideration has been given to the application of the 'public sector equality duty' (as per section 149 Equality Act 2010) to the decision requested within paragraph 2.0 above. It is suggested that the decision requested would have a neutral impact in terms of its impact on those individuals with 'protected characteristics.'

9.0 Risk Management

- 9.1 It is suggested that (a) compliance with the provisions of section 349 of the 2005 Act and the 2006 Regulations; (b) having regard to the provisions of the Guidance; (c) compliance with the Budget & Police Framework Procedure Rules; and (d) giving appropriate weight and consideration to any consultation responses received will mitigate the risk of a successful challenge of the final Statement of Principles.

10.0 Background and Options

- 10.1 As set out above, the Gambling Act 2005 requires Licensing Authorities to prepare and publish a Statement of Principles that it proposes to apply in exercising its functions under the Act. The current statement of principles was approved in 2009 and was based on the policies then in force in the areas of the three predecessor district Councils and took into account the requirements of the Gambling Act 2005 (Licensing Authority Policy Statement) (England and Wales) Regulations 2006 in terms of its form and content.
- 10.2 The draft statement, a copy of which is attached as Appendix 1, incorporates some minor amendments, but in essence remains substantially the same as the original statement. The Licensing Section has not received any comments about the drafting of the current statement from stakeholders in the period since it came into force, i.e. 1st April 2009. Similarly, the Council has not been challenged on the current Statement.
- 10.3 Following a review of the revised Statement of Gambling Principles on the 16th July 2012 the Statement was presented to the Licensing Committee where it was resolved to support the content. Following a subsequent decision of the Cabinet Member for Safer & Stronger Communities the Council has been consulting upon the revised Statement in accordance with the statutory requirements set out in the Legal Implications section of this report. The full list of consultees is set out within the Statement.
- 10.4 The period of the consultation ran from 1st August 2012 to 19th October 2012. No comments on the content of the Statement have been received. In total three responses have been received:

- i. On the 30th July 2012 an email was received from The Race Course Association confirming that as they have no venues in the Borough they would not be responding to the consultation.
- ii. On the 7th August an email was received from our Research and Consultation Section, which highlighted a number of spelling and grammatical errors that have been corrected
- iii. Letter received from the Association of British Bookmakers Ltd received 18th October 2012 (appendix 2)

10.5 On the 25th October 2012 the draft revised Statement was considered by the Council's Sustainable Communities Scrutiny Committee. The Committee resolved to recommend that Cabinet approve their comments prior to final submission to full Council. Their proposals were as follows:

Scrutiny Committee Proposals	Officer Comments
1. With regard to the Responsible Authorities, Town and Parish Councils should be included within paragraph 6.3 and consulted accordingly.	The status of Responsible Authority is given by the Gambling Act 2005 to prescribed bodies. The Council has no authority to increase the number or scope of the Responsible Authorities.
2. The last sentence of paragraph 8.6.2 should be a new paragraph	No comment
3. With regard to Reviews, it was agreed that Town and Parish Councils should be included in paragraph 9.1	A Review of a Licence can only be made by a Responsible Authority or an Interested Party. Town and Parish Councils cannot be regarded as Responsible Authorities. Town and Parish Councils can be considered an Interested Party. However, case law has shown that a Licensing Authority (the Council) cannot actively consult with one Interest Party and not with all those who may be Interested Parties. The way applications are advertised is set out in the Gambling Act 2005 and the Council should not go beyond those requirements. If we were to depart from the statutory requirements we would leave ourselves open to challenge by way of Judicial Review.
4. Noise leakage should be included in paragraph 10.2.2	Any conditions applied by the Licensing Authority must relate to the Licensing Objectives set out in the 2005 Act, must related to the gambling and should be enforceable. The Licensing Objectives are: (a) preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime, (b) ensuring that gambling is conducted in a fair and open way, and (c) protecting children and other vulnerable persons from being harmed or exploited by gambling.
5. With regard to the review of a premises licence and the application for a premises	The Gambling Act 2005 (Proceedings of Licensing Committees and Sub-committees) (Premises Licences and Provisional Statements) (England and

licence, these issues should be considered by the full Committee and not a Sub-Committee	Wales) Regulations 2007 confirms that the Committees and Sub-Committees constituted under the Licensing Act 2003 must also consider applications and reviews under the Gambling Act 2005. The Council has adopted the model delegations issued at the time the Act was commenced. These delegations confirm that hearings for opposed applications or reviews should be determined by a Sub-Committee of the Licensing Committee.
6. With regard to paragraph 13.1.5, applicants must provide information leaflets and helpline numbers to protect vulnerable persons.	Any conditions applied by the Licensing Authority must relate to the Licensing Objectives set out in the 2005 Act, must related to the gambling and should be enforceable. Similarly, the Gambling Commission issues Codes of Practice, which operators must have regard to that deal with the promotion of the Licensing Objectives. The Licensing Authority should therefore not duplicate the requirements placed on operators by the Gambling Commission.
7. Councillors should be notified of applications in their wards.	An email notification of Premises Licence applications is distributed to all Members. However, the Licensing Authority deals with very few new applications and has dealt no Reviews of Premises Licences.
8. Test purchases should be employed to ensure that underage gambling is not taking place.	Test purchasing is an operation function carried out by either the Council's Consumer Protection and Investigation Section, the Gambling Commission or the Police. Any operation functions that are not mandatory are subject to the individual department's priorities and budgetary constraints.

- 10.6 At its meeting on the 5th November 2012 the Licensing Committee considered the revised Statement in light of all the comments made during the consultation process. This included those comments made by the Sustainable Communities Scrutiny Committee. The Licensing Committee resolved to support the Statement subject only to amendment numbers 2 and 4 for the reasons set out above.

11.0 Access to Information

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

Appendix 1 - Revised Statement of Gambling Principles

Appendix 2 – Letter from the Association of British Bookmakers Ltd

Name: Miss K Evans

Designation: Licensing Team Leader

Tel No: 0300 123 5015

Email: kim.evans@cheshireeast.gov.uk

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STATEMENT OF PRINCIPLES

GAMBLING ACT 2005

1 Introduction

- 1.1 This Statement of Principles ('the Statement') is published by Cheshire East Council ('the Council') as the Licensing Authority in accordance with section 349 of the Gambling Act 2005 ('the Act').
- 1.2 The Council has produced this Statement of Principles in accordance with the provisions of the Act and having regard to the provision of the Guidance issued by the Gambling Commission under Section 25 of the Act.
- 1.3 This Statement of Principles will come into effect on the date of publication by the Council and will be reviewed from time to time as necessary. This statement will be published at least every three years from the date of publication. Statutory consultation shall take place whenever amendments are proposed to the Statement of Principles, before it is republished.
- 1.4 This Statement of Principles deals with the approach the Council, as Licensing Authority, will take in relation to the following matters:
 - (a) Licensing objectives;
 - (b) Licensable functions;
 - (c) General principles;
 - (d) Responsible Authorities;
 - (e) Interested Parties;
 - (f) Consideration of applications;
 - (g) Reviews;
 - (h) Gambling Premises Licences;
 - (i) Provisional Statements;
 - (j) Casino resolution;
 - (k) Permits;
 - (l) Temporary Use Notices;
 - (m) Occasional Use Notices;
 - (n) Information Exchange;
 - (o) Enforcement;
 - (p) Declaration (of matters to which the Licensing Authority has had regard);
 - (q) Scheme of delegation; and
 - (r) Sources of information

- 1.5 The persons and organisations consulted in relation to this revised Statement of Principles are listed below:

Responsible Authorities

The Gambling Commission;
Cheshire Constabulary;
Cheshire Fire & Rescue Service;
Local Planning Authority;
Environmental Health Department;
Local Safeguarding Children Board;
HM Revenue and Customs.

Persons representing the interests of persons carrying on gambling businesses in the authority's area

British Holiday and Home Parks Association
Business in Sport & Leisure
Casino Operators Association of the UK
Racecourse Association Lts
BACTA
British Casino Association
Association of British Bookmakers
The Bingo Association
British Beer and Pub Association
PubWatch Groups within the Borough
Chambers of Commerce & Enterprise

Persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Gambling Act 2005

Parish and Town Councils within the Borough
East Cheshire NHS Primary Care Trust
GamCare
Samaritans
Gamblers Anonymous
Citizens Advice Bureau
Local Service Delivery Committee for Crewe
Local Service Delivery Committee for Macclesfield
Adult Safeguarding Board

2 Cheshire East

- 2.1 Cheshire East has a population of 370,100 and covers an area of 116,638 hectares. Cheshire East's administrative area contains the industrial town of Crewe, the old mill towns of Macclesfield, Bollington and Congleton, the market towns of Alsager, Nantwich, Knutsford and Sandbach, the salt town of Middlewich, the town of Wilmslow as well as the smaller settlements of Holmes Chapel and Poynton.

A plan showing the geographical area within which the Council exercises functions as Licensing Authority is shown below.



3 Licensing Objectives

3.1 The Gambling Act 2005 requires the Council as Licensing Authority to carry out its various licensing functions with a view to promoting the three licensing objectives as set out in section 1 of the Act. The licensing objectives are:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling

3.2 The licensing authority shall aim to permit the use of the premises for gambling as set out in section 153 of the Act, that is so far as the Authority think it:

- (a) in accordance with any relevant code of practice under section 24 of the Act;
- (b) in accordance with any relevant guidance issued by the Gambling Commission under section 25 of the Act;
- (c) reasonably consistent with the licensing objectives (subject to (a) and (b) above); and
- (d) in accordance with this statement of principles (subject to (a) and (c) above).

4 Licensable functions

The licensing functions within the Act include the following:

- the grant of premises licences and the issue of provisional statements in respect of premises where gambling activities are to take place;

- to receive notifications from premises licensed for the sale of alcohol (under the Licensing Act 2003) for the use of either one or two Category C or D gaming machines;
- to grant licensed premises gaming machine permits for premises licensed to sell/supply alcohol for consumption on the premises where there are more than two gaming machines;
- to grant club gaming permits and club gaming machine permits for members' clubs;
- to grant club machine permits for commercial clubs;
- to grant permits for unlicensed family entertainment centres for the use of certain lower stake gaming machines;
- to grant permits for prize gaming;
- to receive and endorse notices for the temporary use of premises for gambling;
- to consider occasional use notices for betting at tracks;
- to register small societies' lotteries;
- to provide information and statistics to the Gambling Commission; and
- to maintain registers of licences and permits issued.

5 General Principles

- 5.1 The Licensing Authority recognises the need to avoid, so far as possible, duplication of existing legislation and other regulatory regimes that place obligations on employers and operators such as the Health and Safety at Work Act 1974, the Disability Discrimination Act 1995 and the fire safety regime.
- 5.2 The Licensing Authority recognises that it may only consider matters within the scope of the Guidance issued by the Gambling Commission, the Act and the Codes of Practice. It is also recognised that there may be issues raised, such as the likelihood of the applicant obtaining planning permission, which are not relevant for the purposes of the Act.
- 5.3 The Licensing Authority makes a commitment to regulating gambling in the public interest.
- 5.4 Nothing in this Statement of Principles will undermine the rights of any person to make an application under the Act and have the application considered on its individual merits; or undermine the right of any person to make representations on any application or seek a review of a licence or permit where provision has been made for them to do so within the Act.
- 5.5 In determining its Statement of Principles, the licensing authority will have regard to the Guidance issued by the Gambling Commission, and will give appropriate weight to the views of those it has consulted. In determining what weight to give particular representations, the factors to be taken into account will include:
 - who is making the representations (what is their expertise or interest);
 - what their motivation may be for their views;
 - how many other people have expressed the same or similar views;
 - how far the representations relate to matters that the licensing authority should be including in its statement of principles.

- 5.6 The Licensing Authority recognises that unmet demand is not a criterion for it when considering an application for a premises licence under the Act. Each application will be considered on its merits without regard to demand.
- 5.7 The Licensing Authority recognises that the location and proximity of premises to be used for gambling to other premises such as, for example, schools and other premises used by vulnerable persons, may be a relevant consideration with respect to the objective of protecting children and other vulnerable persons from being harmed or exploited by gambling. The type of gambling which is to be offered will also be relevant.

Each application will be considered on its merits and the Licensing Authority will take into account any proposals by the applicant or licence holder which show how the licensing objectives may be satisfied.

6 Responsible Authorities

- 6.1 A 'Responsible Authority' may make representations about an application for a premises licence or may request a review of a premises licence.
- 6.2 For the purposes of sections 157 and 349 of the Gambling Act 2005, the following are responsible authorities in relation to premises in the area of Cheshire East:
- (i) The licensing authority in whose area the premises are wholly or mainly situated (Cheshire East Council)
 - (ii) The Gambling Commission
 - (iii) Cheshire Constabulary as the police authority
 - (iv) Cheshire Fire & Rescue Service as the fire and rescue authority
 - (v) The Local Planning Authority (Cheshire East Council)
 - (vi) Environmental Health Service (Cheshire East Council)
 - (vii) Local Safeguarding Children Board
 - (viii) Her Majesty's Revenue and Customs
 - (ix) Any other person prescribed, for the purposes of Section 157 of the Act, by regulations made by the Secretary of State.
- 6.3 In exercising this licensing authority's powers under Section 157(h) of the Act to designate, in writing, a body which is competent to advise the authority about the protection of children from harm, the following principles have been applied:
- the need for the body to be responsible for an area covering the whole of the licensing authority's area
 - the need for the body to be answerable to democratically elected persons, rather than any particular vested interest group etc
- 6.4 In accordance with the Gambling Commission's Guidance for local authorities this authority designates the Local Safeguarding Children Board for this purpose.
- 6.5 The contact details of all the responsible authorities under the Gambling Act 2005 are available via the Council's website at: www.cheshireeast.gov.uk or on request from the Licensing Section.

7 Interested Parties

7.1 In addition to Responsible Authorities, 'Interested parties' can make representations about licence applications, or apply for a review of an existing licence. These parties are defined in Section 158 of the Gambling Act 2005 as follows:

"For the purposes of this Part a person is an interested party in relation to an application for or in respect of a premises licence if, in the opinion of the licensing authority which issues the licence or to which the application is made, the person-

(a) lives sufficiently close to the premises to be likely to be affected by the authorised activities,

(b) has business interests that might be affected by the authorised activities, or

(c) represents persons who satisfy paragraph (a) or (b)"

7.2.1 The licensing authority is required by regulations to state the principles it will apply in exercising its powers under the Act to determine whether a person is an interested party. The principles are as set out below.

7.2.2 Each case will be decided upon its merits.

7.2.3 This authority will not apply a rigid rule to its decision making, however it will consider the following as per the Gambling Commission's Guidance to local authorities:

- the size of the premises
- the nature of the premises
- the distance of the premises from the location of the person making the representation
- the potential impact of the premises (number of customers, routes likely to be taken by those visiting the establishment); and
- the nature of the complainant. This is not the personal characteristics of the complainant but the interests of the complainant which may be relevant to the distance from the premises. For example, it could be reasonable for an authority to conclude that "sufficiently close to be likely to be affected" could have a different meaning for (a) a private resident (b) a residential school for children with truanting problems and (c) residential hostel for vulnerable adults.
- the 'catchment' area of the premises (i.e. how far people travel to visit); and
- whether the person making the representation has business interests in that catchment area, that might be affected.

7.2.4 Representations made on the grounds that an applicant would be in competition with an existing business or that there is allegedly no demand for additional gambling premises will not be considered to be relevant.

7.2.5 The Gambling Commission has also recommended that the licensing authority states that interested parties include trade associations and trade unions, and residents' and tenants' associations. This authority will not, however, generally view these bodies as interested parties unless they have a member who can be classed as one under the terms of the Gambling Act 2005 i.e. lives sufficiently close to the premises to be likely to be affected by the authorised activities.

8 Consideration of applications

- 8.1 The licensing authority is mindful of the Commission's Guidance which provides that the authority should set out in its statement what factors it may take into account when considering applications for premises licences, permits and other permissions and matters that it will consider relevant when determining whether to review a licence.
- 8.2 The licensing authority has determined to set out a number of factors, linked to the licensing objectives, which it may consider when considering applications. It should be noted that each case will be decided on its merits, so if an applicant can show how they might overcome licensing objective concerns, then that will be taken into account.
- 8.3 Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- 8.3.1 In considering licence applications, the Licensing Authority will particularly take into account the following:-
- The location of the premises – for example if an application for a licence or permit is received in relation to premises that are in an area noted for particular problems with organised crime.
 - The design and layout of the premises;
 - The training given to staff in crime prevention measures appropriate to those premises;
 - Physical security features installed in the premises. This may include matters such as the position of cash registers or the standard of CCTV that is installed;
 - Where premises are subject to age restrictions, the procedures in place to conduct age verification checks;
 - The likelihood of any violence, public order or policing problem if the licence is granted.
- 8.3.2 This licensing authority notes the Commission's Guidance in relation to the meaning of disorder in the context of gambling premises, namely activity that is more serious and disruptive than mere nuisance, and will consider factors such as whether police assistance was required and how threatening the behaviour was to those who could see it.
- 8.3.3 Applicants are encouraged to discuss the crime prevention procedures in their premises with the Licensing Officers of Cheshire Constabulary before making a formal application.
- 8.4 Ensuring that gambling is conducted in a fair and open way

8.4.1 This licensing authority has noted that the Commission's Guidance states: *"Generally the Commission would not expect licensing authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be a matter for either the management of the gambling business, and therefore subject to the operating licence, or will be in relation to the suitability and actions of an individual and therefore subject to the personal licence."*

8.4.2 This licensing authority also notes, however, that the Gambling Commission also states *"in relating to the licensing tracks the licensing authorities' role will be different from other premises in that track operators will not necessarily have an operating licence. In those circumstances the premises licence may need to contain conditions to ensure that the environment in which betting takes place is suitable."* It is recognised that because the track operator does not need to have an operating licence (although he may have one), the licensing authority may have to consider placing requirements on the premises licence holder about his responsibilities in relation to the proper conduct of betting.

8.5 Protection of children and other vulnerable persons

8.5.1 It is noted that, with limited exceptions, the intention of the Gambling Act is that children and young persons should not be permitted to gamble and should be prevented from entering those gambling premises which are adult-only environments.

8.5.2 This licensing authority has noted that the Gambling Commission Guidance to local authorities states that "The objective talks of protecting children from being "harmed or exploited by gambling", but in practice that often means preventing them from taking part in gambling and for there to be restrictions on advertising so that gambling products are not aimed at children or advertised in such a way that makes them particularly attractive to children

8.5.3 The Licensing Authority will judge the merits of each separate application before deciding whether to impose conditions to protect children on particular categories of premises. This may include consideration of issues such as:-

- Supervision of entrances;
- Segregation of gambling areas from areas frequented by children;
- Supervision of gaming machines in non-adult gambling specific premises.

8.5.4 The Licensing Authority recognises the Commission's Guidance which states that Licensing authorities should ensure that where category C or above machines are on offer in premises to which children are admitted:

- all such machines are located in an area of the premises which is separated from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where these machines are located;
- access to the area where the machines are located is supervised;
- the area where these machines are located is arranged so that it can be observed by the staff or the licence holder; and
- at the entrance to and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

8.5.5 It is noted that in relation to casinos, the Act provides for a code of practice on access to casino premises by children and young persons. In accordance with section 176 of the Act, adherence to the code will be a condition of a casino premises licence.

8.5.6 The Council does not seek to prohibit particular groups of adults from gambling in the same way that it seeks to prohibit children, but it will assume for regulatory purposes, that “vulnerable persons” include:

- People who gamble more than they want to;
- People who gamble beyond their means;
- People who may not be able to make an informed or balanced decision about gambling due to a mental impairment, alcohol or drugs.

8.6 Conditions

8.6.1 The Act provides licensing authorities with:

- The ability to exclude from the premises licence any default conditions that have been imposed under section 168; and
- The power to impose conditions on the premises licence

8.6.2 The Licensing Authority recognises its duty to act in accordance with the principles within section 153 of the Act and will not attach conditions which limit the use of premises for gambling except where to do so is necessary as a result of the requirement to act:

- In accordance with the Commission’s Guidance, the Commission’s Codes of Practice, or this statement of licensing principles; or
- In a way that is reasonably consistent with the licensing objectives.

8.6.3 The Licensing Authority will not turn down applications for premises licences where relevant objections can be dealt with through the use of conditions.

8.6.4 Any condition imposed by the licensing authority will be proportionate to the circumstances which it seeks to address. In particular, the licensing authority will ensure that premises licence conditions are:

- Relevant to the need to make the proposed building suitable as a gambling facility;
- Directly related to the premises and the type of licence applied for;
- Fairly and reasonably related to the scale and type of premises; and
- Reasonable in all other respects.

8.6.5 Decisions on individual conditions will be taken on a case-by-case basis, although this will be against the background of general policy set out in the Commission’s Guidance and this statement of principles.

8.6.6 There are conditions which the Licensing Authority cannot attach to premises licences which are:

- any condition which makes it impossible to comply with an operating licence condition;

- conditions relating to gaming machine categories, numbers, or method of operation;
- conditions which provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs); and
- conditions in relation to stakes, fees, winning or prizes.

8.6.7 Where a condition is attached to a premises licence requiring door supervisors, the Licensing Authority will normally require those door supervisors to be Security Industry Authority (SIA) registered. Door supervisors at casinos or bingo premises are exempt from being registered by the SIA but the Licensing Authority considers that it is best practice for door supervisors working at casinos or bingo premises to have SIA training or similar.

9 Reviews

9.1 Requests for a review of a premises licence can be made by interested parties or responsible authorities (including the Licensing Authority itself). The Licensing Authority will carry out the review unless it determines that a review should not be carried out based on whether the request for the review is relevant to the matters listed below, and with consideration as to whether the request is frivolous, vexatious, will certainly not cause this authority to wish to alter/revoke/suspend the licence, or whether it is substantially the same as previous representations or requests for review.

- in accordance with any relevant code of practice issued by the Gambling Commission
- in accordance with any relevant guidance issued by the Gambling Commission
- reasonably consistent with the licensing objectives and
- in accordance with the authority's statement of principles

10. Gambling Premises Licences

10.1 Adult Gaming Centres

10.1.1 The Licensing Authority will expect applicants to demonstrate that there will be sufficient measures in place to meet the licensing objectives, for example, to ensure that those under eighteen years of age do not have access to the premises.

10.1.2 Appropriate licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare.

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

10.2 (Licensed) Family Entertainment Centres

10.2.1 The Licensing Authority will expect applicants to demonstrate that there will be sufficient measures in place to meet the licensing objectives, for example, to ensure that under 18 year olds do not have access to the adult only gaming machine areas.

10.2.2 Appropriate licence conditions may cover issues such as:

- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes
- Provision of information leaflets / helpline numbers for organisations such as GamCare, Gamblers Anonymous, the Gordon House Association, National Debtline and local Citizens Advice Bureaux.
- Measures / training for staff on how to deal with suspected truant school children on the premises

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

10.3 Bingo Premises

10.3.1 It is important that, if children are allowed to enter premises licensed for bingo, they do not participate in gambling, other than on category D machines.

10.3.2 Where category C or above machines are available in premises to which children are admitted the Licensing Authority will expect applicants to consider measures to ensure that:

- all such machines are located in an area of the premises separate from the remainder of the premises by a physical barrier which is effective to prevent access other than through a designated entrance;
- only adults are admitted to the area where the machines are located;
- access to the area where the machines are located is supervised;
- the area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder; and
- at the entrance to, and inside any such area there are prominently displayed notices indicating that access to the area is prohibited to persons under 18.

10.3.3 Further Guidance will be issued by the Gambling Commission about the particular issues which should be taken into account in relation to the suitability and layout of bingo premises. The Licensing Authority will take account of that Guidance when it is made available.

10.4 Betting Premises

10.4.1 The Licensing Authority will take into account

- the size of the premises;

- the number of counter positions available for person-to-person transactions; and
- the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people
- when considering the number, nature and circumstances of betting machines an operator wants to offer.

10.4.2 The Licensing Authority will consider making door supervision a requirement in circumstances where there is clear evidence from the history of trading at the premises that the premises cannot be adequately supervised from the counter and that door supervision is both necessary and proportionate.

10.4.3 The Licensing Authority is mindful of the conditions which may be attached to betting premises licences, which may include those relating to the restriction of the number of betting machines, their nature and the circumstances in which they are made available. The Authority will consider limiting the number of machines in circumstances where there is clear evidence that such machines have been or are likely to be used in breach of the licensing objectives. In these circumstances the Authority may take into account the ability of staff to monitor the use of such machines from the counter.

10.4.4 The Licensing Authority recognises that certain bookmakers have a number of premises within its area. In order to ensure that any compliance issues are recognised and resolved at the earliest stage, operators are requested to give the authority a single named point of contact, who should be a senior individual, and whom the authority will contact first should any compliance queries or issues arise.

10.5 Tracks

10.5.1 Tracks may be subject to one or more than one premises licence, provided that each licence relates to a specified area of the track.

10.5.2 The Licensing Authority will expect applicants to demonstrate that there will be sufficient measures in place to ensure that entrances to each type of premises are distinct and that children are excluded from gambling areas and do not have access to adult only gaming facilities.

10.5.3 It should be noted that children and young persons will be permitted to enter track areas where facilities for betting are provided on days when dog-racing and/or horse racing takes place, but that they are still prevented from entering areas where gaming machines (other than category D machines) are provided.

10.5.4 Appropriate licence conditions may cover issues such as:

- Proof of age schemes
- CCTV
- Supervision of entrances / machine areas
- Physical separation of areas
- Location of entry
- Notices / signage
- Specific opening hours
- Self-barring schemes

- Provision of information leaflets / helpline numbers for organisations such as GamCare

This list is not mandatory, nor exhaustive, and is merely indicative of example measures.

- 10.5.6 Where the applicant holds a pool betting operating licence and is going to use his entitlement to four gaming machines, if these machines are above category D, the applicant must demonstrate that they will be located in areas from which children are excluded. Children and young persons are not prohibited from playing category D gaming machines on a track.
- 10.5.7 The Licensing Authority will consider restricting the number and location of betting machines in respect of applications for track premises licences.
- 10.5.8 When considering the number, nature and circumstances of betting machines an operator wants to offer, the Licensing Authority will take into account
- the size of the premises;
 - the ability of staff to monitor the use of the machines by children and young persons (it is an offence for those under 18 to bet) or by vulnerable people
- 10.5.9 The Licensing Authority will normally attach a condition to track premises licences requiring the track operator to ensure that the rules are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race-card or made available in leaflet form from the track office.
- 10.6 Travelling Fairs
- 10.6.1 A travelling fair is defined as a fair consisting wholly or principally for the provision of amusements and is provided by persons who travel from place to place and is held at a place which has been used for the provision of fairs on no more than 27 days per calendar year.
- 10.6.2 Category D gaming machines or equal chance gaming may be provided without a permit provided that facilities for gambling amount to no more than ancillary amusement at the fair.

11 Provisional Statements

- 11.1 An applicant cannot obtain a full premises licence until the premises are ready to be used for gambling. An applicant may apply for a provisional statement in respect of premises expected to be constructed, altered or acquired.
- 11.2 Where a provisional statement is granted and an application subsequently made for a premises licence, the Licensing Authority will disregard any representations made which address matters that could have been addressed when the provisional statement was considered unless there has been a change of circumstances.
- 11.3 A premises licence will be granted in the same terms as the provisional statement unless:

- representations are received which address matters that could not have been addressed when the provisional statement was considered;
 - there has been a change of circumstances; or
- the premises have been constructed or altered otherwise than in accordance with the plans and information included with the application for the provisional statement

12 Casino resolution

- 12.1 The Council may make a resolution to not grant premises licences for casinos. In doing so, it may take into account any principle or matter.
- 12.2 The Council has not passed a resolution not to grant premises licences for casinos.

13 Permits

13.1 (Alcohol) Licensed Premises Gaming Machine Permits

- 13.1.1 Premises licensed to sell alcohol are automatically entitled to have 2 gaming machines of categories C or D provided that:

- the requisite notice has been served on the Licensing Authority;
- the appropriate fee has been paid; and
- any code of practice relating to the location and operation of gaming machines is complied with.

- 13.1.2 The Licensing Authority can remove the automatic authorisation if:

- provision of the machines is not reasonably consistent with the pursuit of the licensing objectives;
- gaming has taken place on the premises that breaches a condition of section 282 of the Gambling Act (i.e. that written notice has been provided to the licensing authority, that a fee has been provided and that any relevant code of practice issued by the Gambling Commission about the location and operation of the machine has been complied with);
- the premises are mainly used for gaming; or
- an offence under the Gambling Act has been committed on the premises.

- 13.1.3 If a licensed premises wishes to have more than 2 machines, then a permit is required.

- 13.1.4 The Licensing Authority must take account of the licensing objectives and any guidance issued by the Gambling Commission issued under Section 25 of the Gambling Act 2005 when considering an application for a permit. The Licensing Authority may also consider such matters as it thinks are relevant. Such matters will be decided on a case by case basis but generally there will be regard to the need to protect children and vulnerable persons from being harmed or exploited by gambling.

- 13.1.5 The Licensing Authority will expect the applicant to demonstrate that there will be sufficient measures to ensure that fewer than 18 year olds do not have access to the adult only gaming machines. Such measures may include notices and signage, adult machines being in sight of the bar or in sight of staff that will monitor that the

machines are not being used by those under 18. As regards the protection of vulnerable persons, applicants may wish to consider the provision of information leaflets / helpline numbers for organisations such as GamCare, Gamblers Anonymous, the Gordon House Association, National Debtline and local Citizens Advice Bureaux.

13.2 Unlicensed Family Entertainment Centre gaming machine permits

13.2.1 This licensing authority will expect the applicant to show that there are policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits, however, they may include CRB checks for staff, training covering how staff would deal with unsupervised very young children being on the premises, or children causing perceived problems on / around the premises.

13.3 Prize Gaming Permits

13.3.1 Prize gaming is a form of gaming where the size of the prize is determined by the operator and is not based on the number of persons playing or the total value of the stakes raised.

13.3.2 Premises which have a Premises Licence can provide prize gaming without the need for a separate Prize Gaming Permit issued by the Local Authority. Premises licensed as a casino* or a betting shop, or for bingo or for an adult gaming centre or as an FEC do not need a Prize Gaming Permit in order to offer prize gaming. In addition, an unlicensed FEC may provide prize gaming without a permit provided that a gaming machine permit has been issued and the gaming is equal chance gaming, and, finally a travelling fair may provide prize gaming provided that it is equal chance gaming.

* except for prize bingo which would require a permit/bingo operating licence

13.3.3 In exercising its functions in respect of prize gaming permits, the Licensing Authority need not, but may, have regard to the licensing objectives and must have regard to any guidance issued by the Gambling Commission.

13.3.4 There are conditions in the Act which a permit holder must comply with which are:

- the limits on participation fees, as set out in regulations, must be complied with;
- all chances to participate in the gaming must be allocated on the premises on which the gaming is taking place and on one day;
- the game must be played and completed on the day the chances are allocated and the result of the game must be made public in the premises on the day that it is played;
- the prize for which the game is played must not exceed the amount set out in regulations (if a money prize), or the prescribed value (if non-monetary prize); and
- participation in the gaming must not entitle the player to take part in any other gambling.

13.3.5 Applicants should set out the types of gaming intended to be offered and should demonstrate:

- that they understand the limits to stakes and prizes that are set out in Regulations; and
- that the gaming offered is within the law.

The Licensing Authority will consider these matters when determining the suitability of an applicant for a permit.

13.4 Club Gaming and Club Gaming Machine Permits

13.4.1 Members Clubs and Miners' welfare institutes (but not Commercial Clubs) may apply for a Club Gaming Permit or a Club Gaming machines permit.

13.4.2 The Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D), equal chance gaming and games of chance in accordance with regulations made under the Act.

13.4.3 A Club Gaming Machine Permit will enable the premises to provide gaming machines (3 machines of categories B, C or D).

13.4.4 Members Clubs must:

- have at least 25 members;
- be established and conducted wholly or mainly for purposes other than gaming, unless the gaming is permitted by separate regulations. (It is anticipated that this will include bridge and whist clubs.);
- be permanent in nature;
- not be established to make commercial profit;
- be controlled by its members equally.

Examples include working men's clubs, branches of the Royal British Legion and clubs with political affiliations.

13.4.5 The Licensing Authority may only refuse an application on the grounds that:

- the applicant does not fulfil the requirements for a members' or commercial club or miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied;
- the applicant's premises are used wholly or mainly by children and/or young persons;
- an offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities;
- a permit held by the applicant has been cancelled in the previous ten years; or
- an objection has been lodged by the Commission or the police.

13.4.6 There is also a 'fast-track' procedure available under the Act for premises which hold a Club Premises Certificate under the Licensing Act 2003 (Schedule 12 paragraph 10).

13.4.7 Under the fast-track procedure there is no opportunity for objections to be made by the Commission or the police, and the grounds upon which an authority can refuse

a permit are reduced.

13.4.8 The only grounds upon which an application under the fast-track process may be refused are:

- that the club is established primarily for gaming, other than gaming prescribed under schedule 12;
- that in addition to the prescribed gaming, the applicant provides facilities for other gaming; or
- that a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

There are statutory conditions on club gaming permits that no child uses a category B or C machine on the premises and that the holder complies with any relevant provision of a code of practice about the location and operation of gaming machines.

14 Temporary Use Notices

14.1 A temporary use notice may only be given by the holder of an operator's licence. A set of premises may not be the subject of temporary use notices for more than 21 days within a 12 month period.

14.2 A set of premises will be considered to be the subject of a temporary use notice if any part of the premises is the subject of a notice. Consequently, operators cannot extend the limits on temporary use notices in respect of large premises by giving separate notices for different parts of the premises.

14.3 The Licensing Authority will object to temporary use notices where it appears that they are being used to permit regular gambling in a set of premises.

14.4 In determining whether a place falls within the definition of "a set of premises" the Licensing Authority will take into consideration ownership/occupation and control of the premises. For example, a large exhibition centre will normally be regarded as one set of premises and will not be allowed separate temporary use notices for each of its exhibition halls. Individual units in a shopping centre may be regarded as different sets of premises if they are occupied and controlled by different people.

15 Occasional Use Notices

15.1 Where betting takes place on a track on eight days or less in a calendar year, betting may be permitted by an occasional use notice without the need for a full premises licence.

15.2 A track includes a horse racing course, a dog track or any other premises on any part of which a race or other sporting event takes place or is intended to take place. This could include, for example, agricultural land upon which a point-to-point meeting takes place. The track need not be a permanent fixture. Those giving occasional use notices will be expected to demonstrate that the premises fall within the definition of a track.

16 Information exchange

- 16.1 Licensing authorities are required to include in their statement the principles to be applied by the authority in exercising the functions under sections 29 and 30 of the Act with respect to the exchange of information between it and the Gambling Commission, and the functions under section 350 of the Act with respect to the exchange of information between it and the other persons listed in Schedule 6 to the Act.
- 16.2 In fulfilling its functions and obligations under the Gambling Act 2005 the Licensing Authority will exchange relevant information with other regulatory bodies and will establish protocols in this respect. In exchanging such information, the Licensing Authority will conform to the requirements of data protection and freedom of information legislation in accordance with the Council's existing policies. In addition, the Licensing Authority will act in accordance with guidance from the Commission and adopt the principles of better regulation.
- 16.3 Details of those persons making representations will be made available to applicants to allow for negotiation unless the individual notifies the Licensing Authority to the contrary within seven days of a request for confirmation of this. In the event of a hearing being held, the representation will form part of a public document. Anyone making representations will be informed that their details will be disclosed unless they advise to the contrary.
- 16.4 Data subjects may make requests for information held by the Licensing Authority about themselves to the Data Protection Officer, Cheshire East Council.

17 Enforcement

- 17.1 The Act requires licensing authorities to state the principles that they will apply when exercising their functions under Part 15 of the Act (inspection of premises) and the powers under section 346 (power to institute criminal proceedings in respect of offences specified).
- 17.2 The Council is a signatory to the Regulator Compliance Code and will follow the principles set out in it. The Code is based around the principles of consistency, transparency and proportionality. These principles are reflected within Cheshire East Borough Council's Enforcement Policy (available on request).
- 17.3 The Licensing Authority will be guided by the Gambling Commission's Guidance for local authorities and in accordance with both this Guidance and the Better Regulation principles will base its approach on the following:
- Proportionate: regulators should only intervene when necessary: remedies should be appropriate to the risk posed, and costs identified and minimised;
 - Accountable: regulators must be able to justify decisions, and be subject to public scrutiny;
 - Consistent: rules and standards must be joined up and implemented fairly;
 - Transparent: regulators should be open, and keep regulations simple and user friendly; and
 - Targeted: regulation should be focused on the problem, and minimise side effects

- 17.4 The Code (available upon request) proposes that a graduated response is taken where offences against legislation are found or where licence conditions have been contravened. An isolated administrative offence, such as failing to maintain certain records, may be dealt with by way of a written warning. More serious offences may result in a referral to a Sub-Committee for a review, the issue of a Formal Caution or a referral for prosecution.
- 17.5 The Licensing Authority will adopt a risk-based programme of inspections; this will include targeting high-risk premises which require greater attention, whilst operating a lighter touch in respect of low-risk premises, so that resources are more efficiently concentrated on problem premises.
- 17.6 As per the Gambling Commission's Guidance for local authorities this licensing authority will endeavour to avoid duplication with other regulatory regimes so far as possible.

18 Declaration

In producing this statement of principles the authority has had regard to the licensing objectives of the Gambling Act 2005, and the guidance issued by the Gambling Commission. In producing the final statement the licensing authority will also have regard to any responses from those consulted on the statement.

19 Scheme of delegation

- 19.1 The Committee has delegated certain decisions and functions and has established a Sub-Committee to deal with them.
- 19.2 Many of the decisions and functions will be purely administrative in nature and the grant of non-contentious applications, including for example those licences and permits where no representations have been made, will be delegated to Licensing Authority Officers. The table shown at Appendix A sets out the agreed delegation of decisions and functions to the Licensing Committee, Sub-Committee and Officers. This form of delegation is without prejudice to Officers referring an application to a Sub-Committee or Full Committee if considered appropriate in the circumstances of any particular case.

20 Sources of information

Further information about the Gambling Act 2005, this Statement of Principles or the application process can be obtained from:-

Licensing Section
Cheshire East Council – Westfields, Middlewich Road, Sandbach CW11 1HZ

www.cheshireeast.gov.uk
licensing@cheshireeast.gov.uk

Information is also available from:-

Gambling Commission
Victoria Square House
Victoria Square
Birmingham
B2 4BP

Tel: 0121 230 6666
e-mail info@gamblingcommission.gov.uk
Website: www.gamblingcommission.gov.uk

APPENDIX A

TABLE OF DELEGATION OF LICENSING FUNCTIONS

MATTER TO BE DEALT WITH	FULL COUNCIL	SUB-COMMITTEE	OFFICERS
Three year licensing policy	X		
Policy not to permit casinos	X		
Fee Setting - when appropriate		X (Full Committee)	
Application for premises licences		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Application for a variation to a licence		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Application for a transfer of a licence		Where representations have been received from the Commission	Where no representations received from the Commission
Application for a provisional statement		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Review of a premises licence		X	
Application for club gaming /club machine permits		Where representations have been received and not withdrawn	Where no representations received/ representations have been withdrawn
Cancellation of club gaming/ club machine permits		X	
Applications for other permits			X
Cancellation of licensed premises gaming machine permits			X
Consideration of temporary use notice and occasional use notices			X
Decision to give a counter notice to a temporary use notice		X	

APPENDIX B**GLOSSARY OF TERMS**

Licensing Objectives:	As defined in section 1.3 below
Council:	Cheshire East Council
Borough:	The area of Cheshire administered by Cheshire East Borough Council
Applications:	Applications for licences and permits as defined in section 4 above
Notifications:	Means notification of temporary and occasional use notices
Act:	The Gambling Act 2005
Regulations:	Regulations made under the Gambling Act 2005
Premises:	Any place, including a vehicle, vessel or moveable structure
Code of Practice:	Means any relevant code of practice under section 24 of the Gambling Act 2005
Mandatory Condition:	Means a specified condition provided by regulations to be attached to a licence
Default Condition:	Means a specified condition provided by regulations to be attached to a licence, unless excluded by Cheshire East Council
Responsible Authority:	<p>For the purposes of this Act, the following are responsible authorities in relation to premises:</p> <ol style="list-style-type: none"> 1. The Licensing Authority in whose area the premises are wholly or mainly situated ("Cheshire East Council"); 2. The Gambling Commission; 3. Cheshire Constabulary; 4. Cheshire Fire & Rescue Service; 5. Local Planning Authority, Cheshire East Council; 6. Environmental Health Department, Cheshire East Council; 7. Local Safeguarding Children Board; 8. HM Customs and Excise.
Interested Party:	<p>For the purposes of this Act, a person is an interested party in relation to a premises licence if, in the opinion of the Licensing Authority which issues the licence or to which the application is made, the person:-</p> <ol style="list-style-type: none"> a) Lives sufficiently close to the premises to be likely to be affected by the authorised activities; b) Has business interests that might be affected by the authorised activities; c) Represents persons who satisfy a) or b) above.



Licensing Section
Cheshire East Council
Westfields
Middlewich Road
Sandbach CW11 1HZ

18 October 2012

Dear Sir or Madam,

Thank you for your recent letter regarding Cheshire East Council's review of its Statement of Principles (Gambling Act 2005).

The Association of British Bookmakers (ABB) is the leading trade association for high street bookmakers and represents the operators of around 7,000 betting shops in the UK, including Gala Coral, Ladbrokes, William Hill and about 130 independent bookmakers.

Betting is an everyday leisure activity which is more popular than ever, with 8 million people visiting betting shops every year. Betting shops are modern leisure retail businesses offering customers state-of-the-art video and audio systems, comfortable furniture, alcohol-free refreshments and friendly staff. They are an important part of the retail mix on high streets generating more footfall than other similar sized outlets apart from post offices and pharmacies.

We also play our part in supporting the UK economy, despite challenging conditions for the industry, contributing nearly £1 billion in tax every year - about £400 million more than we make in profit – and support 100,000 jobs. The industry takes on a relatively high proportion of staff with few qualifications and provides them with structured training and long term career opportunities.

Betting shops are highly regulated, licensed, responsible businesses who work pro-actively to tackle any issues in communities alongside the police, regulator and local authority.

We believe the Council's current Gambling Policy has been effective in promoting the licensing objectives as set out in Section 1 of the Gambling Act 2005, and we are satisfied with the proposed Policy.

If the Council considers any further changes I should be grateful if you would let me know.

Please do let me know if you would require further background information on the LBO sector and/or our responsible gambling procedures.

Yours faithfully,

Dirk Vennix
Chief Executive
E: dirkvennix@abb.uk.com

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	10 December 2012
Report of:	Lorraine Butcher, Director Children, Families and Adults
Subject/Title:	Universal Information and Advice Services
Portfolio Holder:	Councillor Janet Clowes

1.0 Report Summary

- 1.1 Cheshire East Adults Children and Families Service have undertaken a strategic review of its funding arrangements for the Voluntary, Community and Faith Sector (VCFS).
- 1.2 The current funding arrangements with the VCFS pre date Local Government Reorganisation (LGR) in April 2009. These legacy agreements have been extended over a number of years and remain largely unchanged.
- 1.3 In light of the severe financial pressures on the adult social care budget it was agreed that all Voluntary, Community and Faith services will receive 95% of their original 2011/12 allocation.
- 1.4 One of the priority recommendations emerging from this ongoing review is the need to move from the current system of grants to the VCFS to contracts for services.
- 1.5 Services are therefore being retendered to focus on Prevention and Early Intervention. Services which are low in cost and can clearly evidence that they either promote independence leading to avoidance or delay in entering the social care system or reduce or maintain current levels of support will be prioritised for funding. The new contracts, which will commence from 1 April 2013, will require providers to deliver measurable and clearly specified outcomes.
- 1.6 Permission has been granted by the Corporate Management Team, in the form of a Record of Non Compliance/Breach of Finance and Contract Procedure Rules to extend the current contracts until 31st March 2013 to allow the procurement exercise to be undertaken.
- 1.7 Currently Cheshire East Council grant fund Cheshire East Citizens Advice Bureau and Cheshire East Citizens Advice Bureau North for the provision of universal, free, independent, confidential and impartial

advice, advice and support across Cheshire East. This includes advice on debt, welfare benefit and housing related matters.

- 1.8 Due to the introduction of the Welfare Reform Act 2012 on 1 April 2013 and the as yet unknown impact of these changes we are unable to accurately specify the council's requirements for universal information and advice services to inform a formal tendering process at this time.

2.0 Decision Requested

- 2.1 To agree to Grant Aid the provision of universal information and advice services across Cheshire East.
- 2.2 To note that this will be a competitive process that will invite suitably qualified organisations to apply.

3.0 Reasons for Recommendations

- 3.1 The Welfare Reform Act 2012 legislates for the biggest change to the welfare system for over 60 years. The Act provides for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, starting from April 2013.

Key areas of the Act include the:

- Introduction of Personal Independence Payments to replace the current Disability Living Allowance
 - Restriction of Housing Benefit entitlement for social housing tenants whose accommodation is larger than they need
 - Uprating of Local Housing Allowance rates by the Consumer Price Index
 - Amending the forthcoming statutory child maintenance scheme
 - Limiting the payment of contributory Employment and Support Allowance to a 12-month period cap the total amount of benefit that can be claimed
- 3.2 As the impact of these changes is currently unknown it is not possible to accurately specify the council's requirements for universal information and advice services to inform a formal tendering process at this time.
- 3.3 A failure to provide this service at this time of fundamental and wide reaching changes to the whole benefits system will inevitably result in increased pressure upon the Council to compensate for this reduction in capacity and volume, with implications relating to the need for the provision of additional services to residents and the corresponding cost implications.

- 3.4 It should also be noted that any reduction in income to the Citizens Advice Bureau from the decommissioning of this service would take effect at the same time as the withdrawal of Legal Aid and Learning Skills Council funding by central government. The cumulative financial impact could result in the closure of both CABs from April 2013 resulting in the loss of investment in previous infrastructure as approved by the Chief Officer.
- 3.5 In the absence of a satisfactory contractual remedy, the provision of Grant Aid is a mechanism through which Cheshire East Council can ensure the continued provision of universal information and advice services during the financial year 2013/14.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 As outlined earlier in the paper Cheshire East Council are committed to the move from the current system of grants to the VCFS to contracts for services. Clearly the continuation of Grant Aid for this service is at odds with the decision to retender all other services. This is a time limited measure, however, to address a specific set of circumstances and it is expected that this service will also be tendered when this is determined appropriate.

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

- 7.1 The current funding for the provision of these services is £63,994 (Cheshire East Citizens Advice Bureau North) and £186,448 (Cheshire East Citizens Advice Bureau).
- 7.2 This spend is already accounted for through the Strategic Commissioning budget.
- 7.3 As the services provided are universal rather than specific to Children, Families and Adults further consideration will need to be given to where this funding is held within the council going forward.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 Adults Services sought a delegated decision that the arrangements with the CAB be extended for a twelve month period without a competitive tendering process being undertaken as required by the Council's Contract Procedure Rules. Rule E24 states as follows;

Provided that a proposed contract award complies with national and EU legislation and any other Finance and Contract Procedure Rule and subject to the Chief Officer or his designated representative keeping a record of the reasons, reported annually to the Director of Finance and Business, then the competition requirements may not apply to:

- The Purchase of a product required being compatible with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure as approved by the Chief Officer

Awarding a one year contract in these circumstance without competition will breach the Consolidated Directive on Public Procurement 2004 and the Public Contracts Regulations 2006 that provide that contracts for services with a value of above £173 934 must comply with competition requirements and tendering procedures. It is therefore not possible for the Council to grant a waiver to its own internal rules. As a part B services the contract would not be subject to all the tendering requirements, however there would need to be an appropriate form of advertisement and notification for the opportunity. Third parties have a right to take court action against the Council if they suffer financial loss as a result of the Council's failure to comply with the Regulations. For the reasons set out in section 3 of this report Adult Services feels that it cannot tender this contract at this time.

- 8.2 In general terms the Council can award grant funding for the provision of the services to the public. There is no comparable procedure to the procurement regime governing the administration of grants. An award of a grant would be subject to public law requirements and the Council's own internal guidance on administration of grants. As there are other organisations that will be interested in applying for the grant the availability should be advertised. What the Council cannot do is to attempt to exhibit the same amount of control over the organisation as is commensurate with a contract. Essentially the terms of the grant should be set out with what the purpose of the grant is for and only claim claw back provisions in the case of the grant funding being used for other purposes or otherwise improperly. What the Council will not be able to do with a grant is assess the quality of the services that are being provided to those requiring welfare advice and determine to withdraw grant funding on that basis (except at the end of the period of the grant funding).

9.0 Risk Management

- 9.1 Of the options available the provision of Grant Aid for the continuation of universal information and advice services is the most effective in terms of minimising the potential risk to the Council.
- 9.2 It should be noted, however, that it is not possible to impose the same conditions of funding under a grant as a contract.
- 9.3 If we advertising the grant, then we cannot guarantee CAB will get the grant.
- 9.4 If there are other providers in the market, which we believe there are, we will have to be able to justify giving a grant and not undertaking a procurement exercise.

10.0 Background and Options

- 10.1 There is no option available within the contract to extend the current arrangements with the current service providers – Cheshire East Citizens Advice Bureau and Cheshire East Citizens Advice Bureau North.
- 10.2 A request to CMT for a Delegated Decision to extend the existing contracts for a twelve month period, without undertaking a competitive tendering process has been refused, on the basis that this would contravene European Procurement Law and may be subject to legal challenge.

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

Date of Meeting:	10 December 2012
Report of:	Cllr Michael Jones (Leader)
Subject/Title:	Commissioning Crewe Lifestyle Centre
Portfolio Holders:	Cllrs Macrae, Cllr Menlove, Cllr Bailey, Cllr Clowes

1.0 Report Summary

- 1.1 The 'Lifestyle Centres' concept is the integration, in one location, of a range of key services that citizens may need to help improve their lifestyle. They are places to exercise, to receive health-related care, to participate in community activities and to receive social services.
- 1.2 For Cheshire East, the Crewe Lifestyle Centre will provide new inclusive leisure facilities, modern family and adult social care provision and community facilities all in one place on the existing Cumberland Arena site. The preferred business model for Crewe does not include library services which can often be included in the concept. This scheme will facilitate further economic regeneration within Crewe, vastly improve the customer experience and enable more efficient and effective delivery of services through the provision of a modern, '21st century' Lifestyle Centre for Crewe.
- 1.3 A detailed business case has been prepared that demonstrates the Centre is self financing using prudential borrowing as a result of the savings from service integration. There is an opportunity to use this investment as further leverage to attract external funding. The business case has been agreed by the Technical Enabler Group and the Executive Monitoring Board who recommended the scheme progresses to Cabinet for approval.

2.0 Decision Requested

- 2.1 That Cabinet agree to progress the delivery of the Crewe Lifestyle Centre Scheme as set out in the attached detailed business case by procuring and appointing a Design and Build Contractor.

3.0 Reasons for Recommendation

- 3.1 The lifestyle concept and the business case for its implementation in Cheshire East was investigated and documented by PwC in April 2012. It concluded that the concept was viable and worthwhile in a number of towns within the borough.

- 3.2 The detailed business case attached to this report for Crewe identifies that a new Lifestyle Centre in Crewe supports the Council's Corporate Plan and the Sustainable Communities Strategy objectives and outcomes.
- 3.2 The new lifestyle centre is part of the 'All Change for Crewe' regeneration plans bringing modern, fit for purpose adults' and children's care and leisure facilities to Crewe whilst reducing the Council ageing asset base, running costs and maintenance liability.
- 3.3 The lifestyle centre complements the Council's emerging health & wellbeing and leisure plans and provides a vehicle for achieving their wider benefits to the community.
- 3.4 A full list of the benefits which will be realised by the Lifestyle Centre project are described in the detailed business case.

3.0 Wards Affected

- 4.1 Primarily affects residents using the existing facilities in Crewe.

5.0 Local Ward Members

- 5.1 The local ward is Crewe East. The Councillors are:

Cllr Margaret Martin – Labour
Cllr David Newton – Labour
Cllr Chris Thorley – Labour

6.0 Policy Implications

- 6.1 As an early part of the 'All Change for Crewe' programme, this newly designed and built centre will provide a much needed, visible and aspirational investment in Crewe. This will contribute directly to the regeneration of the town and will also free up other sites and locations for further regeneration projects. This development would deliver the preferred option for Crewe as identified in the Lifestyle Centres feasibility study report by PwC.
- 6.2 The Cumberland Arena is already established within Crewe as an important community facility, with a specific focus on the provision of athletics facilities for the local and wider population. The existing facility has the potential for expansion including combining current uses with the expansion of provision to provide a leisure and community hub designed to a high standard, with improved access to the local community enabling it to meet strategic need across Crewe. There is a strong desire to ensure that new leisure centres are 'inclusive' and provide 'state of the art' facilities allowing use by all citizens.

- 6.3 This development gives the opportunity to secure improved physical connectivity between the Cumberland site, the surrounding residential communities and critically the town centre including the public transport interchange at the station.
- 6.4 The relocation of services from the Crewe pool, Oakley Centre, Macon Way Ethel Elks/Hilary Centre will make these sites available. These are also seen as critical sites in the regeneration of Crewe and provide real opportunities for further commercial or council led developments.
- 6.5 The business case is predicated on the basis that services, and their operating budgets, will migrate to the new centre to achieve the saving required to cover the investment cost.
- 6.6 This project will have dependencies on the following strategies underway in the council:
- a) Older adults physically frail from long term care – A service review is taking place to ensure the council is able to provide the service level required by the regulators (CQC).
 - b) Learning Disability Services – A service re-design is underway to allow service users to have more access to community based activities with greater social inclusion.
 - c) Mental Health Services – a new service delivery model is currently being developed following the transfer of responsibilities for healthcare provision from the PCT.
 - d) Development of a working age team – Adult social care services are being re-designed to effectively support all citizens across the citizen journey, breaking down silos in service delivery.
 - e) Older adults care assessment teams – New ways of working involving systems thinking, mobile working and a person centred re-ablement model of assessment.
 - f) Leisure Strategy – A new delivery model for delivering leisure in the borough.

The new lifestyle centre would provide a 'clean sheet' for the provision of a dedicated asset designed to meet the needs of the above strategies.

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

- 7.1 A full Net Present Value (NPV) calculation has been undertaken including a sensitivity analysis on both the scope of assets included and the extent to which the council could support the borrowing outlay

through capital receipts or external funding. This is available in the detailed business case.

- 7.2 The project involves the council relocating services in the Oakley Centre and associated buildings, Macon House, Crewe Pool, Ethel Elks, Hilary Centre and withdrawing support from leisure services at William Stanier School. These have a total net operating cost to the Council of £2.1m when considering both expenditure and income. These assets can then be sold releasing capital receipts valued at £3.3m.
- 7.3 The new asset is expected to have a net operating cost of £1.57m on the assumption that the net operating cost is like for like with existing services but including a 10% saving in employee costs, 30% reduction in transport costs and 7% saving in supplies and services.
- 7.4 The reduced operating cost results in a net revenue saving of £529k which will be re-invested to cover the borrowing costs for the new asset estimated to cost £12.8m. The NPV is sustainable over 25 year borrowing period assuming inflation at 3% p.a. and an annual income increase of 2%.

8.0 Legal Implications

- 8.1 There are two legal implications that need to be resolved as the procurement is undertaken.
- 8.2 Access to the site will involve negotiation with 3rd parties. There is currently a request from the privately owned Kingdom Hall to purchase a section of land for car parking currently owned by the Youth Centre, land that Crewe & Nantwich Borough Council previously sold. This will require the lifting of covenants. The Council's Assets Service are negotiating this and will protect the council against future costs and access rights. However, the deal may include the relocating of both the youth centre (potentially into the new building) and the rebuilding of the Hall (which currently blocks access) elsewhere on the site. There are no disposal benefits here and estimated costs have been included in the proposal.
- 8.3 Sir William Stanier school with leisure facilities was built to replace the old school on the Victoria site, of which Oakley centre was part. The business case for the Lifestyle Centre assumes that due to its close proximity to the new centre (500m), the Council's support of leisure facilities here would cease. The Council currently run the leisure provision and receive the income while the school has free use of the facility. The joint-use agreement expires in 2018. It would be favourable to negotiate with the school and ensure facilities become owned by them before this date. Either way, it is expected that the

revenue contribution from the Council will be withdrawn and contribute to this business case.

- 8.4 In addition to the legal issues identified above, all necessary legal and regulatory requirements relating to the project will be identified and complied with at the relevant times in order to ensure the legality of the delivery of this project.

9.0 Risk Management

- 9.1 A full risk log collated during the work undertaken to reach this procurement stage is available in the detailed business case. A project manager has been identified to manage the procurement process and will report to senior management and the Executive Management Board as required.
- 9.2 The scope of the Design & Build contractor will include finalising the detailed scope of the new asset via consultation with users and residents and stakeholder meetings and cross-cutting workshops. They will also collect and mitigate risks (within the power of the contractor) to the delivery of the project during the design and construction.
- 9.3 A key part of the procurement exercise to secure a design and build contractor for the project will be a design competition to provide an iconic facility for Crewe and this will be included within the procurement process.

10.0 Background and Options

- 10.1 Full background and options assessed are covered in the detailed business case attached to this report.

11.0 Access to Information

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Cheshire East Council

Crewe Cumberland Lifestyle Centre

Detailed Business Case

Lee Baumanis



Oct 2012

Introduction

This detailed Business Case is a live document that continually justifies the building of a new Lifestyle Centre on the existing Crewe Cumberland site, based on the estimated costs (of development, implementation and incremental ongoing operations and maintenance costs) against the anticipated benefits to be gained and offset by the associated risks. It will be updated throughout the life of the project and this version confirms that the project is 'technically possible' and endorsed by services directly involved in the solution. It outlines some initial views from those who would make technical appraisal during the design/planning stage. It expands on the benefits and delivery risks outlined in the Lifestyle Concept Outline Business Case by PWC for Crewe. Finally, it provides less/more aggressive applications of the concept to allow the Council to position the proposal in the realms of the possible and make informed decision to progress the chosen proposal to project initiation. It will help the Project Board and wider council to agree on the definition of what the Lifestyle Concept means for Crewe paving the way to deliver a new facility at the existing Cumberland site.

The report has five sections:

- 1) **Description of Proposal** - Description of each existing assets that will migrate to the new centre and any links to corporate strategies and objectives. It describes the initial views of key functions within the council that would, at some stage provide planning advice for the scheme or help enable delivery.
- 2) **Business Proposal & Sensitivity Analysis** – Describes in detail the proposal that would be taken forward to design outlining the Invest to save potential. It looks at lesser and more aggressive options allowing the appreciation on how the Invest to Save potential changes depending on how aggressive the Council applies the lifestyle concept. It is presented in 4 ways:
 - a. **Do nothing** – What would happen if the Council were to do nothing
 - b. **Less aggressive** – Invest to save potential on an 'easy, less contentious' application
 - c. **Preferred proposal** – Invest to save (essentially PWCs model recommendation)
 - d. **More aggressive** – Invest to save potential if the Council took a 'hard line' on combining as many local services into the centre
 - e. **Funding Potential** - Looks at the possible funding streams that the council could apply and the impact of additional funding on the financial business case.
- 3) **Benefits Management** – Outlines the key internal benefits to the council for each of the services participating in the migration to the new centre and; the primary external benefits to the public by the provision of a new facility.
- 4) **Risks & Opportunities** – Describes some of the key risks at Business Case stage identified from discussions in section 1.
- 5) **Recommendations and next steps** – Concisely describes the final solution and outline delivery plan. It highlights some of the next steps in preparing a business planning proposal.

The report has supporting appendices:

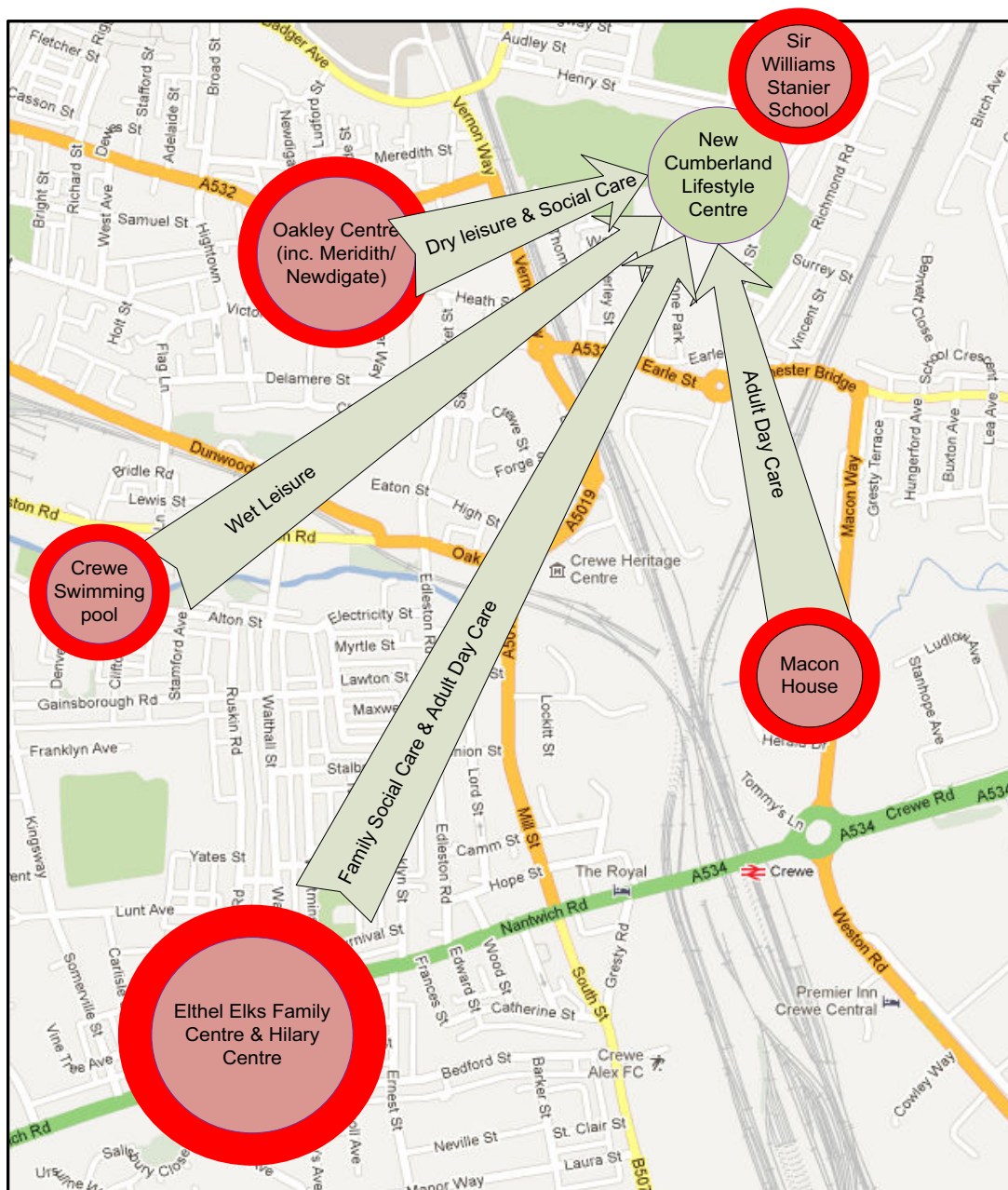
1. Summary of discussion from the Business Case Preparation meetings
2. Detailed spreadsheets supporting the business options (2 a-d)
3. High Level Risk Log formed from the meetings held to date
4. Draft Business Planning Proposal form based ready for EMB to consider

NB: The strategic, service and outline financial cases have already been investigated in the Outline Business Case from PwC. This report updates and validates the financial figures used in the report. It concentrates on defining the extent to which the lifestyle concept can be applied justifying the specific financial business case for Crewe, the business change issues and the resulting benefits for Crewe. For more information on the viability of the concept, please refer to the original report.

Description of Proposal

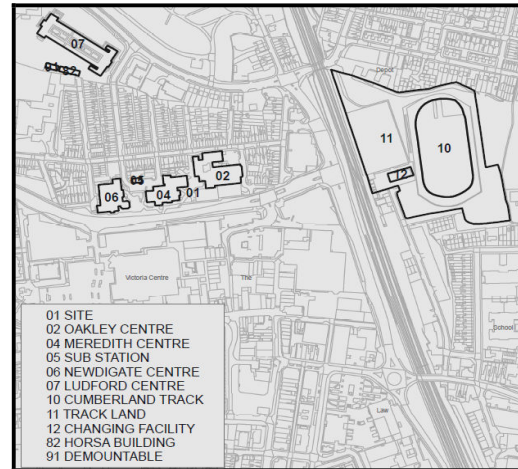
The Lifestyle Concept

The Lifestyle concept is the integration of all the services that citizens need in relation to their lifestyle in one place. A place to read and learn, to exercise, to have a health related check-up, to participate in community events and to receive social services on offer by the Council. For Cheshire East, the Crewe Cumberland Lifestyle Centre will provide new all-inclusive leisure facilities, modern family and adult social care provision and community facilities all in one place on the existing Cumberland Arena site. This will facilitate regeneration within Crewe, improve the customer experience, and enable more efficient delivery of services while providing a 21st century Lifestyle Centre for Crewe.



Description of Assets vacating to the new facility

Victoria Site – Oakley (Community Centre & Leisure Site), Meridith Centre, Newdigate Centre
– Gross internal area: 425m²

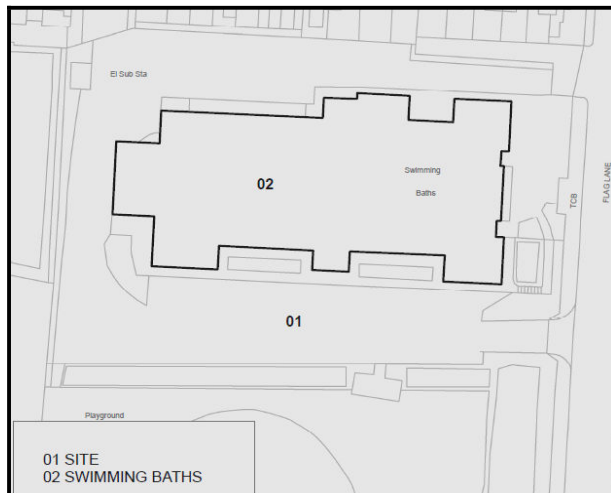


This development will bring together the dry leisure and social care services currently provided at the Oakley Centre (02) and disposal will include the currently mothballed buildings of Meridith (04) and Newdigate Centre (06). It is also used for community events though not ideally suited for that purpose. The existing Cumberland track, land and changing facilities have already benefitted from £0.5m improvements to date. These facilities will either remain or be moved into the new centre which could make way for spectator viewing.

SERVICE CONFIRMS RELOCATION IS POSSIBLE: **YES**
 CAPITAL VALUE: £1.62m

COMPLEXITY OF SERVICE INTEGRATION: **LOW**
 MAINTENANCE BACKLOG VALUE: **£437,205**

Crewe Swimming Pool – Gross Internal area: 2940m²

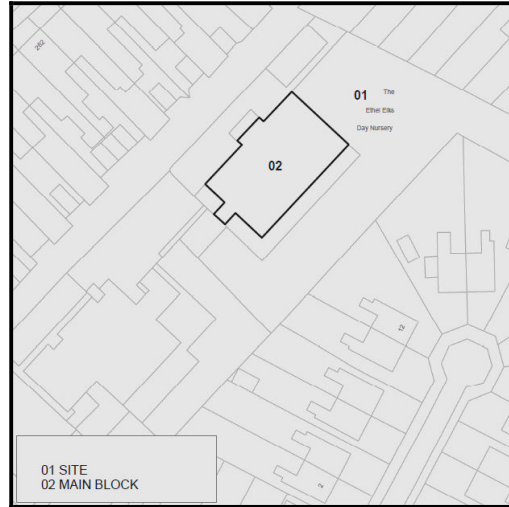


The development will replace wet and dry leisure services currently provided at Crewe pool. The service reports that the pool has exceeded its design life and is subject to escalating maintenance costs. The provision is basic and has little room for diversity of use.

SERVICE CONFIRMS RELOCATION IS POSSIBLE: **YES**
 CAPITAL VALUE: £ 250k

COMPLEXITY OF SERVICE INTEGRATION: **LOW**
 MAINTENANCE BACKLOG VALUE: **£309,646**

Ethel Elks Family Centre – Gross Internal area: 401m²

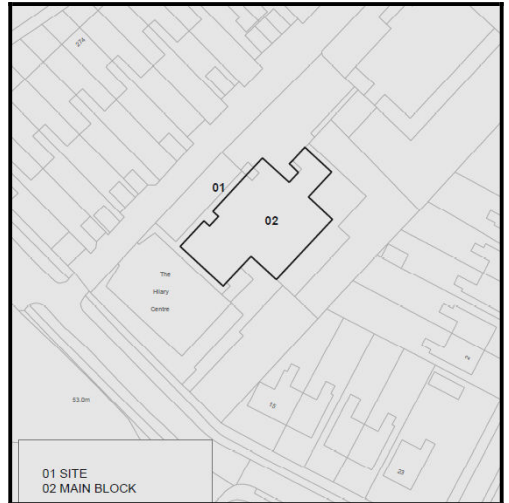


Ethel Elks, though described as a 'Family Centre' does not operate in the nationally recognised sense. Its primary business is operating as a 'contact' centre handling the sensitive work around vulnerable families. The building comprises a suite of self contained family rooms with group work and play therapy spaces.

SERVICE CONFIRMS RELOCATION IS POSSIBLE: **YES**
CAPITAL VALUE: £350k

COMPLEXITY OF SERVICE INTEGRATION: **HIGH**
MAINTENANCE BACKLOG VALUE: **£29,062**

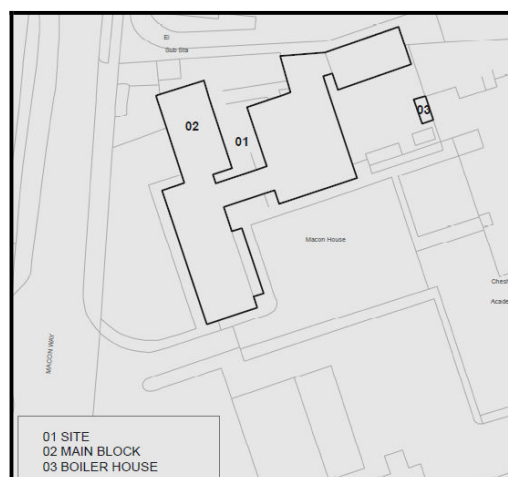
Hilary Centre – Gross internal area: 425m²



The Hilary Centre, though not in the original PwC report, is considered in this business case due to the access situation. The building comprises a main hall, relaxation and treatments rooms, a kitchen and space in extensions/conservatory. It is unlikely that Ethel Elks could be disposed easily without offering the whole plot with the land locked Hilary Centre. External area comprises car park, garden plots, service yard and ambulance ramp.

SERVICE CONFIRMS RELOCATION IS POSSIBLE: **YES**
CAPITAL VALUE: £200k

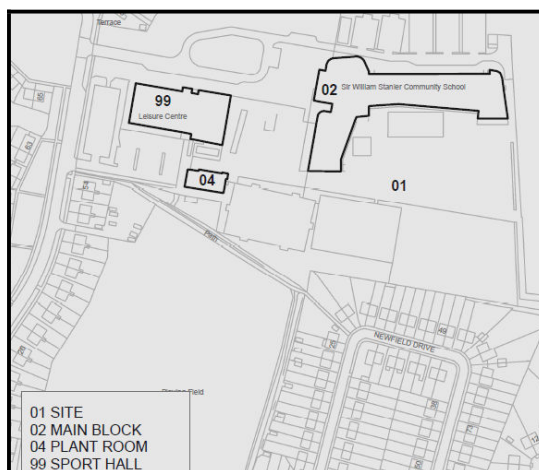
COMPLEXITY OF SERVICE INTEGRATION: **LOW**
MAINTENANCE BACKLOG VALUE: **£60,529**

Macon House (and Cheshire Academy) – Internal Area: 1147m²

Services delivered at Macon House are described as ‘confined’ but facilities are fit for purpose. Adult day care is the primary role with users needing detailed, specialist support with bespoke fittings in rooms. Users are encouraged to use public transport and it currently has good links with services from the main road. This site also includes the Cheshire Academy for Integrated Sport and Arts which would also relocate to the new centre.

SERVICE CONFIRMS RELOCATION IS POSSIBLE: **YES**
CAPITAL VALUE: £875k

COMPLEXITY OF SERVICE INTEGRATION: **LOW**
MAINTENANCE BACKLOG VALUE: **£54,636**

Sir William Stanier (new School) – withdrawal of financial support

This new school with leisure facilities was built to replace the old school on the Victoria site, of which Oakley centre was part. This business case assumes that due to its close proximity to the new centre (500m), the council’s support of leisure facilities here would cease. The Council currently run the leisure provision and receive the profits while the school has free use of the facility. The joint agreement expires in 2018. It would be favourable to negotiate with the school and ensure facilities become owned/transferred to the school or otherwise before this date. Either way, it is expected that revenue contribution from the Council will be withdrawn and contribute to this business case.

SERVICE CONFIRMED TRANSFER IS POSSIBLE/DESIRED: **YES**

COMPLEXITY OF TRANSFER: **UNKNOWN**
MAINTENANCE BACKLOG VALUE: **£5,000**

Other property related issues that may impact on this business case

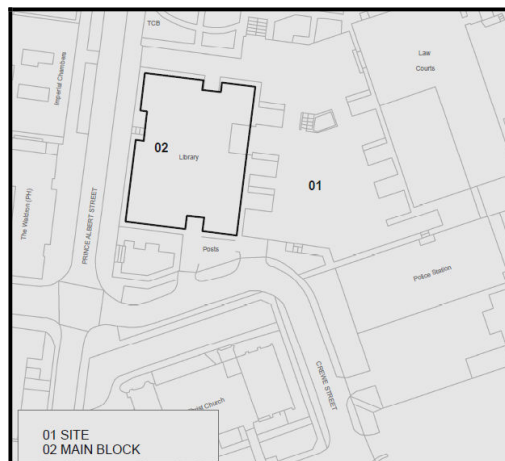
Kingdom Hall (Jehovah Witness) and Youth Centre



There is currently a request from the privately owned Kingdom Hall to purchase a section of land for car parking currently owned by the Youth Centre, land that Crewe & Nantwich Borough Council sold previous. This will require the lifting of covenants. Assets are negotiating and will protect the council against future costs and access rights. However, the deal may include the relocating of both the youth centre (potentially into the new building) and the rebuilding of the Hall (which currently blocks access) elsewhere on the site. There are no disposal benefits here and likely costs have been included in the proposal.

OWNERS CONFIRMED TRANSFER IS POSSIBLE/DESIRED: **NO** COMPLEXITY OF TRANSFER: **UNKNOWN**

Crewe Library – Internal Area: 1676m²



There are proposals at this time to move Crewe library facilities into Municipal Buildings. However, a move to the Lifestyle Centre has been considered in the sensitivity analysis.

Independent Living Centre

The Councils strategy is to have two in the borough and we have one established so far. An alternative site is desired because of high rental charges at the current proposed site at Eagle Bridge. This centre could be included in the new centre.

Crewe Fire Station (Existing)



Inset right shows Fire Station, Macon House and Cheshire Academy

The Fire Service is bidding for monies from DCLG for 2 new stations in Cheshire East. Crewe is thought to be a likely recipient. The new stations are smaller and do have a potential “Community” access and function. Cheshire West and Chester are implementing a similar approach called “Altogether better”.

There are discussions for 2 CEC owned land holdings that may be of interest. Though the capital receipt from the holding is not included in this business case (but could be), the sale of the existing fire station at B&Q roundabout in conjunction with the Macon House site may bring in more relative capital from Macon House.

Ethos behind the new centre

As an early part of the ‘All Change for Crewe’ programme, this newly designed and built centre will provide a much needed, visible and aspirational investment in Crewe. This will contribute directly to the regeneration of the town and will also free up other sites and locations for further regeneration projects. This development would deliver the preferred option for Crewe as identified in the Lifestyle Centres feasibility study report.

The Cumberland Arena is already established within Crewe as an important community facility, with a specific focus on the provision of athletics facilities for the local and wider population. The existing facility has the potential for expansion including combining current uses with the expansion of provision to provide a leisure and community hub designed to a high standard, with improved access to the local community enabling it to meet strategic need across Crewe. There is a strong desire to ensure that new leisure facilities are ‘inclusive’ and provide state of the art fittings allowing use by all citizens.

This development gives the opportunity to secure improved physical connectivity between the Cumberland site, the surrounding residential communities and critically the town centre including the public transport interchange at the station.

The relocation of services from the Crewe pool, Oakley Centre, Macon Way Ethel Elks/Hilary Centre will make these sites available. These are also seen as critical sites in the regeneration of Crewe and provide real opportunities for further commercial or council lead developments.

Outline consultation with services and enablers

At some point the scheme will need planning permission and the application will require consent from various services in the council. The following is a summary of an outline consultation:

Adults and Children

There are a number of facilities that could be migrated to the new centre. The primary external benefit is that inclusion of adults using the day care facilities in a publically used building will help to de-stigmatise specialist care provision. The 'contact' function at Ethel Elks will be the hardest service to integrate given its potentially hostile environment due to the sensitive work with vulnerable families. The services confirm that should the strategic council wish, it is technically possible for the services to migrate however these potential integration issues which will need to be carefully mitigated through careful design at detailed design stage.

Regeneration

The Cumberland Arena site is seen as a key and priority element of the 'All Change for Crewe' regeneration programme and features prominently in the latest prospectus. This development, and the other opportunities it enables by making land available, is an important part of the strategy and vision that will tackle deprivation in central Crewe:

- 23% of its neighbourhoods fall into the most deprived 20% nationally (only 7% for CE as a whole)
- 12% of its 16-18 year olds are NEET (4.7% CE)
- 4.6% unemployment rate (2.8% CE, 4% GB)

There is full support for the lifestyle concept from the service. However, the proposed location of the Lifestyle Centre on the edge of town may not maximize regeneration benefit and should be tested.

A Lifestyle Centre in the town centre could generate significant additional footfall to support the underperforming town centre core and could provide the opportunity to create an iconic individual landmark building that stimulates additional private sector investment and adds to the mix of uses in the town centre. Such a building could enhance the urban environment within Crewe town centre and complement the investment the Council has already made in Public Squares and landmark buildings. It could also be a building which could promote Crewe's Industrial and Rail heritage in its design.

The 'All Change for Crewe' Prospectus highlights the ambition to have an enhanced leisure and cultural offer in the town centre. A modern iconic lifestyle centre that included a new library and Swimming Pool amongst many other uses could help to achieve this.

Opportunities to better utilize and develop land in the existing and accessible Civic & Cultural Quarter at the Library, Christ Church and Christ Church Car Park sites could be considered alongside the Cumberland Arena proposal. An overall review of town centre land uses to include an accessibility appraisal may be beneficial, this should make reference to any parking review recommendations.

The original concept for the lifestyle centre was that it would be a place to read and learn. The current proposal does not include the re-location of the library.

The Oakley Centre and Macon House were not purpose built and designed for their current use and the Crewe swimming pool is now an old, expensive to maintain building that has also outlived its initial purpose. The current clients and users of services at the Oakley Centre, Crewe pool and Macon House will benefit from a modern, well designed, newly built and fit for purpose building. The users of the services provided by the Cheshire Academy will also share in these benefits.

The new Cumberland Centre ideally would be a well designed, modern, contemporary building built to the highest standards. It will be possible, with the necessary commitment, to build to BREEAM excellent standards and aim for a low or zero carbon building. This new building will be far more efficient, effective, economical and sustainable than those it will replace.

Local Plan

The draft Crewe Town Strategy has been out to public consultation and the results are awaited. Within that document there are a number of 'Town Project' areas, including a zone for the Cumberland Arena. The potential for the established community recreational facility to provide a high standard leisure and community hub is identified, along with the need to ensure that any future facility on the site is easily accessible to the community.

It is considered that the key issue here is the accessibility of the site to the wide variety of potential users of this site. A vast majority of those users will currently be able to easily walk, cycle or use public transport to access such facilities; it is imperative that the facilities to be provided at the Cumberland Arena will be just as easily accessed, if not better.

In terms of any new built development on the site, care will need to be taken that this does not lead to the loss of current pitches on the site. The Open Space Study for Crewe shows that there is a shortfall of open space provision within Crewe, particularly in terms of adult provision, in the form of pitches.

It is noted that the library is included for sensitivity analysis only, but if relocation was considered to this site, there would be some concern that this will reduce both the number of people that visit the library (those that just happen to be walking past) and the footfall in Crewe town centre, as people may be less likely to make linked trips to the library and to shop in the town centre if the library is relocated here and especially if there is free parking.

Highways

The main risk to mitigate is the accessibility of the site, rather than the highway issues. Many of the existing sites appear to pass main bus routes which will be served by a mixture of commercial / subsidised bus services. Further, the library and Oakley Centre are currently well served by the existing town centre bus station.

Given the age profile of many users of these facilities I would expect a material number of people to use public transport to access them. The proposed Cumberland site is not an attractive route from the town centre – particularly by foot. The library could well suffer from loss of 'pass by' trips also affecting income.

It is recommended that data is analysed from the services on the how users access existing sites: public transport, car, walking etc. This should be compared to traffic modelling which will reveal any highway capacity issues.

Transport

Bus subsidy is likely during the first few years of operation until the commercial sector pick up the market. There are similar services to that which would be required to serve the new Lifestyle centre at Cumberland based on a half-hour service in the area of the same length of route. This bus is supported CEC at just under £18k per annum but the operator retains the revenue from the bus. There are a number of buses in this area, including the 16 that is on the low priority list so only with further study can it be determined if we could enhance an existing route or whether we would have to set up a new bus service. Should a new bus service be required, the cost of a standalone service would be in the region of £40k - £50k per annum.

Air Quality

The Cumberland Arena sits on the edge of an Air Quality Management Area designated along a proportion of Earle Street in Crewe (the Grand Junction Retail Park side). This area was declared on the basis that it fails the annual air quality standard for nitrogen dioxide. Standards are set to protect health. The problem is as a result of vehicular traffic in the area combined with issues relating to vehicle type, flow, congestion etc. As a result of this failure the site has been designated an AQMA following the completion of a Further Assessment to ratify our original findings.

The site is not included in our Air Quality Action Plan which details our general plans for air quality improvement and also takes each site in turn, reviews its limitations and issues and proposes further work/research etc to address air quality issues. All of our plans and assessments are subject to peer review and approval by Defra. The council is about to start consultation with local residents about the designation and the way forward.

Any additional traffic to the area is going to impact on already high levels of nitrogen dioxide and goes against the need of the authority to work towards reduction of levels across the borough as a whole and also within Air Quality Management Areas.

It is recommended that proposals for changes to the highway and access are modelled to determine impacts on health alongside any mitigation measures being proposed as part of the development.

Key stakeholders would include; public protection and health air quality team, local residents, highways, local interest groups via the Cheshire East Air Quality Steering Group.

ICT

Early involvement with ICT will ensure that systems are correctly installed in the new facility. There are some multi-partner initiatives underway at this time including the Council's link to the new Public Sector Network, Social care system redesign and leisure centre systems amalgamation. In terms of impact on the core network, only the library is a core site and will need relocating if the library is included in the proposal at a later date.

There is an opportunity to offer a rentable hot-desk Hub as part of the new Public Sector Network.

Business Proposal & Sensitivity Analysis

The new centre

The Cumberland Centre will provide a range of services provided both by the council and the voluntary community sector. Services and facilities, which will be finalised in the detailed design phase, are likely to include:

- Swimming Pool
- Sports hall
- Sports courts
- Fitness suites
- Day centre – adults of all ages with learning disabilities
- Community day services – adults with a wide range of needs including autism, sensory impairment and complex medical needs – currently provided through groups such as Wind chimes, Starlight and Cuppas n Cakes which will continue
- Contact Centre – a safe place for vulnerable families to meet and develop
- Touchdown space
- Functions, parties and exhibitions
- Bar and catering facilities
- Sporting opportunities for individuals, mainly young people, with physical, sensory or learning disabilities; where possible in an integrated environment – Cheshire Academy
- Shared reception and communal facilities and space
- Space for use by other community groups or GPs etc for surgeries and drop ins
- The athletics club based at the adjoining track are looking to make a bid for a new facility with regional significance that would provide some spectator seating and indoor training and competition space for athletics and at least one other sport (possibly Netball). If this bid was successful this offer would be combined with the Cumberland Centre in one facility.

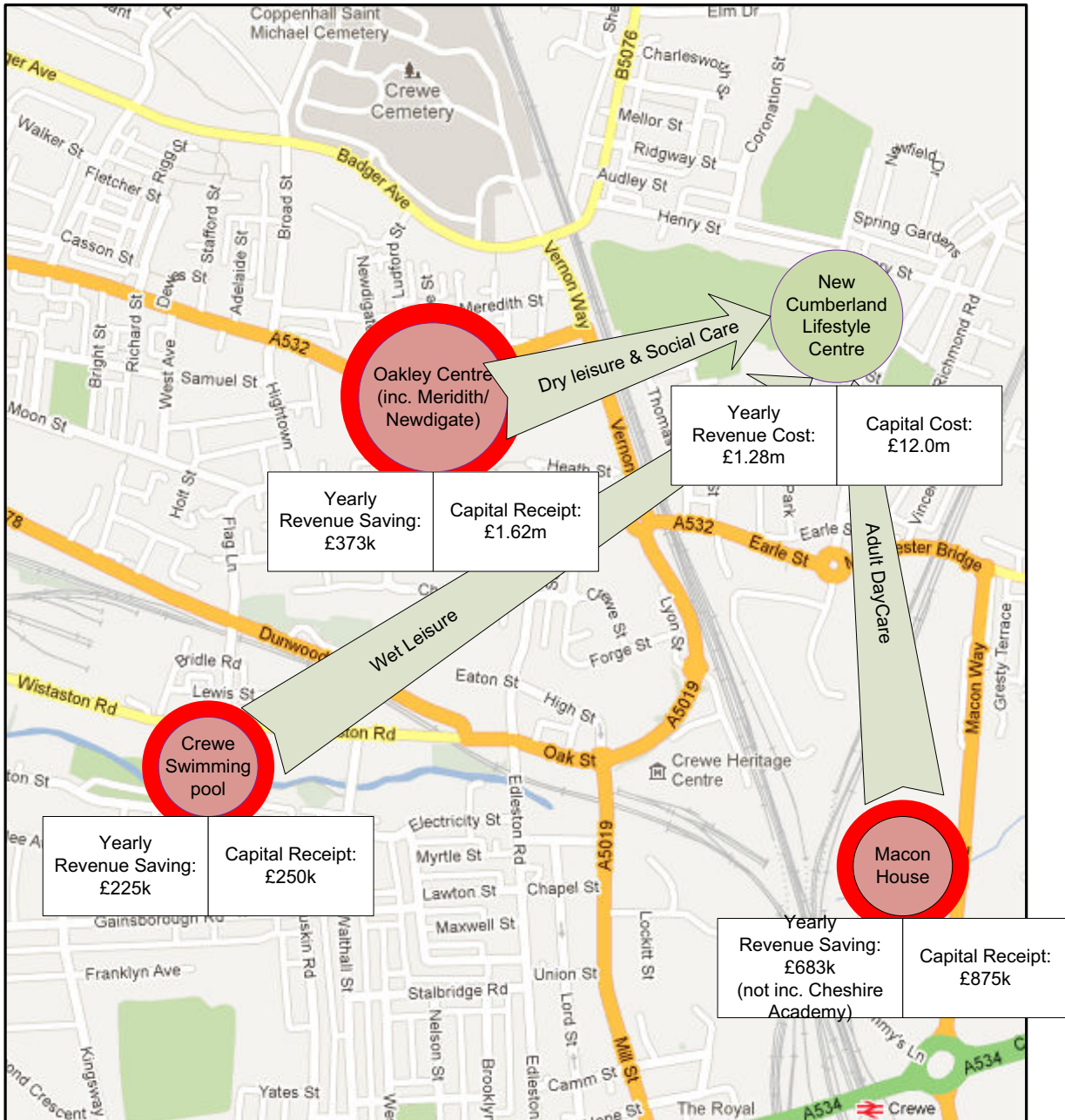
Do nothing Proposal

Below are the net revenue impact costs of running the services and Capital liability against the assets defined in the proposal:

DO NOTHING - FINANCIAL CASE

CATEGORY	Oakley Centre	Security Holdings	Macon House	Crewe Pool	Sir William Stanier School	Ethel Elks	Hilary Centre	Crewe Library	Total
Expenditure									
Employees	£ 295,462		£ 597,340	£ 491,000	£ 140,686	£ 373,245	£ 221,895	£ 378,710	£ 2,498,338
Premises	£ 195,000		£ 69,000	£ 115,000	£ 64,080	£ 32,655	£ 26,500	£ 101,000	£ 603,235
Transport	£ 588		£ 996	£ 1,278	£ -	£ 17,934	£ 57	£ 142	£ 20,995
Supplies & Services	£ 39,209		£ 33,973	£ 44,562	£ 16,964	£ 9,750	£ 27,315	£ 7,357	£ 179,130
Transfer / Third Party Payment	£ -	£ 30,000	£ -	£ -	£ -	£ 1,089		£ -	£ 31,089
TOTAL EXPENDITURE	£ 530,259	£ 30,000	£ 701,309	£ 651,840	£ 221,730	£ 434,673	£ 275,767	£ 487,209	£ 3,332,787
Income									
Grant, Reimbs & Contributions		£ -	-£ 3,402			£ -	-£ 654	-£ 188	-£ 4,244
Customer & Client Receipts	-£ 152,792	£ -	-£ 14,444	-£ 426,797	-£ 70,256	£ -	-£ 31,034	-£ 57,340	-£ 752,663
Recharge	-£ 34,417	£ -	£ -	£ -	-£ 8,241	£ -	£ -	-£ 714	-£ 43,372
TOTAL INCOME	-£ 187,209	£ -	-£ 17,846	-£ 426,797	-£ 78,497	£ -	-£ 31,688	-£ 58,242	-£ 800,279
NET EXPENDITURE TOTAL	£ 343,050	£ 30,000	£ 683,463	£ 225,043	£ 143,233	£ 434,673	£ 244,079	£ 428,967	
COMBINED EXPENDITURE TO THE COUNCIL	£ 2,532,508								£ 2,532,508
Maintenance Backlog									
Category 1&2 (immediate work underway)	£ 211,370	£ -	£ 10,414	£ 288,500	£ -	£ 22,156	£ 6,350	£ 16,760	
Category 3&4 (would take place over payback period)	£ 225,835	£ -	£ 44,222	£ 21,146	£ 5,000	£ 6,906	£ 54,179	£ 30,493	
MAINTENANCE LIABILITY TOTAL	£ 437,205	£ -	£ 54,636	£ 309,646	£ 5,000	£ 29,062	£ 60,529	£ 47,253	
CAPITAL LIABILITY OF EXISTING ASSETS	£ 943,331								

Crewe Cumberland Arena Business Case - 'Do Minimum' Sensitivity Analysis



DO MINIMUM - FINANCIAL CASE

CATEGORY	COST PLAN COMPARISON						
	BEFORE (2012/13 figures used)					AFTER	Assumptions:
	Oakley Centre	Security Holdings	Macon House	Crewe Pool	Total	New Centre	
Expenditure							
Employees	£ 295,462		£ 597,340	£ 491,000	£ 1,383,802	£ 1,245,422	10%
Premises	£ 195,000		£ 69,000	£ 115,000	£ 379,000	£ 225,000	
Transport	£ 588		£ 996	£ 1,278	£ 2,862	£ 2,003	30%
Supplies & Services	£ 39,209		£ 33,973	£ 44,562	£ 117,744	£ 115,557	7%
Transfer / Third Party Payment	£ -	£ 30,000	£ -	£ -	£ 30,000	£ -	
TOTAL EXPENDITURE	£ 530,259	£ 30,000	£ 701,309	£ 651,840	£ 1,913,408	£ 1,587,982	
Income							
Grant, Reimbs & Contributions	£ -	£ -	£ 3,402	£ -	£ 3,402	£ -	3,402
Customer & Client Receipts	£ 152,792	£ -	£ 14,444	£ 426,797	£ 594,033	£ 594,033	no immediate increase
Recharge	£ 34,417	£ -	£ -	£ -	£ 34,417	£ 34,417	
TOTAL INCOME	£ 187,209	£ -	£ 17,846	£ 426,797	£ 631,852	£ 631,852	
NET EXPENDITURE TOTAL	£ 343,050	£ 30,000	£ 683,463	£ 225,043	£ 1,281,556	£ 956,130	
COMBINED EXPENDITURE TO THE COUNCIL	£ -	£ -	£ -	£ 1,281,556	£ 1,281,556	£ 956,130	
CAPITAL COST FOR NEW ASSETS						£ 12,000,000	

NET REVENUE POSITION FOR THE COUNCIL

Before	£ 1,281,556	=	After	£ 956,130	+	Revenue saving	£ 325,426
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PAYBACK ENTIRELY ON PRUDENTIAL BORROWING: £ 12,000,000 NPV based on projected savings over 25 years £3,981,863.28

Immediate Capital Receipt injection to be self sustaining: £ 12,000,000 Or an immediate 60% increase in Customer Receipts

NOT SELF SUSTAINING

This represents a net cost to the council over the life of the asset

PAYBACK Assumptions:

Inflation	3.00%
Income	2%

- Assumes Council consume temporary revenue increase as services migrate from the old assets into new centre

OPPORTUNITY 1: USE PROPORTION OF DISPOSAL RECEIPTS FROM PROJECT

(within council control)

	Oakley Centre	Security Holdings	Macon House	Crewe Pool
CAPITAL COST / RECEIPT POTENTIAL	£ 1,620,000	(Inc. in Oakley)	£ 875,000	£ 250,000
TOTAL CAPITAL RECEIPT VALUE	£ 2,745,000			

PAYBACK PRUDENTIAL BORROWING + RECEIPTS + ENHANCED INCOME GROWTH: £ 12,000,000 NPV based on projected savings over 25 years £696,728.74

Immediate Capital Receipt injection to be self sustaining: £ 12,000,000 Or an immediate 25% increase in Customer Receipts

NOT SELF SUSTAINING

This represents a net cost to the council over the life of the asset

Inflation	3.00%
Income	7.10% 2% inflation + growth for 3 years
	2% after 3 years
Capital receipt year 5	£ 1,650,000.00 approx 60% asset value

OPPORTUNITY 2: GRANTS ARE APPLIED AND WON + OPT 2

(outside council control)

GRANTS AVAILABLE AT TIME OF BUSINESS CASE	Iconic Facilities:	minimum	£150,000	maximum	£500,000
	Inspired Facilitie	minimum	£20,000	maximum	£150,000

PAYBACK ON PRUDENTIAL BORROWING, ENHANCED GROWTH, RECEIPTS & GRANTS: £ 12,000,000 NPV based on projected savings over 25 years £225,430.79

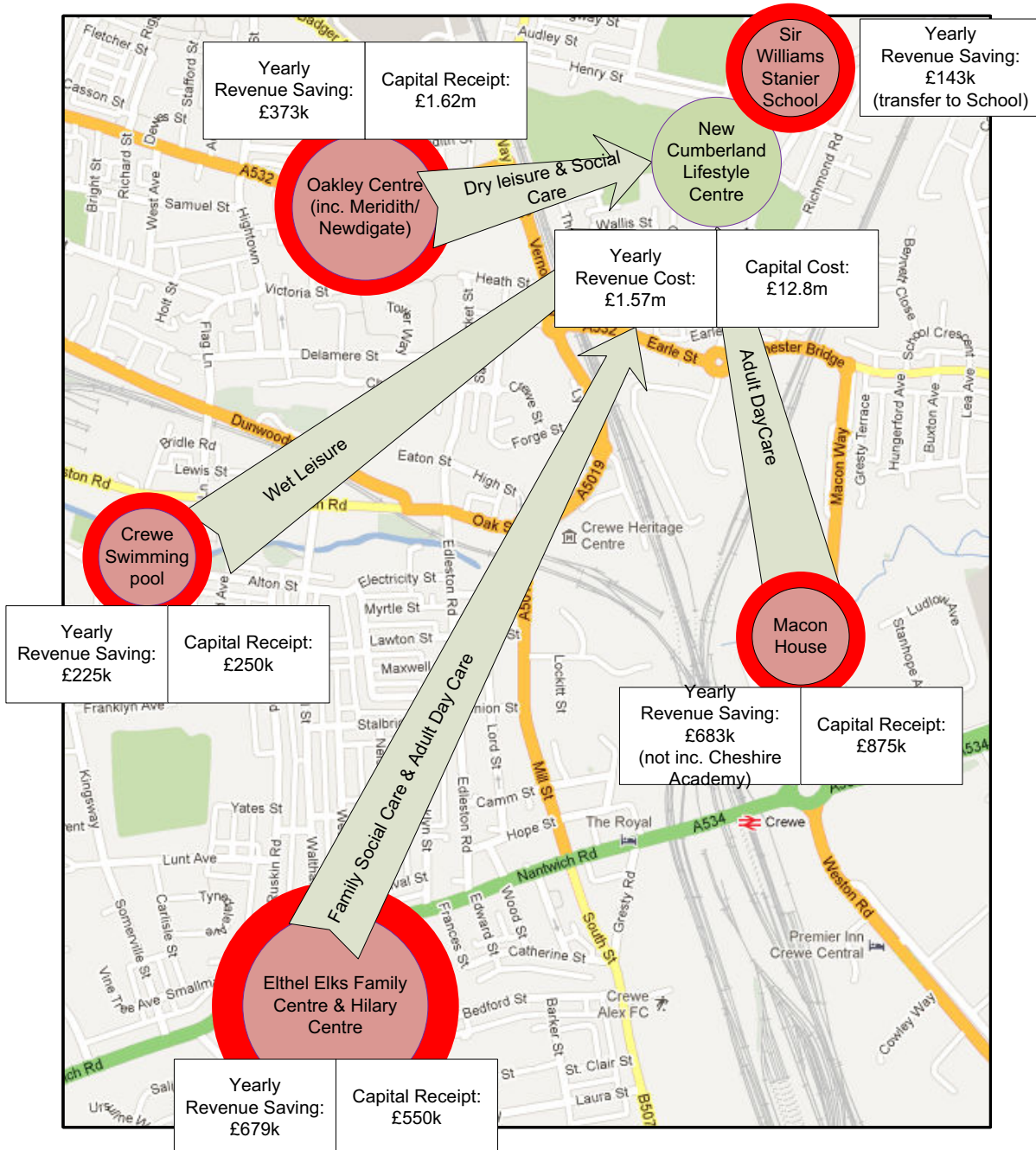
Immediate Capital Receipt injection to be self sustaining: £ 12,000,000 Or an immediate 25% increase in Customer Receipts

NOT SELF SUSTAINING

This represents a net cost to the council over the life of the asset

Inflation	3.00%
Income	7.10% 2% inflation + growth for 3 years
	2% after 3 years
Grant income year 1	£ 500,000.00
Capital receipt year 5	£ 1,650,000.00 approx 60% asset value

Crewe Cumberland Arena Business Case - The proposal (Based on PWC Report)



RECOMMENDED PROPOSAL - FINANCIAL CASE

COST PLAN COMPARISON												
BEFORE (2012/13 figures used)										AFTER		
CATEGORY	Oakley Centre	Security Holdings (Meridith &)	Macon House	Crewe Pool	Sir William Stanier School Leisure centre	Ethel Elks	Hilary Centre	Total		New Centre	Assumptions:	
Expenditure												
Employees £	295,462		£ 597,340	£ 491,000	£ 140,686	£ 373,245	£ 221,895	£ 2,119,628		£ 1,907,665	10%	
Premises £	195,000		£ 69,000	£ 115,000	£ 64,080	£ 32,655	£ 26,500	£ 502,235		£ 235,000		
Transport £	588		£ 996	£ 1,278	£ -	£ 17,934	£ 57	£ 20,853		£ 14,597	30%	
Supplies & Services £	39,209		£ 33,973	£ 44,562	£ 16,964	£ 9,750	£ 27,315	£ 171,773		£ 159,749	7%	
Transfer / Third Party Payment £	-	£ 30,000	£ -	£ -	£ -	£ 1,089		£ 31,089		£ -		
TOTAL EXPENDITURE £	530,259	£ 30,000	£ 701,309	£ 651,840	£ 221,730	£ 434,673	£ 275,767	£ 2,845,578		£ 2,317,011		
Income												
Grant, Reimbs & Contributions £	-	-£ -	£ 3,402		£ -	£ -	£ 654	£ 4,056		£ 4,056		
Customer & Client Receipts -£	152,792	-£ -	£ 14,444	£ 426,797	-£ -	£ 70,256	-£ -	£ 695,323		£ 695,323	no immediate increase	
Recharge -£	34,417	-£ -	£ -	£ -	-£ -	£ 8,241	-£ -	£ 42,658		£ 42,658		
TOTAL INCOME -£	187,209	£ -	£ 17,846	-£ 426,797	-£ 78,497	£ -	£ 31,688	£ 742,037		£ 742,037		
NET EXPENDITURE TOTAL	£ 343,050	£ 30,000	£ 683,463	£ 225,043	£ 143,233	£ 434,673	£ 244,079	£ 2,103,541		£ 1,574,974		
COMBINED EXPENDITURE TO THE COUNCIL	£ 343,050	£ 30,000	£ 683,463	£ 225,043	£ 143,233	£ 434,673	£ 244,079	£ 2,103,541		£ 1,574,974		
CAPITAL COST FOR NEW ASSETS										£ 12,800,000		

NET REVENUE POSITION FOR THE COUNCIL		Before		After		Revenue saving	
		£ 2,103,541	=	£ 1,574,974	+	£ 528,567	
PAYBACK ENTIRELY ON PRUDENTIAL BORROWING:		£ 12,800,000	NPV based on projected savings over 25 years	-£28,438.35			

SELF SUSTAINING

PAYBACK Assumptions:

Inflation	3.00%
Income	2%

OPPORTUNITY 1: USE PROPORTION OF DISPOSAL RECEIPTS FROM PROJECT (within council control)

	Oakley Centre	Security Holdings	Macon House	Crewe Pool	Sir William Stanier School	Ethel Elks	Hilary Centre
CAPITAL COST / RECEIPT POTENTIAL	£ 1,620,000	(inc. in Oakley)	£ 875,000	£ 250,000	£ -	£ 350,000	£ 200,000
TOTAL CAPITAL RECEIPT VALUE	£ 3,295,000						

PAYBACK PRUDENTIAL BORROWING + RECEIPTS + INCOME GROWTH:	£ 12,800,000	NPV based on projected savings over 25 years	-£1,703,406.87	
Immediate Capital Release potential to support wider programme:	£ 1,703,406.87	(Amount we could further borrow now with an NPV still self sustaining)		
Inflation	3.00%			
Income	2%			
Capital receipt year 5	£ 2,000,000.00	approx 60% asset value		

SELF SUSTAINING

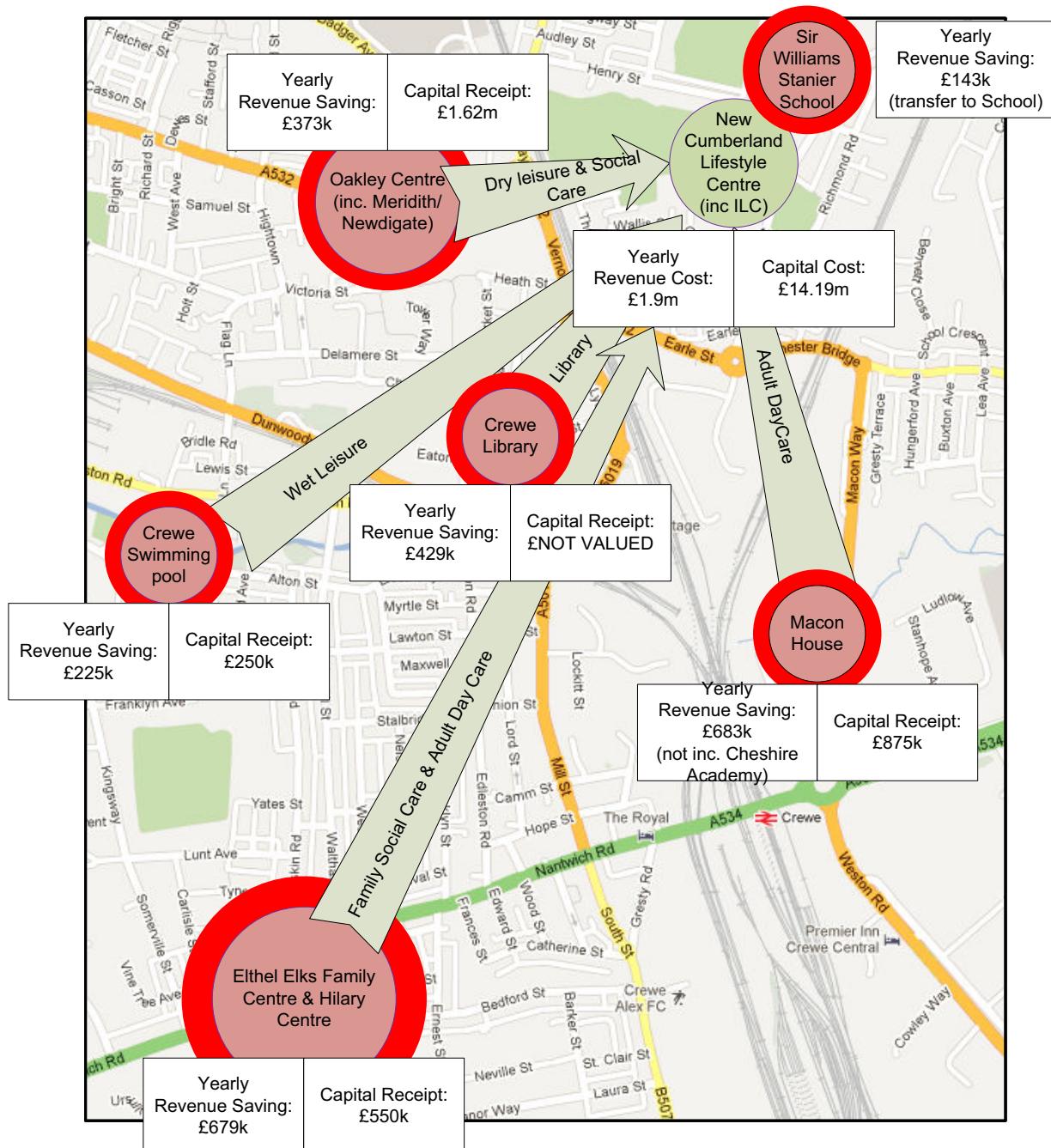
OPPORTUNITY 2: GRANTS ARE APPLIED AND WON + OPT 2 (outside council control)

GRANTS AVAILABLE AT TIME OF BUSINESS CASE	Iconic Facilities:	minimum	£150,000	maximum	£500,000
	Inspired Facilities:	minimum	£20,000	maximum	£150,000

PAYBACK ON PRUDENTIAL BORROWING, GROWTH, RECEIPTS & GRANTS:	£ 12,800,000	NPV based on projected savings over 25 years	-£2,174,704.82	
Immediate Capital Release potential to support wider programme:	£ 2,174,704.82	(Amount we could further borrow now with an NPV still self sustaining)		
Inflation	3.00%			
Income	2%			
Grant income year 1	£ 500,000.00			
Capital receipt year 5	£ 2,000,000.00	approx 60% asset value		

SELF SUSTAINING

Crewe Cumberland Arena Business Case - 'Do more' Sensitivity Analysis



DO MORE - FINANCIAL CASE

COST PLAN COMPARISON												
CATEGORY	BEFORE (2012/13 figures used)										AFTER	
	Oakley Centre	Security Holdings	Macon House	Crewe Pool	Sir William Stanier School	Ethel Elks	Hilary Centre	Crewe Library	Total		New Centre	Assumptions:
Expenditure												
Employees	£ 295,462		£ 597,340	£ 491,000	£ 140,686	£ 373,245	£ 221,895	£ 378,710	£ 2,498,338		£ 2,248,504	10%
Premises	£ 195,000		£ 69,000	£ 115,000	£ 64,080	£ 32,655	£ 26,500	£ 101,000	£ 603,235		£ 275,000	
Transport	£ 588		£ 996	£ 1,278	£ -	£ 17,934	£ 57	£ 142	£ 20,995		£ 14,697	30%
Supplies & Services	£ 39,209		£ 33,973	£ 44,562	£ 16,964	£ 9,750	£ 27,315	£ 7,357	£ 179,130		£ 166,591	7%
Transfer / Third Party Payment	£ -	£ 30,000	£ -	£ -	£ -	£ 1,089		£ -	£ 31,089		£ -	
TOTAL EXPENDITURE	£ 530,259	£ 30,000	£ 701,309	£ 651,840	£ 221,730	£ 434,673	£ 275,767	£ 487,209	£ 3,332,787		£ 2,704,792	
Income												
Grant, Reimbs & Contributions		£ -	£ -	£ 3,402		£ -	£ 654	£ -	£ 188		£ -	
Customer & Client Receipts	£ 152,792	£ -	£ -	£ 14,444	£ 426,797	£ 70,256	£ -	£ 31,034	£ 57,340		£ -	no immediate incre
Recharge	£ 34,417	£ -	£ -	£ -	£ -	£ 8,241	£ -	£ -	£ 714		£ -	
TOTAL INCOME	£ 187,209	£ -	£ -	£ 17,846	£ 426,797	£ 78,497	£ -	£ 31,688	£ 58,242		£ 800,279	
NET EXPENDITURE TOTAL	£ 343,050	£ 30,000	£ 683,463	£ 225,043	£ 143,233	£ 434,673	£ 244,079	£ 428,967	£ 2,532,508		£ 1,904,513	
COMBINED EXPENDITURE TO THE COUNCIL									£ 2,532,508		£ 1,904,513	
CAPITAL COST FOR NEW ASSETS											£ 14,185,000	

NET REVENUE POSITION FOR THE COUNCIL

Before	£ 2,532,508	=	After	£ 1,904,513	+	Revenue saving	£ 627,995
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PAYBACK ENTIRELY ON PRUDENTIAL BORROWING: £ 14,185,000 NPV based on projected savings over 25 years -£1,026,802.71 **SELF SUSTAINING**

Immediate Capital Release potential to support wider programme: £ 1,904,513 (Amount we could further borrow now with an NPV still self sustaining)

PAYBACK Assumptions:

Inflation	3.00%
Income	2%

OPPORTUNITY 1: USE PROPORTION OF DISPOSAL RECEIPTS FROM PROJECT (within council control)

	Oakley Centre	Security Holdings	Macon House	Crewe Pool	Sir William Stanier School	Ethel Elks	Hilary Centre	Crewe Library
CAPITAL COST / RECEIPT POTENTIAL	£ 1,620,000	(inc. in Oakley)	£ 875,000	£ 250,000	£ -	£ 350,000	£ 200,000	UNKNOWN
TOTAL CAPITAL RECEIPT VALUE	£ 3,295,000							

PAYBACK PRUDENTIAL BORROWING + RECEIPTS + INCOME GROWTH: £ 14,185,000 NPV based on projected savings over 25 years -£2,701,771.23 **SELF SUSTAINING**

Immediate Capital Release potential to support wider programme: £ 1,904,513 (Amount we could further borrow now with an NPV still self sustaining)

Inflation	3.00%
Income	2%
Capital receipt year 5	£ 2,000,000.00 approx 60% asset value excl Library

OPPORTUNITY 2: GRANTS ARE APPLIED AND WON + OPT 2 (outside council control)

GRANTS AVAILABLE AT TIME OF BUSINESS CASE

Iconic Facilities:	minimum	£150,000	maximum	£500,000
Inspired Facilities:	minimum	£20,000	maximum	£150,000

PAYBACK ON PRUDENTIAL BORROWING, GROWTH, RECEIPTS & GRANTS: £ 14,185,000 NPV based on projected savings over 25 years -£3,173,069.18 **SELF SUSTAINING**

Immediate Capital Release potential to support wider programme: £ 1,904,513 (Amount we could further borrow now with an NPV still self sustaining)

Inflation	3.00%
Income	2%
Grant income year 1	£ 500,000.00
Capital receipt year 5	£ 2,000,000.00 approx 60% asset value excl Library

Funding Potential

There are two funding streams recognised as potential funding contributors. They are highlighted in Opportunity 2 within the financial cases. More detail will be included in funding potential in later version of the business case.

Benefits Management

Cheshire East's sustainable community strategy

Ambition for All, Cheshire East's sustainable community strategy sets out seven priorities for action. This development supports all of these priorities; in particular it will make a direct contribution to the following:

- Create conditions for business growth – this will not only see a significant council funded scheme but will free up land for residential and commercial developments
- Unlock the potential of our towns; regenerate Crewe – this a significant element of the All Change for Crewe programme and a short term priority for investment
- Support our children and young people – the improved facilities for children and young people will present opportunities for improved services, engagement and outcomes. The youth centre and Cheshire academy will be as important as services provided directly by the council
- Drive out the causes of poor health – the new improved facilities will make it easier for more people to be more active more often, benefits will also be realised from the integration of leisure, social care and community services.

Cheshire East's principles of budget planning

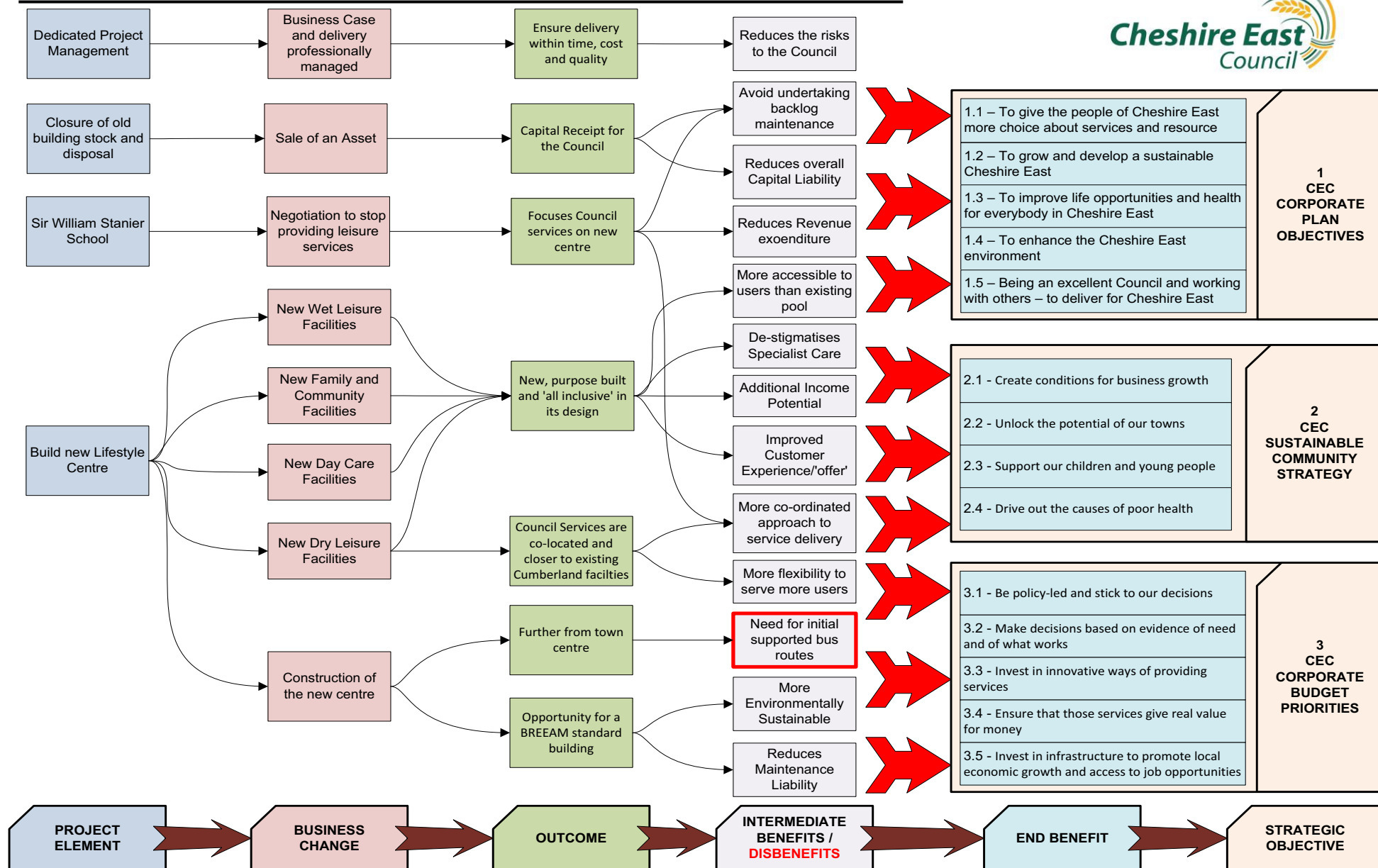
There are 10 principles underpinning good strategic budget decisions. The investment in this development supports many of these principles including:

- Be policy-led and stick to our decisions – This development delivers towards the new leisure strategy
- Make decisions based on evidence of need and of what works – this business case proves the financial model is self sustaining and our need to provide superior leisure facilities is defined in the new leisure strategy
- Invest in innovative ways of providing services – The lifestyle concept has been proven in other areas of the country
- Ensure that those services give real value for money – The new centre will be self financing and provide superior facilities to those currently available to the citizens of Crewe and the surrounding areas
- Invest in infrastructure to promote local economic growth and access to job opportunities – This development will provide job opportunities during construction.

Direct benefits as a result of the development

The following benefits map describes the key changes the business as a result of this development which will lead to be measured to ensure the development was a success.

CREWE LIFESTYLE CENTRE BENEFITS MAP



Benefits Measuring

It is important to ensure that the benefits are measured pre-project and measured after to ensure that the desired improvement has been accomplished. The section below demonstrates that the benefits could be measured and tracked.

Reduces the risks to the Council	<ul style="list-style-type: none"> The project is delivered on time, cost and quality and this is measured by the Project Management reports.
Avoid undertaking backlog maintenance	<ul style="list-style-type: none"> Assets are sold before items on maintenance log are committed to the maintenance programme.
Reduces overall Capital Liability	<ul style="list-style-type: none"> The overall capital liability of the council is lower as a result of disposals from this project.
Reduces Revenue expenditure	<ul style="list-style-type: none"> The new centre's net revenue impact to the council is less than the combined net revenue impact to the council of the services pre development.
More accessible to users than existing pool	<ul style="list-style-type: none"> User survey undertaken before and after.
De-stigmatises Specialist Care	<ul style="list-style-type: none"> Step change in attitude of non specialist care users leisure facilities via before and after surveys.
Additional Income Potential	<ul style="list-style-type: none"> Net income from the new development is more than the combined income from the services pre development
Improved Customer Experience/'offer'	<ul style="list-style-type: none"> Satisfaction surveys undertaken before and after the new development is operational
More co-ordinated approach to service delivery	<ul style="list-style-type: none"> Future policies adopted by the council incorporate new approaches to delivering joint services as a result of operations at the new development.
More flexibility to serve more users	<ul style="list-style-type: none"> An increase in the numbers of events/classes/at the new facilities compared to those that could be undertaken at the old centres.
Need for initial supported bus routes	<ul style="list-style-type: none"> The council adopts temporary bus subsidy to compensate for lack of commercial bus support as a result of the centres location.
More Environmentally Sustainable	<ul style="list-style-type: none"> The new development yields improved environmental measures as recorded by Assets, with reduced fuel consumption
Reduces Maintenance Liability	<ul style="list-style-type: none"> The required maintenance undertaken in the new building is less than the maintenance undertaken on the old assets.

Risks and Opportunities

Key Risks for 'acceptance' of the business case.

During the business case preparation meetings and subsequent outline consultation with enablers, the following highlights the three key risks at the time of writing the business case. A successful launch to the project will depend on each of these being satisfactorily mitigated.

- ALTERNATIVE SITES - No assessment has been made on alternative sites in Crewe including VCC site and KGV fields opposite Queens Park CAUSES objections to the location RESULTING IN reputational damage to the Council and missing a potentially better business case
 - *MITIGATION – Relevant studies to prove that there is not better location within Crewe*
- TRANSPORT LINKS - inadequate transport links means social care users require alternative transport CAUSING increased costs to CEC RESULTING IN a weakened Business Case
 - *MITIGATION – Relevant transport modelling developing network improvements to prove the site can cope. Discussions with transport operators on likely improvement to routes adjacent to the site. Possibly bus support in the short term until commercial market develops*
- CONSULTATION – no formal consultation with users of Cheshire East services nor the wider public has taken place CAUSING objections to changes (most likely adult care and libraries if included) RESULTING IN reputational damage to the Council and an invalid business case
 - *MITIGATION – The All Change for Crewe forum are used to strengthen public support for the concept, key service users are privately consulted and a road show advertising campaign is undertaken.*

Note that mitigation measures from the first two risks will strengthen the ability to achieve the third. A full list of risks at business case stage can be seen at Appendix 3.

Key Opportunities to be explored to strengthen the business case

There are a number of opportunities to be explored as the project develops but would need to be finalised before the design brief is awarded.

Strategic Management

- Grants are pursued and won that lower the overall cost of the project
- Agreement is made to re-invest the capital receipts as part of the invest to save

Additional income

- Social Care facilities to the public (those low level users who would not ordinarily qualify)
- Inclusion of spectator stands to allow paid events to take place
- Retail or Public Sector Office space (rentable) is included in the design
- Health partners extend services into the centre

Joint collaboration

- The Independent Living Centre which is currently planned for Eagle Bridge could be included in this development
- A sale is made in conjunction with the Fire Station increasing the relative value of Macon House
- As part of the 'All Change for Crewe' agenda and in approval of this development, there is the potential for the council to advocate and implement a wider review of the road infrastructure and to re-work the local road network (as a sister project)

Alternative Project Delivery Models

- The project could be the catalyst for a wider programme of delivery of the lifestyle concept using an asset holding vehicle or similar. The "Lifestyle Development Co." would work with a private strategic delivery partner who could gain tax benefits that the council can't claim.
- The chosen contractor as a strategic partner could then net the benefits above off the overall construction cost, offsetting the benefits reached by the private company into the building cost.
- However, a change in council direction (politically) during the delivery of the programme could be seen as the key risk to this. Also the central government rules governing this are changing in 2013 meaning the Asset Holding Vehicle, if not delivered soon would not deliver as many benefits as it can today.

Recommendations and Next Steps

This Business Case was discussed at the Lifestyle Project Board on Thursday 11 October 2012. It provides evidence that at this time, the recommended proposal to build a development at Crewe Cumberland is financially self sustaining based on the following assumptions:

- 10% Employee saving
- 30% Transport saving
- 7 % Services and Supplies saving
- No immediate increase in income but;
- 2% income growth
- 3% inflation

All the above assumes the risk of bus subsidy at £18-£50k is mitigated as a base revenue increase in the council's budget setting processes. Initial internal consultation also recommends that its location needs to be proven to be the best location on balance. It also proved that assets from Adults and Children's Services are required to balance the financial case viability and Ethel Elks and Hilary Centre are to be included in the recommended proposal.

The analysis also points out that the self sustaining recommended proposal can be strengthened by the council including receipts from the disposals and potential grant money giving the project a theoretical spending power of between £1.7-£2.2m while still maintaining NPV for the final asset. This could be pump primed into an alternative delivery model as suggested in the previous section of this report to 'kick start' other centres elsewhere in the Borough.

The following direction was given by the Board to strengthen the business case which will be incorporated into Version 2.

- A desktop site appraisal survey of Crewe is undertaken to confirm that on balance the Cumberland Arena site is the most suitable location for the development.
- The asset base under consideration should be extended in line with the emerging new Leisure Strategy to consider the disposal of leisure assets in other areas of the borough, to feed into discussions regarding this project as a catalyst for a programme of centres in other towns.
- The Business Case is strengthened to demonstrate that the development is beneficial to the demographics of Crewe. This detail was in the Outline Business Case for the concept by PwC and can be transferred into this report.
- We start dialogue with providers of grants to raise the profile of this development and work towards assurances on grant funding availability
- This business case is shared with public sector partners to encourage integration and the next report describes the likely commitment, even if we design for inclusion on site at a later date (Health partners, Police etc)

Version 2 of this business case expanded to include the above will be re-presented to the Project Board. It is expected that the financial case can be made self sustaining and when accepted, the next step is to progress through the Technical Enabler Group (paperwork in Appendix 4) and gain approval from the Executive Monitoring Board. With approval, the project should be initiated as outlined in the Programme Initiation Document previously tabled to the Project Board.

Appendices

Appendix 1

Crewe Lifestyle Centre – Business Case Preparation – Notes

Present: Lee Baumanis (Project Management)
David Laycock (representing Adults)
Jonathon Potter (Ethel Elks Family Centre)
Helen McGourlay (Project Accountant)
Peter Broughton (Assets Framework)
Paul Bayley (Customer Service/Libraries)
Lydia Rafferty (ICT)
Mark Wheelton (Leisure /Cultural)
Keith Pickerton (Leisure Facilities)
Pete Kelleher (Care4CE)

Service Requirements

Adults – Possibly Office Accommodation for Social Care Assessment and Independent Living Centre if Eaglebridge (another project) doesn't happen

Adults - ICT Suite

Adults – Specialist Equipment

Adults – Good Public Transport

Families – Separate reception for contact users

Families – Controlled access to manage risks to children/carers/family members (domestic Violence Relationships)

Cabinet Promises – New Youth Centre (Existing Youth Centre)

Cabinet promises – Specialist indoor athletics training facility (Athletics Club)

Leisure – a more flexible swimming pool with moveable floors and booms

Leisure – space to use for wider community uses i.e. wedding receptions, entertainment events

ICT – to move the core site (if moving Crewe Library is in the final design)

Wider Implications

Adults – Potential externalisation of Care4CE

Leisure – Future Delivery Models for Leisure facilities

Libraries – Already a desire to have a combined Heritage Centre/Library at Municipal Buildings

Benefits

Adults – De-stigmatises specialist care

Families – Better working environment

Leisure – a more flexible facility to serve more users

Leisure – Increased efficiencies through newer buildings and facilities

Leisure – More co-ordinated approach with other council services, new ways of working

Opportunities

Adults – New facility could be offered to market

ICT – could offer other public sector staff facilities via Public Sector Network

ICT – to house other public sector services like Fire Health and Police

Alternatives

Entire VCC site (Oakley, Meridith, Newgate)

Land Adjacent to Queens Park at KGV playing fields.

Funding Opportunities

Sports England

Lottery

Other Stakeholders

Environmental Health

Other Authorities (Police/Fire)

MMU

Sport England

Michael Jones

Kirstie Hercules

Appendix 2

Do minimum

Inflation	3.00%																								
Income	2%																								
Do minimum																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,913,408	1,970,810	2,029,935	2,090,833	2,153,558	2,218,164	2,284,709	2,353,250	2,423,848	2,496,563	2,571,460	2,648,604	2,728,062	2,809,904	2,894,201	2,981,027	3,070,458	3,162,572	3,257,449	3,355,173	3,455,828	3,559,503	3,666,288	3,776,276	3,889,565
Total Revenue	631,852	644,489	657,379	670,526	683,937	697,616	711,568	725,799	740,315	755,122	770,224	785,629	801,341	817,368	833,715	850,390	867,397	884,745	902,440	920,489	938,899	957,677	976,830	996,367	1,016,294
Net cost	1,281,556	1,326,321	1,372,556	1,420,306	1,469,621	1,520,549	1,573,141	1,627,451	1,683,533	1,741,442	1,801,236	1,862,976	1,926,721	1,992,536	2,060,486	2,130,638	2,203,061	2,277,827	2,355,009	2,434,683	2,516,929	2,601,826	2,689,457	2,779,909	2,873,270
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,587,982	1,635,622	1,684,690	1,735,231	1,787,288	1,840,907	1,896,134	1,953,018	2,011,609	2,071,957	2,134,115	2,198,139	2,264,083	2,332,006	2,401,966	2,474,025	2,548,246	2,624,693	2,703,434	2,784,537	2,868,073	2,954,115	3,042,738	3,134,021	3,228,041
Total Revenue	631,852	644,489	657,379	670,526	683,937	697,616	711,568	725,799	740,315	755,122	770,224	785,629	801,341	817,368	833,715	850,390	867,397	884,745	902,440	920,489	938,899	957,677	976,830	996,367	1,016,294
Net cost	956,130	991,133	1,027,312	1,064,705	1,103,351	1,143,291	1,184,566	1,227,219	1,271,293	1,316,835	1,363,891	1,412,510	1,462,742	1,514,638	1,568,250	1,623,635	1,680,848	1,739,948	1,800,993	1,864,048	1,929,174	1,996,438	2,065,908	2,137,654	2,211,747
Saving	-325,426	-335,188	-345,244	-355,601	-366,269	-377,258	-388,575	-400,233	-412,239	-424,607	-437,345	-450,465	-463,979	-477,899	-492,235	-507,003	-522,213	-537,879	-554,015	-570,636	-587,755	-605,388	-623,549	-642,256	-661,523
Total discounted saving	-11,864,780																								
Capital build costs	12,000,000																								
NPV	£3,981,863.28																								

Inflation	3.00%																								
Income	7.10% 2% inflation + growth for 3 years 2% after 3 years																								
Capital receipt year 5	£ 1,650,000.00 60% of capital value																								
Do minimum																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,913,408	1,970,810	2,029,935	2,090,833	2,153,558	2,218,164	2,284,709	2,353,250	2,423,848	2,496,563	2,571,460	2,648,604	2,728,062	2,809,904	2,894,201	2,981,027	3,070,458	3,162,572	3,257,449	3,355,173	3,455,828	3,559,503	3,666,288	3,776,276	3,889,565
Total Revenue	631,852	644,489	657,379	670,526	683,937	697,616	711,568	725,799	740,315	755,122	770,224	785,629	801,341	817,368	833,715	850,390	867,397	884,745	902,440	920,489	938,899	957,677	976,830	996,367	1,016,294
Net cost	1,281,556	1,326,321	1,372,556	1,420,306	1,469,621	1,520,549	1,573,141	1,627,451	1,683,533	1,741,442	1,801,236	1,862,976	1,926,721	1,992,536	2,060,486	2,130,638	2,203,061	2,277,827	2,355,009	2,434,683	2,516,929	2,601,826	2,689,457	2,779,909	2,873,270
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,587,982	1,635,622	1,684,690	1,735,231	1,787,288	1,840,907	1,896,134	1,953,018	2,011,609	2,071,957	2,134,115	2,198,139	2,264,083	2,332,006	2,401,966	2,474,025	2,548,246	2,624,693	2,703,434	2,784,537	2,868,073	2,954,115	3,042,738	3,134,021	3,228,041
Total Revenue	631,852	676,713	724,760	776,218	2,441,742	807,577	823,729	840,203	857,008	874,148	891,631	909,463	927,653	946,206	965,130	984,432	1,004,121	1,024,203	1,044,687	1,065,581	1,086,893	1,108,631	1,130,803	1,153,419	1,176,488
Net cost	956,130	958,908	959,930	959,013	-654,454	1,033,329	1,072,405	1,112,815	1,154,601	1,197,809	1,242,485	1,288,676	1,336,431	1,385,800	1,436,836	1,489,592	1,544,125	1,600,490	1,658,746	1,718,956	1,781,180	1,845,484	1,911,935	1,980,601	2,051,553
Saving	-325,426	-367,413	-412,625	-461,293	-2,124,075	-487,219	-500,736	-514,637	-528,932	-543,633	-558,751	-574,300	-590,291	-606,736	-623,650	-641,045	-658,936	-677,337	-696,263	-715,728	-735,749	-756,341	-777,522	-799,308	-821,717
Capital build costs	12,000,000																								
NPV	£696,728.74																								

Inflation	3.00%																								
Income	7.10% 2% inflation + growth for 3 years 2% after 3 years																								
Grant income year 1	£ 500,000.00																								
Capital receipt year 5	£ 1,650,000.00 60% of capital value																								
Do minimum																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,913,408	1,970,810	2,029,935	2,090,833	2,153,558	2,218,164	2,284,709	2,353,250	2,423,848	2,496,563	2,571,460	2,648,604	2,728,062	2,809,904	2,894,201	2,981,027	3,070,458	3,162,572	3,257,449	3,355,173	3,455,828	3,559,503	3,666,288	3,776,276	3,889,565
Total Revenue	631,852	644,489	657,379	670,526	683,937	697,616	711,568	725,799	740,315	755,122	770,224	785,629	801,341	817,368	833,715	850,390	867,397	884,745	902,440	920,489	938,899	957,677	976,830	996,367	1,016,294
Net cost	1,281,556	1,326,321	1,372,556	1,420,306	1,469,621	1,520,549	1,573,141	1,627,451	1,683,533	1,741,442	1,801,236	1,862,976	1,926,721	1,992,536	2,060,486	2,130,638	2,203,061	2,277,827	2,355,009	2,434,683	2,516,929	2,601,826	2,689,457	2,779,909	2,873,270
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16	18	19	20	21	22	23	24	25
Total costs	1,587,982	1,635,622	1,684,690	1,735,231	1,787,288	1,840,907	1,896,134	1,953,018	2,011,609	2,071,957	2,134,115	2,198,139	2,264,083	2,332,006	2,401,966	2,474,025	2,548,246	2,624,693	2,703,434	2,784,537	2,868,073	2,954,115	3,042,738	3,134,021	3,228,041
Total Revenue	1,131,852	676,713	724,760	776,218	2,441,742	807,577	823,729	840,203	857,008	874,148	891,631	909,463	927,653	946,206	965,130	984,432	1,004,121	1,024,203	1,044,687	1,065,581	1,086,893	1,108,631	1,130,803	1,153,419	1,176,488
Net cost	456,130	958,908	959,930	959,013	-654,454	1,033,329	1,072,405	1,112,815	1,154,601	1,197,809	1,242,485	1,288,676	1,336,431	1,385,800	1,436,836	1,489,592	1,544,125	1,600,490	1,658,746	1,718,956	1,781,180	1,845,484	1,911,935	1,980,601	2,051,553
Saving	-825,426	-367,413	-412,625	-461,293	-2,124,075	-487,219	-500,736	-514,637	-528,932	-543,633	-558,751	-574,300	-590,291	-606,736	-623,650	-641,045	-658,936	-677,337	-696,263	-715,728	-735,749	-756,341	-777,522	-799,308	-821,717
Capital build costs	12,000,000																								
NPV	£225,430.79																								

Do recommended proposal

Inflation	3.00%																								
Income	2%																								
Proposed																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,845,578	2,930,945	3,018,874	3,109,440	3,202,723	3,298,805	3,397,769	3,499,702	3,604,693	3,712,834	3,824,219	3,938,945	4,057,114	4,178,827	4,304,192	4,433,318	4,566,317	4,703,307	4,844,406	4,989,738	5,139,430	5,293,613	5,452,422	5,615,994	5,784,474
Total Revenue	742,037	756,878	772,015	787,456	803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	2,103,541	2,174,068	2,246,858	2,321,984	2,399,518	2,479,536	2,562,115	2,647,335	2,735,278	2,826,031	2,919,680	3,016,316	3,116,031	3,218,923	3,325,090	3,434,634	3,547,660	3,664,276	3,784,595	3,908,730	4,036,802	4,168,933	4,305,248	4,445,877	4,590,954
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,317,011	2,386,522	2,458,117	2,531,861	2,607,817	2,686,051	2,766,633	2,849,632	2,935,120	3,023,174	3,113,869	3,207,285	3,303,504	3,402,609	3,504,687	3,609,828	3,718,123	3,829,666	3,944,556	4,062,893	4,184,780	4,310,323	4,439,633	4,572,822	4,710,007
Total Revenue	742,037	756,878	772,015	787,456	803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	1,574,974	1,629,644	1,686,102	1,744,405	1,804,612	1,866,782	1,930,978	1,997,264	2,065,706	2,136,371	2,209,330	2,284,656	2,362,422	2,442,705	2,525,585	2,611,144	2,699,465	2,790,636	2,884,745	2,981,885	3,082,152	3,185,643	3,292,459	3,402,704	3,516,487
Saving	-528,567	-544,424	-560,757	-577,579	-594,907	-612,754	-631,136	-650,071	-669,573	-689,660	-710,350	-731,660	-753,610	-776,218	-799,505	-823,490	-848,195	-873,640	-899,850	-926,845	-954,650	-983,290	#####	#####	#####
Capital build costs	12,800,000																								
NPV	-£28,438.35																								

Inflation	3.00%																								
Income	2%																								
Capital receipt year	£ 2,000,000.00	60% of capital value																							
Proposed																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,845,578	2,930,945	3,018,874	3,109,440	3,202,723	3,298,805	3,397,769	3,499,702	3,604,693	3,712,834	3,824,219	3,938,945	4,057,114	4,178,827	4,304,192	4,433,318	4,566,317	4,703,307	4,844,406	4,989,738	5,139,430	5,293,613	5,452,422	5,615,994	5,784,474
Total Revenue	742,037	756,878	772,015	787,456	803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	2,103,541	2,174,068	2,246,858	2,321,984	2,399,518	2,479,536	2,562,115	2,647,335	2,735,278	2,826,031	2,919,680	3,016,316	3,116,031	3,218,923	3,325,090	3,434,634	3,547,660	3,664,276	3,784,595	3,908,730	4,036,802	4,168,933	4,305,248	4,445,877	4,590,954
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,317,011	2,386,522	2,458,117	2,531,861	2,607,817	2,686,051	2,766,633	2,849,632	2,935,120	3,023,174	3,113,869	3,207,285	3,303,504	3,402,609	3,504,687	3,609,828	3,718,123	3,829,666	3,944,556	4,062,893	4,184,780	4,310,323	4,439,633	4,572,822	4,710,007
Total Revenue	742,037	756,878	772,015	787,456	2,803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	1,574,974	1,629,644	1,686,102	1,744,405	-195,388	1,866,782	1,930,978	1,997,264	2,065,706	2,136,371	2,209,330	2,284,656	2,362,422	2,442,705	2,525,585	2,611,144	2,699,465	2,790,636	2,884,745	2,981,885	3,082,152	3,185,643	3,292,459	3,402,704	3,516,487
Saving	-528,567	-544,424	-560,757	-577,579	-2,594,907	-612,754	-631,136	-650,071	-669,573	-689,660	-710,350	-731,660	-753,610	-776,218	-799,505	-823,490	-848,195	-873,640	-899,850	-926,845	-954,650	-983,290	#####	#####	#####
Capital build costs	12,800,000																								
NPV	-£1,703,406.87																								

Inflation	3.00%																								
Income	2%																								
Grant income year	£ 500,000.00																								
Capital receipt year	£ 2,000,000.00 60% of capital value																								
Proposed																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,845,578	2,930,945	3,018,874	3,109,440	3,202,723	3,298,805	3,397,769	3,499,702	3,604,693	3,712,834	3,824,219	3,938,945	4,057,114	4,178,827	4,304,192	4,433,318	4,566,317	4,703,307	4,844,406	4,989,738	5,139,430	5,293,613	5,452,422	5,615,994	5,784,474
Total Revenue	742,037	756,878	772,015	787,456	803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	2,103,541	2,174,068	2,246,858	2,321,984	2,399,518	2,479,536	2,562,115	2,647,335	2,735,278	2,826,031	2,919,680	3,016,316	3,116,031	3,218,923	3,325,090	3,434,634	3,547,660	3,664,276	3,784,595	3,908,730	4,036,802	4,168,933	4,305,248	4,445,877	4,590,954
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,317,011	2,386,522	2,458,117	2,531,861	2,607,817	2,686,051	2,766,633	2,849,632	2,935,120	3,023,174	3,113,869	3,207,285	3,303,504	3,402,609	3,504,687	3,609,828	3,718,123	3,829,666	3,944,556	4,062,893	4,184,780	4,310,323	4,439,633	4,572,822	4,710,007
Total Revenue	1,242,037	756,878	772,015	787,456	2,803,205	819,269	835,654	852,367	869,415	886,803	904,539	922,630	941,082	959,904	979,102	998,684	1,018,658	1,039,031	1,059,812	1,081,008	1,102,628	1,124,681	1,147,174	1,170,118	1,193,520
Net cost	1,074,974	1,629,644	1,686,102	1,744,405	-195,388	1,866,782	1,930,978	1,997,264	2,065,706	2,136,371	2,209,330	2,284,656	2,362,422	2,442,705	2,525,585	2,611,144	2,699,465	2,790,636	2,884,745	2,981,885	3,082,152	3,185,643	3,292,459	3,402,704	3,516,487
Saving	-1,028,567	-544,424	-560,757	-577,579	-2,594,907	-612,754	-631,136	-650,071	-669,573	-689,660	-710,350	-731,660	-753,610	-776,218	-799,505	-823,490	-848,195	-873,640	-899,850	-926,845	-954,650	-983,290	#####	#####	#####
Capital build costs	12,800,000																								
NPV	-£2,174,704.82																								


Do more proposal

Inflation	3.00%
Income	2%
Do more	
Current	Years
Running costs	12345678910111213141517171819202122232425
Total costs	3,332,7873,432,7713,535,7543,641,8263,751,0813,863,6143,979,5224,098,9084,221,8754,348,5314,478,9874,613,3574,751,7574,894,3105,041,1395,192,3745,348,1455,508,5895,673,8475,844,0626,019,3846,199,9666,385,9656,577,5436,774,870
Total Revenue	800,279816,285832,610849,262866,248883,573901,244919,269937,654956,407975,536995,0461,014,9471,035,2461,055,9511,077,0701,098,6121,120,5841,142,9951,165,8551,189,1721,212,9561,237,2151,261,9591,287,199
Net cost	2,532,5082,616,4862,703,1432,792,5642,884,8332,980,0413,078,2783,179,6393,284,2203,392,1243,503,4513,618,3103,736,8103,859,0643,985,1884,115,3034,249,5334,388,0054,530,8514,678,2074,830,2124,987,0105,148,7495,315,5845,487,671
New Build	
Running costs	12345678910111213141517171819202122232425
Total costs	2,704,7922,785,9352,869,5132,955,5993,044,2673,135,5953,229,6633,326,5533,426,3493,529,1403,635,0143,744,0643,856,3863,972,0784,091,2404,213,9774,340,3964,470,6084,604,7274,742,8684,885,1545,031,7095,182,6605,338,1405,498,284
Total Revenue	800,279816,285832,610849,262866,248883,573901,244919,269937,654956,407975,536995,0461,014,9471,035,2461,055,9511,077,0701,098,6121,120,5841,142,9951,165,8551,189,1721,212,9561,237,2151,261,9591,287,199
Net cost	1,904,5131,969,6512,036,9032,106,3362,178,0192,252,0222,328,4182,407,2832,488,6952,572,7322,659,4782,749,0182,841,4392,936,8313,035,2893,136,9073,241,7853,350,0253,461,7313,577,0133,695,9823,818,7533,945,4454,076,1814,211,086
Saving	-627,995-646,835-666,240-686,228-706,814-728,019-749,859-772,355-795,526-819,392-843,973-869,293-895,371-922,232-949,899-978,396#####
Capital build costs	14,185,000
NPV	-£1,026,802.71

Inflation	3.00%																								
Income	2%																								
Capital receipt year 5	2,000,000	60% of capital value excluding the library																							
Do more																									
Current	Years																								
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	3,332,787	3,432,771	3,535,754	3,641,826	3,751,081	3,863,614	3,979,522	4,098,908	4,221,875	4,348,531	4,478,987	4,613,357	4,751,757	4,894,310	5,041,139	5,192,374	5,348,145	5,508,589	5,673,847	5,844,062	6,019,384	6,199,966	6,385,965	6,577,543	6,774,870
Total Revenue	800,279	816,285	832,610	849,262	866,248	883,573	901,244	919,269	937,654	956,407	975,536	995,046	1,014,947	1,035,246	1,055,951	1,077,070	1,098,612	1,120,584	1,142,995	1,165,855	1,189,172	1,212,956	1,237,215	1,261,959	1,287,199
Net cost	2,532,508	2,616,486	2,703,143	2,792,564	2,884,833	2,980,041	3,078,278	3,179,639	3,284,220	3,392,124	3,503,451	3,618,310	3,736,810	3,859,064	3,985,188	4,115,303	4,249,533	4,388,005	4,530,851	4,678,207	4,830,212	4,987,010	5,148,749	5,315,584	5,487,671
New Build																									
Running costs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	17	17	18	19	20	21	22	23	24	25
Total costs	2,704,792	2,785,935	2,869,513	2,955,599	3,044,267	3,135,595	3,229,663	3,326,553	3,426,349	3,529,140	3,635,014	3,744,064	3,856,386	3,972,078	4,091,240	4,213,977	4,340,396	4,470,608	4,604,727	4,742,868	4,885,154	5,031,709	5,182,660	5,338,140	5,498,284
Total Revenue	800,279	816,285	832,610	849,262	2,866,248	883,573	901,244	919,269	937,654	956,407	975,536	995,046	1,014,947	1,035,246	1,055,951	1,077,070	1,098,612	1,120,584	1,142,995	1,165,855	1,189,172	1,212,956	1,237,215	1,261,959	1,287,199
Net cost	1,904,513	1,969,651	2,036,903	2,106,336	178,019	2,252,022	2,328,418	2,407,283	2,488,695	2,572,732	2,659,478	2,749,018	2,841,439	2,936,831	3,035,289	3,136,907	3,241,785	3,350,025	3,461,731	3,577,013	3,695,982	3,818,753	3,945,445	4,076,181	4,211,086
Saving	-627,995	-646,835	-666,240	-686,228	-2,706,814	-728,019	-749,859	-772,355	-795,526	-819,392	-843,973	-869,293	-895,371	-922,232	-949,899	-978,396	#####	#####	#####	#####	#####	#####	#####	#####	#####
Capital build costs	14,185,000																								
NPV	-£2,701,771.23																								

Inflation	3.00%
Income	2%
Grant income year 1	£ 500,000.00
Capital receipt year 5	2,000,000
Do more	
Current	Years
Running costs	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 17 17 18 19 20 21 22 23 24 25
Total costs	3,332,787 3,432,771 3,535,754 3,641,826 3,751,081 3,863,614 3,979,522 4,098,908 4,221,875 4,348,531 4,478,987 4,613,357 4,751,757 4,894,310 5,041,139 5,192,374 5,348,145 5,508,589 5,673,847 5,844,062 6,019,384 6,199,966 6,385,965 6,577,543 6,774,870
Total Revenue	800,279 816,285 832,610 849,262 866,248 883,573 901,244 919,269 937,654 956,407 975,536 995,046 1,014,947 1,035,246 1,055,951 1,077,070 1,098,612 1,120,584 1,142,995 1,165,855 1,189,172 1,212,956 1,237,215 1,261,959 1,287,199
Net cost	2,532,508 2,616,486 2,703,143 2,792,564 2,884,833 2,980,041 3,078,278 3,179,639 3,284,220 3,392,124 3,503,451 3,618,310 3,736,810 3,859,064 3,985,188 4,115,303 4,249,533 4,388,005 4,530,851 4,678,207 4,830,212 4,987,010 5,148,749 5,315,584 5,487,671
New Build	
Running costs	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 17 17 18 19 20 21 22 23 24 25
Total costs	2,704,792 2,785,935 2,869,513 2,955,599 3,044,267 3,135,595 3,229,663 3,326,553 3,426,349 3,529,140 3,635,014 3,744,064 3,856,386 3,972,078 4,091,240 4,213,977 4,340,396 4,470,608 4,604,727 4,742,868 4,885,154 5,031,709 5,182,660 5,338,140 5,498,284
Total Revenue	1,300,279 816,285 832,610 849,262 866,248 883,573 901,244 919,269 937,654 956,407 975,536 995,046 1,014,947 1,035,246 1,055,951 1,077,070 1,098,612 1,120,584 1,142,995 1,165,855 1,189,172 1,212,956 1,237,215 1,261,959 1,287,199
Net cost	1,404,513 1,969,651 2,036,903 2,106,336 178,019 2,252,022 2,328,418 2,407,283 2,488,695 2,572,732 2,659,478 2,749,018 2,841,439 2,936,831 3,035,289 3,136,907 3,241,785 3,350,025 3,461,731 3,577,013 3,695,982 3,818,753 3,945,445 4,076,181 4,211,086
Saving	-1,127,995 -646,835 -666,240 -686,228 -2,706,814 -728,019 -749,859 -772,355 -795,526 -819,392 -843,973 -869,293 -895,371 -922,232 -949,899 -978,396 ##### ##### ##### ##### ##### ##### ##### #####
Capital build costs	14,185,000
NPV	-£3,173,069.18

Appendix 3

<div>  <div> <div>Project:</div> <div>Crewe Cumberland Lifestyle Centre</div> </div> </div>									
Log ID	Issue Type	Risk Type	Other Type	Raised By	Date Raised	Description and notes	Significance	Status	Potential Actions
1		Political	Quality	David Laycock	13/09/2012	CONSULTATION - No formal public consultation on the project CAUSES objections to Adult Care changes RESULTING IN reputation damage to the Council and an invalid business case	9	Open	A consultation could take place asking what the public would like to see in the new centre which could be used in the brief for detailed design. Leisure Customers have been made aware of the scheme, Adults and Children's Customers haven't yet been consulted.
2		Social	Staffing	David Laycock	13/09/2012	EXTERNALISATION OF SERVICES - Services to be incorporated in the new centre are externalised (Leisure & Culture, Careforce, building cleaning) CAUSING unforeseen issues arising to the project RESULTING IN a capability that is not fit for purpose	3	Open	Though not directly related to the project, the outcomes of potential externalisations should be monitored to ensure the benefits of this project are not compromised.
3		Economic	Opportunity	David Laycock	13/09/2012	NEW INCOME - CEBC offer new social care facilities to the market (low level users who don't qualify for support) CAUSING a new income stream RESULTING IN increased revenue	5	Open	Should be looked at in detailed design
4		Economic	Opportunity	David Laycock	13/09/2012	NEW INCOME - The centre has spectator facilities and charges CAUSING a new income stream RESULTING IN increased revenue	5	Open	Should be looked at in detailed design
5		Economic	Opportunity	David Laycock	13/09/2012	NEW INCOME - The centre has retail facilities and charges rent CAUSING a new income stream RESULTING IN increased revenue	5	Open	Should be looked at in detailed design
6		Social	Quality	Jonathon Potter	13/09/2012	CONFLICT IN USERS - CEBC 'family centres' are not functioning as nationally understood 'family centres' and actually the primary purpose of Ethel Elks in its 'contact' function may not compatible with other users of the Cumberland centre CAUSING a negative perception when civil unrest occurs RESULTING IN reputational damage to the Council	8	Open	It is considered that careful design should be able to mitigate any issues that may arise. The migration of services will release significant capital to the council and reduce running costs and back log maintenance.
7		Economic	Quality	Jonathon Potter	13/09/2012	TRANSPORT LINKS - inadequate transport links means social care users require alternative transport CAUSING increased costs to CEBC RESULTING IN a weakened Business Case	9	Open	A transport study to prove the transport links are possible
8		Economic	Quality	Jonathon Potter	13/09/2012	BUSINESS CASE REVENUE SAVINGS - Family have identified early that a separate reception will be needed for contact users CAUSING no savings in staffing receptions RESULTING IN a weakened business case	3	Open	This business case doesn't include a saving on staff unlike the original PWC report until the risk has been designed out and we know what saving could be made.
9		Legal	Scheduling	Keith Pickton	13/09/2012	STATUTORY PERMISSIONS - The Project fails to achieve planning or other statutory permissions for the new centre CAUSING no permission to build RESULTING IN stopping the project	3	Open	The Business Case includes a statement from Planning on the viability of the project
10		Techno	Monetary	Keith Pickton	13/09/2012	GROUND CONDITIONS - Adverse ground conditions CAUSE increased cost RESULTING IN a weakened Business Case	3	Open	The detailed design should be based on a detailed land survey first before the council commit to construction.
11		Economic	Monetary	Keith Pickton	13/09/2012	FINANCIAL MODELLING - The Revenue Savings only show running costs CAUSING an incomplete model (missing income) RESULTING in a weaker Business Case	5	Closed	The PWC model has been improved with up to date figures and compares net operating revenue costs before and after the change
12		Political	Quality	Keith Pickton	13/09/2012	ALTERNATIVE SITES - No assessment has been made on alternative sites in Crewe including VCC site and KGV fields opposite Queens Park CAUSES objections to the location RESULTING IN reputation damage to the Council and missing a potentially better business case	9	Open	Regeneration have suggested some alternative sites that could be investigated. Traffic management and transport solutions would validate the Cumberland site once mitigated through the detailed design
13		Techno	Quality	Lydia Rafferty	13/09/2012	CREWE LIBRARY - Houses an ICT Core site and moving the library CAUSES this to be moved also RESULTING IN additional costs	3	Open	This can be moved if the library was included. Regeneration support the library inclusion however the spatial planning team would prefer it more centrally located
14		Economic	Monetary	Mark Wheelton	13/09/2012	JOINT USE LEGAL AGREEMENTS - The agreements with Sir William Stanier may not allow a suitable transfer CAUSING the inability to include savings figures in the business case RESULTING IN a weakened business case	4	Open	At worse case 2018 is when the council will be seen to have discharged its responsibilities. Negotiation could and should bring this date forward so the revenue saving can be included in the payback
15		Political	Quality	Paul Bayley	13/09/2012	CREWE LIBRARY - Public Opposition Groups to libraries moving CAUSES negative publicity RESULTING IN reputational damage	6	Open	Consultation with the public and maybe a offer to provide a bigger library with extra facilities.
16		Political		Paul Bayley	13/09/2012	POLITICAL APPETITE - Politicians do not have the appetite to implement the lifestyle concept in a manner aggressive enough to ensure a financial business case CAUSES increased short term costs to the council RESULTING IN a weakened business case	4	Open	Currently the business case is self financing and so this is not a likely risk, but politicians should still be united in terms of comms message to the public.
17		Economic	Monetary	Helen McGourlay	13/09/2012	CAPITAL RECEIPTS NOT REALISED - Buildings due to sale do not sale as fast as expected CAUSING the overall cashflow to slip RESULTING in increased short term cost pressures for the Council	4	Open	Currently the business case is self financing and highlights the improved scenario if capital receipts could be realised soon after the new centre is operational
18		Economic	Opportunity	Lee Baumanis	21/09/2012	FIRE STATION SALE- There is discussion to find a new site for Crewe Fire Station. This would mean the whole corner plot including the sale of Macon House could take place and we could potentially get more value from Macon House sale.	7	Action Pending	There are meetings underway in CEC and Arthur/Caroline can motivate a positive outcome.
19		Techno	Opportunity	Peter Hartwell	09/10/2012	RESOLVE LOCAL TRAFFIC CONGESTION - There is the potential for the council to advocate and implement a wider review of the road infrastructure and to re-work the local road network (as a sister project)	4	Open	This could be looked at during the transport study
20		Political		Lee Baumanis	09/10/2012	ICONIC CENTRE IN FRODSHAM - similar centre in Frodsham	4	Open	There are media stories of Cheshire West and Chester designing a similar centre that may be in competition for funding off the back of the Olympics

Appendix 4

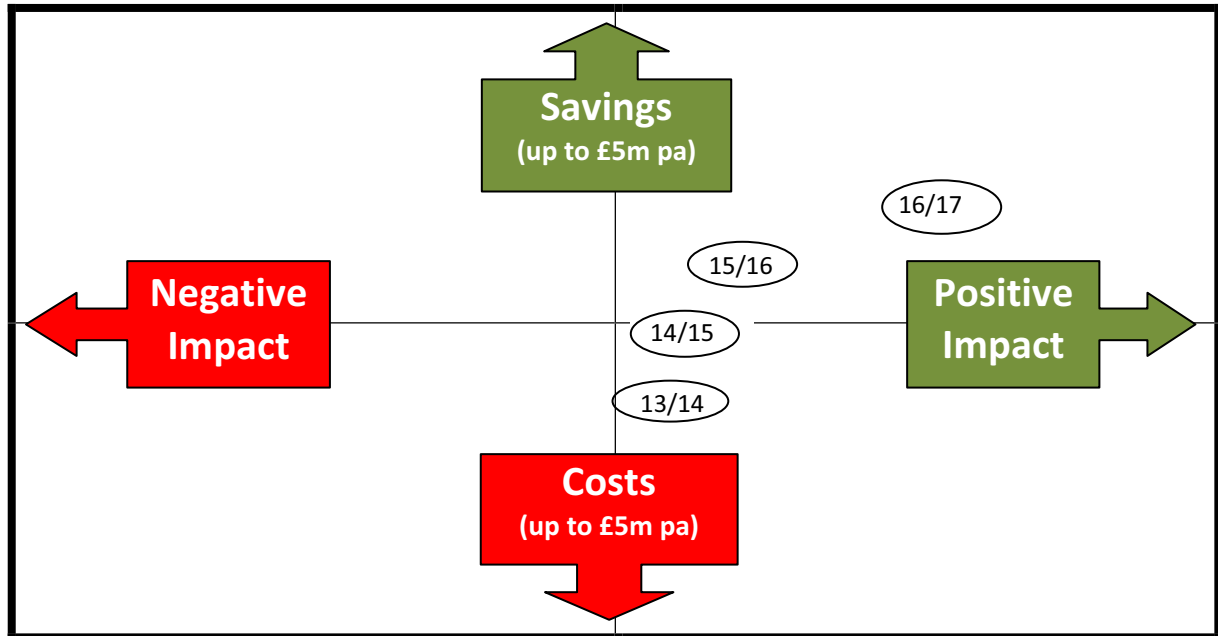
Business Planning Process 2013/2016

Template for Task Group Outputs ~ August and September

Scope/Issue should be determined by Cabinet in light of the priorities necessary to make progress towards the Council's vision. The Task Groups should put forward options capable of delivering a practical response to the issues.

Title:	Identify the title of the Review		
Scope/Issue	Set out the area/issue being examined, this should link into the corporate goals and will have been agreed at the Cabinet Visioning day		
	Method	Findings	Options
	How the issue was approached and how were options determined? (for example what supporting material, data sources, contacts were used and how did this build a picture of the issue being reviewed)	What are the key messages related to the Issue being considered? (for example increasing demand for service of xx%, reducing income of £xxx)	What choices have been identified and how is each one being addressed?
Feedback from Cabinet Visioning day	This should included a summary of the discussion including the preferred Projects/Options		
Date:	Enter the date of this report.	Lead Officer	
		Completed by:	

1. Revenue Budget outcomes ~ intention to show impact across years.



2. Capital Programme outcomes ~ intention to highlight Capital requirement with funding and capacity constraints matrix (see below)

	Year 1				Year 2				Year 3			
	Apr-Sep		Oct - Mar		Apr-Sep		Oct - Mar		Apr-Sep		Oct - Mar	
	£m	Cap	£m	Cap	£m	Cap	£m	Cap	£m	Cap	£m	Cap
Costs & Activity												
Project One	x.xx	3	x.xx	3	x.xx	2	x.xx	1				
Project Two			x.xx	1	x.xx	3			x.xx	2		
Project Three	x.xx	0										
Programme Total	x.xx	3	x.xx	4	x.xx	5	x.xx	1	x.xx	3	x.xx	1
Funding												
Borrowing	x.xx				x.xx		x.xx		x.xx		x.xx	
Grants	x.xx											
Receipts			x.xx		x.xx		x.xx					
Total Funding	x.xx		x.xx		x.xx		x.xx		x.xx		x.xx	

Resource Requirements

Score	Resource	Typical Features
	Description ¹	
4	Very Large	Very high resource requirements which may include full project structure, partner involvement, research, procurement and contract operation. Likely to include very senior monitoring arrangements, capitalisation of salary costs and significant cross cutting arrangements (such as Legal/HR/Procurement/ICT/Assets).
3	Significant	High resource requirements. Project structure required and likely to involve capitalisation of staff costs. Elements of cross cutting dependencies expected

		(such as Legal/HR/Procurement/ICT/Assets).
2	Medium²	Project structure required to maintain progress, however delivery is fairly typical of workload for the teams involved, even cross cutting team involvement is typical.
1	Small²	Low levels of requirement to support, unlikely to have significant project structure or dedicated resource. Usually restricted to single team operations.
0	Non-material	Project can be managed as part of the day-job, with very limited resource impact.

Option 1 Please provide a title or concise description of the option.

(One form must be completed for each option or project been considered)

Details Please provide details of the option.

Impact *Describe the impact / non-financial benefits you are forecasting to deliver?*

(for example: Improved reputation/Customer perception/Staff morale) this should also include HR implications e.g., Redundancy/redeployment and number effected

Equalities Impact Has an initial screening or a full Equality Impact Assessment been undertaken? If not please say when this will be completed.

(It is vital that EIAs are undertaken for all proposed service or policy changes in advance of a decision being made)

Impact on Sub themes Please identify any impact on other areas such as Customer Service, Local Service Delivery/Community Involvement, fees & charges.

Risks Please identify any risk with this option and potential mitigation.

High-Level Plan *Please provide a 'High-level' 'End to End' delivery plan in the form of a 1-page chart? (See worked example)*

**Your plan should include the key phases of delivery and key milestones. For*

a Project, this should include the key phases of the project. For a 'Programme' this should show when the projects will be delivered?

Revenue (Financial Benefits) :		Current £000's	Proposed Change +/- in £000's			<i>Describe the 'High-level' financial benefits you are forecasting to deliver as a direct result of your Project/Programme (e.g. Increased income/Reduced staffing costs/Reduced infrastructure costs etc.)</i>
	Proposal Breakdown	2012/13 Budget	2013/14	2014/15	2015/16	
	Expenditure					
	Income					
	Net Change					

Resources Please set out in the table below an indication of the physical resources you will need to deliver your Project/Programme?
(inc. enablers)

Resource	Required?		Comment from Relevant Corporate Service Manager (for example: require additional expertise, can manage within existing capacity)
<i>Project Management</i>	<i>Yes</i>	<i>No</i>	
<i>ICT</i>	<i>Yes</i>	<i>No</i>	
<i>HR</i>	<i>Yes</i>	<i>No</i>	
<i>Communications</i>	<i>Yes</i>	<i>No</i>	
<i>Planning</i>	<i>Yes</i>	<i>No</i>	
<i>*Planning permission</i>	<i>Yes</i>	<i>No</i>	
<i>Procurement</i>	<i>Yes</i>	<i>No</i>	
<i>Legal</i>	<i>Yes</i>	<i>No</i>	
<i>Assets</i>	<i>Yes</i>	<i>No</i>	
<i>Finance</i>	<i>Yes</i>	<i>No</i>	
<i>Health and Safety</i>	<i>Yes</i>	<i>No</i>	
<i>Risk Management</i>	<i>Yes</i>	<i>No</i>	
<i>Environmental Health</i>	<i>Yes</i>	<i>No</i>	
<i>Highways</i>	<i>Yes</i>	<i>No</i>	
<i>Other:- please specify</i>	<i>Yes</i>	<i>No</i>	

*Including pre-application advice and Planning permission. Includ

Program If your proposal is a 'Programme' (i.e. a large-scale collection of linked projects to deliver a major corporate objective), please list all the individual projects contained within the programme
me
elements?

(Programmes only)

Governan ce	Please describe the Project/Programme Governance you intend to set up to give direction and take key decisions? You should provide a diagram illustrating this? (See worked example)
------------------------	--

You should, at very least indicate who is the Senior Responsible Officer (SRO) with overall accountability, the Project Manager and Project team roles.

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CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	10 December 2012
Report of:	Kevin Melling, Head of Highways and Transportation
Subject/Title:	Highways Maintenance Response Times
Portfolio Holder:	Councillor Rod Menlove

1.0 Report Summary

1. To consider a notice of motion submitted by Cllr D Brickhill at the meeting of full Council held on 11th October 2012. The notice of motion stated that:

“That the Environment and Scrutiny Committee conduct an examination of the performance of the highways contract and its contractor Ringway Jacobs placing particular emphasis on improving response times to maintenance and gateway white lining calls. It should report back to council before Christmas 2012.”

The report sets out the current situation with regard to highways maintenance as delivered by Ringway Jacobs (Cheshire East Highways) and the recommended actions that are proposed to understand and address the issues identified in the Notice of Motion.

1. Decision Requested

- 2.1 To endorse the notice of motion
- 2.2 To agree the recommended actions set out in Section 10 of the report.

1. Reasons for Recommendations

1. The Highways Services contract was developed so that the authority could take advantage of the knowledge and experience of the private sector partner, Ringway Jacobs.
2. The contract represents a step change for the authority in the way that works are delivered on the ground, removing unnecessary duplication and bringing about greater efficiencies by programming works in a manner that allows for minimal disruption and maximum output.

4. Wards Affected

- 4.1 All wards are affected by the Notice of Motion.

5.0 Local Ward Members

- 5.1 All ward members are affected by the Notice of Motion.

**6.0 Policy Implications Carbon Reduction
Health**

- 6.1 By programming works in a methodical manner and reducing the mobilisation activity associated with the works there is an indirect positive impact on the carbon emissions that can be attributed to the work of the authority.
- 6.2 There are no health implications as a consequence of the motion.

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

- 7.1 The contract with Ringway Jacobs is based upon their success in relation to a number of performance indicators, a failure to perform will result in reduced profitability for the company.
- 7.2 The target costs are developed by the Cheshire East Highways team and their scope and value agreed by the Head of Highways and Transport's Thin Client team.
- 7.3 The contract style ensures that the Council pays actual cost for works undertaken but is not expected to contribute any further resource should the target cost be breached.
- 7.4 The recommendations contained within this report are all achievable within the current target cost envelope and therefore represents no additional financial risk to the authority.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The terms of the Highways Services Contract between Cheshire East Borough Council and Ringway Jacobs Limited (the Contract) set out the contractual obligations of the parties. The Contract states that Ringway Jacobs has the responsibility to monitor its performance (on a monthly or other relevant basis) against the performance indicators. Ringway Jacobs is to keep a written record of all performance monitoring carried out under the Contract and submit performance monitoring reports against the performance indicators on not less than a three monthly basis in each year of the Contract.
- 8.2 The Council has the right to open up, inspect and/or audit any of the services carried out by Ringway Jacobs at any time during the Contract period. In the event that any services are found not to be in compliance with the Contract or any relevant national standard then the Council can serve notice on Ringway Jacobs requiring that any defect or non

compliance is rectified within specified timescales at the contractors expense.

- 8.3 Under the terms of the Contract Ringway Jacobs is responsible for any work that it subcontracts as if it had not been subcontracted.

9.0 Risk Management

- 9.1 It is acknowledged that the level of demand for works on the public highway is such that current revenue budgets are unable to deliver all that is requested.
- 9.2 Cheshire East Highways has developed and implemented a clear process for dealing with a number of activities where this is the case. The process assesses, in an objective manner, the need to undertake works on different parts of the network and typically takes into account such things as network classification, risk to the travelling public, volume of calls etc.
- 9.3 By adopting an objective method of assessing work Cheshire East Highways is able to demonstrate that the authority has discharged its duty under Section 41 of the Highways Act.

10.0 Background and Options

- 10.1 Maintaining the public highway network costs the Council a significant amount of money each year, both in terms of revenue and capital spending allocations.
- 10.2 The Council acknowledges that it is unable to fund all works that are requested.
- 10.3 Ringway Jacobs were engaged to deliver efficiencies to the authority and committed, in the first full year of operation, to achieve 7.5% of efficiencies when compared against the cost of delivery using the previous delivery mechanism.
- 10.4 Work to assess the full benefits has commenced, however it can be reported that the delivery of highway defect repairs has seen the cost of repair for each defect fall from a pre-contract cost of around £90 per defect (exclusive of staff time) to around £45 per defect (inclusive of staff time). It is worthy of note that these costs exclude the impact of the highly successful Velocity repair programme that was instigated in the summer which reduced costs further.
- 10.5 Such reductions in actual cost are achieved only by successfully programming resource to undertake the work in a regimented, methodical fashion.
- 10.6 Cheshire East Highways has worked hard to develop a robust business planning process that recognises both the need for a degree of flexibility and also the over-riding need to deliver the works in a sustainable and affordable fashion.

- 10.7 The delivery model adopted by Cheshire East Highways means that a number of activities are delivered by third party supply chain partners, white lining, the subject of this Notice of Motion, is one such activity.
- 10.8 Where the team is reliant on third parties then they need to manage carefully the flow of work to ensure that it can be delivered as a discrete programme. Repeat visits are kept to an absolute minimum so that mobilisation costs are reduced.
- 10.9 The volume of work that is delivered on the ground is monitored and managed such that the target outputs outlined as a part of the target cost process are delivered. In some instances this will mean that a supply chain partner delivers their element of work in one visit, e.g. a discrete surfacing programme, or across a number of separate visits, e.g. white lining.
- 10.10 During the scrutiny review process conducted summer 2012, it was acknowledged that access to programme information was often not readily available to the elected members of the authority.
- 10.11 It was agreed that each member would be able to access a “member only” section of the Cheshire East Highways Service Information Centre, www.cheshireeast.gov.uk/highways, where details relating to programmes and schedules of work would be published. The website is now up and running and members are able to access the programme via their “LAP Portal”.
- 10.12 It is the intention of Cheshire East Highways to publish its Capital Works Programme on the site. Typically this will include for the Structural Maintenance Programme, discrete capital projects (e.g. Crewe Rail Exchange) and the Local Area Partnership Highway Sub-Group Programme.
- 10.13 It is also the intention of the team to publish schedules relating to gully emptying, grass cutting and street lighting bulk wash and change type activity. As the team develops so the list of scheduled activity available for publication will increase.
- 10.14 In addition the teams will also be working to deliver Frequently Asked Questions pages that will help members and their electorate to understand what can and cannot be achieved as a part of our normal operations.
- 10.15 There is no intention, at this time, to alter the level of responsiveness relating to non-essential and non-statutory activities such as lining and signing. It is felt that to move from a planned, programmed schedule to a more reactive mode of operation will increase cost and, subsequently, reduce output on the ground.
- 10.16 The wider issue of performance monitoring across all aspects of the contract is covered by the use of a performance framework that monitors a number of key indicators, some of which determine whether or not the Contract can be extended whilst others trigger performance related payments. Performance is reported by Cheshire East Highways on a monthly basis and is monitored and challenged by the Council’s retained Strategic Client Team.

11.0 Access to Information

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

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